Minutes CACBSP: November 22, 2016, Chancellor’s Conference Room

Meeting commenced at 1:00pm.

Guests: Christy Brownlee, Jerry Glasco, Mike Hague

Attendees: Provost Knerr (ex-officio), Tess Barker (Chancellor’s office), Matt Wynekin, Adam Lutzker, Connie Creech, Matt Wolverton, Mehrdad Simkani, Cathy Miller (Chair of the Committee), Sarah Lippert (committee secretary), Cathy Larson

Handouts:
- Outline of budget process
- Outline of budget principles, process, and model

Presentation from guests on how the campus budget works:
- From February to June discussion at Regents meetings occurs
- Budget doesn’t stop at approval; it gets adjusted at year end
- Some units can carry a deficit from one fiscal year to the next
- Budgets are loaded as a revenue target and then revenue is monitored throughout the year
- Revenue comes from enrolment projections (Deans involved in setting targets); state appropriations (disclosed around May); tuition rates and mandatory fees (there are caps on tuition and fee rates because exceeding these caps results in loss of state appropriations)
- Expenses:
  - Compensation of faculty salaries; merit raises are not specifically covered in the calculation of budget funds. Merit raises are normally covered by the annual budget increase that comes from enrolment and appropriations. In the past 10 years, last year was the first time we didn’t have enough in the annual budget to necessarily cover merit raises, because enrolment was less than expected.
  - Union contracts & Faculty Promotions: Based on increase in base budget.
- Expenses: Fixed & Other Costs:
  - Student financial aid
  - Utilities, fixed-cost contracts, debt service, business operations recharge, insurance
  - Long-term capital planning & deferred maintenance

Budget Requests: made by Dean and Executive Officers for new initiatives

Key facts about the budget model:
- Budget model is a mathematical way to allocate marginal change in GF resources & shared costs (see handout)

Effort to keep tuition rates reasonable—we are among the least expensive of public 4-year universities in MI

Decision points in the budget model:
- Tuition rates (only undergraduate rates are reported to the state)
- Mandatory fees
- Non-mandatory fees (would include prefix, lab, and other program-specific fees that act as designated funds—i.e. to be used for their intended purposes only)
Financial aid
New initiatives
Merit salary
Special revenue agreements (80% for four years)

- Allocation of Marginal Revenue and Shared Cost (see diagram) – This is the part CACBSP and the Budget Committee work on each year.

- Building the Revenue Targets
  - Look at actual current credit hours and multiply by the tuition increase
  - Deans estimate upcoming year change in credit hours
  - Try to estimate what Regents will approve
  - There is no formula that Deans have at their disposal to make the estimation—they can consult admissions numbers, consult retention numbers, etc.
  - Most of the time the projection is flat (since if there is growth your unit gets the funding later anyway) Usually not more than a 2% increase projected in a given year
  - Whatever the units enter as their projection is what is given to the unit
  - Question from committee member: Should we incentivize retention?
    - Comment from committee member: Need to be careful about grade inflation and quality of education if trying to incentivize retention
  - Question from committee member: What happens if you don’t meet your enrolment target? Answer: You pay it back.
  - DEEP paid by school districts, which don’t pay our tuition rate. Of DEEP 25% goes to support the oversight of DEEP and 75% goes to the academic department.
  - Question from committee member: What happens when designated funds aren’t used for their intended purpose (i.e. are not actually transferred to the programs that are supposed to be using them and for which they were justified)?
    - Answer: This shouldn’t really be happening. Individual incidents should be reported.

Next meeting: Thursday December 8th, 2016 from 1-2:30 in the Chancellor’s conference room.

Minutes drafted by CACBSP Secretary Sarah Lippert

Minutes approved January 12, 2017