

**BUDGET SUB MEET & CONFER**  
**APRIL 18, 2006**

Attendees: Michael Bentley, Jean Haar, Phillip Miller, Victoria Peters, Linda Wenkel, Mark Parsley, Jerry Anderson, Mike Hodapp, Sandi Jessen, Lynn Akey, Kevin Buisman, Scott Johnson, Rosemary Kinne, Pat Swatfager-Haney, H. Dean Trauger, John Winkworth and Margot Zelenz

**Please note: The agenda and supporting documents can be obtained at Web site <http://www.mnsu.edu/finadm/submeetconfer/>.**

1. **Discussion Items:** No items were brought up for discussion.
2. **Graduate Assistant Compensation:** The Cabinet has approved graduate assistant compensation increasing from \$8,000 to \$9,000 effective with the start of the 2006-2007 academic year.
3. **FY07 Budget Distribution**
  - FY07 Non-Salary Budgets – The FY07 non-salary budget forms have been distributed to divisions. Each division has been given a 3% increase. The completed forms need to be returned to the Budget Office by June 30, 2006. This is the average increase. In addition, student worker pay rate went up 3%.
  - FY07 Core Equipment Budgets – Core Equipment has not been distributed to divisions. The 60% core block equipment budget is \$825,000 based on the average percent of the divisions' FY06 equipment allocation, the FY06 M&E employee FTEs and the FY06 salary and non-salary base allocation. This formula was developed by a budget work group four or five years ago. Representatives from each division were in the group. This allocation will be going out to each division this week. We do not review how everyone spends their equipment allocation because we cannot trace each individual purchase since the object codes used may be for supplies instead of equipment. If the equipment allocation was not spent, it goes back to the reserve at the end of the year. For institutional equipment it is necessary to make sure that the items that are funded are purchased. Purchase order numbers have to be sent to Rosemary Kinne to get the money for the equipment. Substitutions are not allowed.
4. **FY07 Initiative Request List** – The FY07 Strategic Priority Funding Requests that were reviewed by the Planning Sub Meet & Confer were distributed at this meeting. Each division submitted its prioritized requests to Planning Sub Meet & Confer. A committee summarized the proposals and sent them to Planning Sub Meet & Confer last week for review and comments. BSM&C needs to look at the funding requests and give input. If something is not correct on this list, Rosemary Kinne is to be contacted to make the change. The requests will be discussed at the Cabinet meeting on Monday. The requests were separated by division. The project number on the list is not the priority number. The division rank is the division's priority for the project from its list of requests that it submitted. Assessments of the outcome of the projects will be done at the end of the year.

The amount of \$500,000 is in the budget for these projects. We have \$1.7 million in requests. Anything that is base funding will erode the initiative funding for next year. Divisions' rankings have not been changed. The Cabinet will prioritize the items institutionally. The BSM&C comments do not have to be limited to budget issues, but since we are the budget group, we should focus on them. If BSM&C has strong feelings toward an initiative for the University to move forward on, it would be helpful for the Cabinet to know. The comments from PSM&C are listed below the request. Neither group recommends that any one of the initiatives be funded or not be funded. If all base requests are funded (\$1 million), something would have to be given up to free dollars to commit to the base requests. It is unlikely we will see a 9% tuition rate increase. We will have to start giving things up. We would look at how we can maximize what we have instead of always seeing how we can spend more. It is unlikely that the cycle of spending more money will continue in the next five to six years. If all the money goes to base funding, the strategic initiatives are done. Should BSM&C give a recommendation to give only a percentage to base projects? The plan was to assess the projects at the end of the year. An incentive could be given one-time funds at the beginning of the year and assess it at the end of the year and if it should continue, it could become base funds. Those items could be on probation for a year. A motion was made not to commit any more than 60% to base funding subject to probation. It was suggested that we see if something works by assessing a percent to approve as base. If it moves to base, where will the money come from? Some involve hiring personnel. We add on equally but not everybody is equal. We have different needs. We need to look at what we have and see where we can find our own money. A request can be submitted for two-year funding. There is no incentive to do well if base funding is initially given. Will we develop a process for getting people out of one-time funding and into base funding? The assessment phase will determine this after one year. Assessment has not previously been done. When looking at very large amounts of money, the justification is tied to a bigger institutional goal. The initiatives handed out today are just a summary.

The complete information is available. The report will probably be formatted differently next year. What are we saying to do? We need to determine how we can move the University along and have a pool of resources available to move the University strategically forward. Another comment was made that if we have not funded strategic marketing adequately, it should receive money. It is one of the President's top strategic priorities. We need to fund things that are basic to the University and not just something nice to have. Unless everyone looks at every proposal in depth, we are not necessarily making the best decision. Concern was expressed about the use of resources when we don't have enough to fund everything. Integrated marketing was at the top of the list initially, but now it has dropped. Some things can be done without strategic money. The President had an interest in creating strategic initiative dollars rather than expecting divisions to change what they are doing to free up dollars to do what they want to do. If the one-time money works, there is time to determine how to free up some dollars to get it base.

VP Trauger is the only one on Cabinet who was here when we had to determine how we would cut things that we had during the early 1990s. Now we are trying

to figure out how to spend this new money. We need to have discussions about what our units are doing with the money they have. State funding will not give us what we had in the past, and students do not want significant tuition increases each year. We have broadened the intent of the strategic priority funding money by including base funding requests. At Planning Sub Meet & Confer Mark Johnson was not sure what the Cabinet or the President wanted—base funding or one-time funding. Mark tried to limit it to one-time funding, but now it is open to both. However, the base money may be taken back if the project does not succeed. The Cabinet could look at it as one-time funding and take out the base funding and have assessments at the end of the year. The approach to budget has to dramatically change. We need to continually evaluate. We have to look at our programs every year. The assessment for one item may be very good, but something else may be more important than that item. We need to expect higher accountability. We start programs with one-time money and as enrollment is built, the program becomes self-supporting. Doctoral programs will cause the University to lose money. Another way to look at it, if an item is one time, they can look at reallocating resources.

The value to the Cabinet of input from various campus groups is to hear from employees so a decision can be made. Some questions from the Planning Sub Meet & Confer are on the Planning Sub Meet & Confer Web site. Should we make a decision as to which items move the University forward strategically? Are some goals more important than others? Each division made the decision on prioritizing its requests. Some priorities overlap. Some came from two different divisions, and those are identified on the summary. We are not supposed to recommend what should be funded—that is the Cabinet's job. The Cabinet could decide on partial funding for an initiative. It was mentioned that we need more clarity on how the money would be used. We could propose some concerns and considerations for next year: (1) force the issue of assessment—no free ride; (2) have a process that is clear on how one-time funding could be changed to more extended funding. It should be assessment and priority driven. We have about \$450,000 to spend. Could some formula be done to allocate the money to all the requests? We have tried it different times not to give straight increases, but it has not been well received. Priorities need to get out of divisions and be University priorities. Any comments on the strategic priorities should be sent to Rosemary Kinne. Doctoral programs could be a high priority for the President since he spent a lot of time lobbying for them.

5. FY06-FY07 Budget – A report on MSU's FY06-FY07 budget projections was included with today's handouts.
6. Other Items – An announcement was made that the four finalists for the Vice President for Finance & Administration position will be on campus for interviews next week.