



Charting A Sustainable Future: Marshall University 2020

Budget Model Reform

September 29, 2014





Long Term Goal for the University

Financial re-engineering and sustainability planning in anticipation of a markedly lower public funding environment, potentially approaching 90% less state funding (\$50 million reduction in State Support) by Fiscal Year 2024

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Action Plans to Achieve Goal

- Communication Plan
- Shared Future Vision/Roles and Responsibilities
- Academic Portfolio Review
- Services Portfolio Review
- Budget Process
- Pro Forma Model
- Key Performance Indicators



A budget is a systematic method of allocating financial, physical, and human resources to achieve strategic goals. Companies develop budgets in order to monitor progress toward their goals, help control spending, and predict cash flow and profit.

Inc. article 1/12/2000, "Best Practices: Developing Budgets"





Vision for Marshall's Strategic Budget Model

Develop a strategic budget model that will safeguard and sustain the financial health of Marshall University, despite declining state appropriations. The model should be FOCUSED, thus:

- Flexible to take advantage of opportunities and address challenges.
- Openly accountable at all levels for the stewardship of an increasingly tighter resource base.
- Comprehensive to capture essential aspects of the institution's operations, services and mission.
- Understandable to allow informed and prudent management and analysis.
- Sustainable to meet current and future priorities of the institution.





Where We Started

- Incremental budget
- One year at a time
- Available Balance spending authority
- Focus on audit reporting and ability to spend

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Fiscal Year 2014 Changes

- Sources and Uses budgeting introduced
- Moved to Approved Budget spending authority
- Position control management initiated
- Implement structure to enable management reporting



Fiscal Year 2015 Process

- Began with \$14 million deficit in operating budget
- The Budget Work Group, Deans and other campus leaders worked to reduce deficit to zero
- Provided funding for raises
- Utilized \$5.5 million in one-time sources



Fiscal Year 2016 Process

- Budget Office will drive the mechanics of developing the FY 16 budget
- Budget Units will provide the data for developing the FY 16 budget
- Deans and the Provost will develop allocation methodology for the Academic Pool
- Budget Work Group will continue in their advisory role throughout the budget process

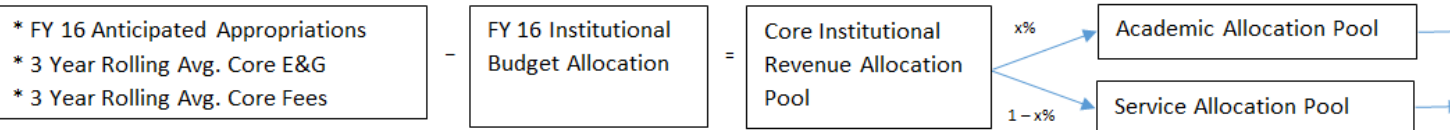


Fiscal Year 2016 Process

Historic Component

$$\begin{array}{|c|} \hline \text{Budget Unit's FY 15 Base Budget Allocation (after removing institutional allocations) +} \\ \text{Budget Unit's FY 15 Student Fee Revenue Budget} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{FY Historic} \\ \text{Component Rate} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Budget Unit's FY 16} \\ \text{Historic Component} \\ \text{Allocation} \\ \hline \end{array}$$

Core Institutional Component



$$\begin{array}{|c|} \hline \text{Academic Allocation Pool} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Academic Budget Unit's} \\ \text{FY 16 Allocation Share} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{1 - FY Historic} \\ \text{Component Rate} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Budget Unit's FY 16 Core} \\ \text{Institutional Allocation Component} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Service Allocation Pool} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Service Budget Unit's FY} \\ \text{16 Allocation Share} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{1 - FY Historic} \\ \text{Component Rate} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Budget Unit's FY 16 Core} \\ \text{Institutional Allocation Component} \\ \hline \end{array}$$



Other Considerations for FY 16 Budget

- Implementation of Service Portfolio recommendations
- Implementation of Academic Portfolio recommendations
- Development of Pro Forma Model
- Development of Key Performance Indicators



Fiscal Year 2016 Budget Development

– Key Dates

- *August 15, 2014* – appropriations requests due to State
- *October 8, 2014* – FY 2016 Source Budgets and Fee Requests Due to MU Budget
- *October 15, 2014* – FY 2016 Preliminary Allocations distributed to Budget Units
- *November 14, 2014* – FY 2016 Budgets Due to MU Budget
- *November 24 – December 29, 2014* – Budget Meetings with Budget Units.
- *February 15, 2015* – FY 2016 Use Budgets Revision 1 Due
- *March 1, 2015* – Reconcile Proposed Budget with State Appropriations
- *March 31, 2015* – FY 2016 Use Budgets Revision 2 Due
- *April 15, 2015* – Submit FY 2016 budget and fee schedule to MUBOG
- *May 1, 2015* – FY 2016 budget and fees due to HEPC



Questions?

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