

## **First Expanded Budget Work Group Meeting**

Notes as provided by Dr. Charles Somerville

October 25, 2013 • 3 p.m. • John Spotts Room, Huntington

Reviewed action plan that came from the retreat; reference the MU 20/20 web site ([marshall.edu/2020](http://marshall.edu/2020)<<http://marshall.edu/2020>>); site is simple, includes the workshop report; the site is open to the public and allows feedback/discussion

In a meeting on campus yesterday Senator Plymale commented that there was a distinct possibility of a mid-year budget cut during the current fiscal year.

Mary Ellen passed out a handout that provides a visual overview of the process of getting from the current situation to a new budget model; as part of that process we will need to provide a balanced budget to the BoG for FY15 (due in April of 2014); that will likely be done before the new budget model is decided upon;

Action Items from workshop: participants have been asked to choose two action items to work on; deans will be involved with the review of the academic portfolio; members of the budget work group will count that as an action item; other workshop attendees should indicate what they will work on by communication with Matt Turner; feedback from work on action items will impact the work of the budget working group (BWG)

There was a short discussion on the issue of transparency in the BWG process; Dan Holbrook mentioned that Penn State has a web site on which a great deal of budget information is readily available; PSU detail is now available down to the department level; BWG discussed the level of transparency and talked about how much information should be available and whether or not absolute transparency is useful to the process; the sense of the committee was to work in full transparency; one key question to be answered is which units on campus are generating net revenue and which are negative for net revenue; mentioned using the Delaware study as a method for benchmarking costs and outcomes;

We are starting with a system that was very secretive and controlled by a single person, so there is much work to be done to get to a fully transparent and understandable budget process; part of the process will be understanding the actual costs of operating departments/programs, and then relating those costs to the number of students/majors educated/graduated

State appropriations are made in lump sum, and the sum is not related to the programs offered/costs of programs/amount of building infrastructure/etc., so without a clear idea of the cost of operating a unit, how do we know the appropriate way to administer the funds;

One major issue is merit-based scholarships that do not have endowed funds which support those scholarships; approximately \$22 M per year loss to the university from the discounted tuition;

President Kopp noted that he did not want to wholly drive the agenda and that BWG members should bring important discussion topics to the table

We noted the lack of representation in CoHP and CoEPD and suggested that Mike Prewitt (dean) be asked to join to represent CoHP and that the chairs council nominate someone from COEPD (Sissy Isaac's name was mentioned as a possible rep)

Mary Ellen - budgets should be plans, but the MU budget now is somewhat (wholly) separate from operating plans, and spending for a program can be done from an account not associated with that program; that makes it very difficult to determine what unit is spending money and what is being purchased for the money;

Mark [Robinson] noted that annual budgets are based on projected revenues for the year, so money can be spent on the day that it is allocated, but it may not yet have been received by the institution; we do not have the appropriate checks and balances to keep money from being spent before it is received (cash flow problem);

Mary Ellen proposed some structural changes to the budget management process that should make it easier; she asked how we wanted to have the anticipated changes communicated to BWG so that we can make recommendations prior to rollout; Dan asked Mary Ellen to provide a succinct statement of goals, process and timeline

Current BANNER screens do not provide an easy view of budget - expenditures = balance; the goal of the structural changes will be to get to that simple view; the problem of whether or not the revenues to support the budget have been received is still an issue of complexity

The reform of the budget process will not happen overnight; the goal will be to improve the processes incrementally in a way that will inform the FY15 budget process

This group will meet every other Friday; next meeting 8 Nov.

# Budget Process Development

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