Budget 101 Topics

- Budget alignment with strategic plan
- General operating budget
- Enrollment trends
- Enrollment impact on revenue
- Other university funds
- Budget development
The Annual Budget

- Aligns and deploys resources to accomplish University strategic goals and objectives
  - Cultivating teaching excellence
  - Provide an environment for learning
  - Promoting and engaging in civic responsibility
  - Enhancing the community
  - Essentials for success
- Maximizes use of financial, physical and human resources

FY 2015 Budgeted Expenditures (All Funds)
Total: $85.2M
- General Operating: 50.9%
- Designated: 15.6%
- Auxiliary: 12.8%
- Restricted: 13.5%
- Plant: 7.1%
- Loan: 0.1%
A CLOSER LOOK:

General Operating Budget
(General Operating Fund)

Budget Focus: General Operating Fund
FY 2015 Budget: $43.3 M

- Also referred to as the State appropriated budget
- Used to record revenues and expenditures associated with University general operations
- Revenues include State appropriations, tuition, miscellaneous fees, investment income and transfers.
- Expenditures are recorded by program in accordance with NACUBO guidelines
- Expenditures are also recorded by account codes to provide reporting by type of expense
- Banner index numbers begin with 61
How do we plan on funding our FY15 General Operating Budget?

Each $1 of the budget is funded:

- $0.48 Tuition & Fees
- $0.50 State Appropriation
- $0.01 Other Revenue
- $0.01 Transfers from Reserves

FY 2015 General Operating Budget
Estimated Revenues
Total: $43.3M

- Student Tuition & Fees 47.6%
- Transfers from Reserves 1.3%
- FY 14 Carry Forward 0.4%
- Other Revenue 0.4%
- State Support: General Fund & Millage 50.3%
FY 2015 Estimated Tuition by Residency
General Fund only
Total: $20.6 M

- Resident Tuition 73.8%
- WUE Tuition 9.5%
- Nonresident Tuition 14.7%
- Registration and Admission Fees 2.0%

Percentage of Tuition Revenue by Residency Status
FY 2005-2015

- Resident Tuition
- WUE Tuition
- Nonresident Tuition
- Total
A CLOSER LOOK:

Enrollment
Tuition collections
- Estimated tuition used to build the total budget
- Surplus/shortfall due to variance of actual collections compared to budgeted revenue
- Variable due to enrollment growth/decline and student credit loads (headcount vs. FTE)
- Variable with a change in mix of students
  - Dual Enrollment vs. CC vs. 4 year UG vs. Graduate
  - Resident vs. WUE vs. NR vs. NR online only

Enrollment Impact on the Budget
Enrollment Impact on the Budget

- **Fee collections**
  - Cover salaries and operating expenses
  - Actual revenue available impacted directly by enrollment growth/decline
- **Examples**
  - Fee for service
    - Housing, Dining Services, Campus Bookstore
  - Mandatory student fees
    - Student Union, ASC, Library, Athletics

- **State appropriations**
  - Legislature appropriates a lump sum to MUS
    - Starts with base from 1st year of biennium
    - Adds funding for present law base adjustments, pay plan estimates and fixed costs passed through to state agencies
    - Adds one time only initiatives
    - May adjust the appropriation in relation to enrollment growth/decline
Enrollment Impact on the Budget

- MUS allocates state funds to campuses
  - Performance funding
  - One time only appropriations
  - Other BOR initiatives
  - To UM and MSU based on resident student FTE (three year rolling average)
- MSU allocates state funds to MSU campuses
  - Historical funding levels
  - Enrollment growth/decline
  - Present Law Adjustments, Pay Plan and fixed costs

A CLOSER LOOK:
GENERAL OPERATING BUDGET
BY PROGRAM

Expenditures are categorized by program according to the associated function or activity
**MSUB Program Budget Goals**

- **Instruction Program**
  - Goal: Allocation equal to 50% of total budget
  - FY 2014 actual results = 46.6%
  - FY 2015 budget = 48.4%

- **Instruction + Academic Support + Student Affairs**
  - Goal: Allocation equal to 70% of total budget
  - FY 2014 actual results = 68.5%
  - FY 2015 budget = 69.5%
## Expenditures by Program

<table>
<thead>
<tr>
<th>FY11 Actual</th>
<th>FY12 Actual</th>
<th>FY13 Actual</th>
<th>FY14 Actual</th>
<th>FY15 Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instruction</strong></td>
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<td></td>
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<tr>
<td>$ Expenditures</td>
<td>$17,376,203</td>
<td>$20,038,490</td>
<td>$19,867,656</td>
<td>$19,710,106</td>
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<tr>
<td>Percent of Total</td>
<td>42.6%</td>
<td>49.0%</td>
<td>47.5%</td>
<td>46.6%</td>
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<tr>
<td><strong>Academic Support</strong></td>
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</tr>
<tr>
<td>Percent of Total</td>
<td>8.5%</td>
<td>8.0%</td>
<td>7.9%</td>
<td>8.7%</td>
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<tr>
<td><strong>Student Services</strong></td>
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<tr>
<td>$ Expenditures</td>
<td>$5,070,286</td>
<td>$5,354,651</td>
<td>$5,542,333</td>
<td>$5,592,755</td>
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<tr>
<td>Percent of Total</td>
<td>12.4%</td>
<td>13.1%</td>
<td>13.2%</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td>$25,918,372</td>
<td>$28,678,612</td>
<td>$28,709,344</td>
<td>$28,970,827</td>
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<tr>
<td><strong>SUBTOTAL %</strong></td>
<td>63.6%</td>
<td>70.1%</td>
<td>68.6%</td>
<td>68.5%</td>
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</table>

<table>
<thead>
<tr>
<th>FY11 Actual</th>
<th>FY12 Actual</th>
<th>FY13 Actual</th>
<th>FY14 Actual</th>
<th>FY15 Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research</strong></td>
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<td>$ Expenditures</td>
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<td>0.4%</td>
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<tr>
<td><strong>Public Service</strong></td>
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<td>$397,326</td>
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<td>Percent of Total</td>
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<td>1.0%</td>
<td>0.9%</td>
<td>0.9%</td>
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<tr>
<td><strong>Institutional Support</strong></td>
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<td>$ Expenditures</td>
<td>$4,262,901</td>
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<td>$3,806,327</td>
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<tr>
<td>Percent of Total</td>
<td>10.5%</td>
<td>9.5%</td>
<td>9.1%</td>
<td>10.0%</td>
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<tr>
<td><strong>Plant O &amp; M</strong></td>
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<tr>
<td>$ Expenditures</td>
<td>$7,878,722</td>
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<td>Percent of Total</td>
<td>19.3%</td>
<td>13.6%</td>
<td>15.4%</td>
<td>14.2%</td>
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<tr>
<td><strong>Scholarship and Fellowships</strong></td>
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<td>$ Expenditures</td>
<td>$2,174,656</td>
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<tr>
<td>Percent of Total</td>
<td>5.3%</td>
<td>5.4%</td>
<td>5.6%</td>
<td>6.0%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$40,758,857</td>
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<tr>
<td>Percent of Total</td>
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<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
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</tbody>
</table>
Program Descriptions

- **Program 01 - Instruction** – Indexes 611XXX
  General academic activities: Faculty salaries, Instructional materials and equipment, departmental support and supplies

- **Program 02 - Research** – Indexes 612XXX
  Organized faculty research: CARE Grants & Center for Applied Economic Research

Program Descriptions

- **Program 03 - Public Service** – Indexes 613XXX
  Organized activities explicitly designed to serve the public: KEMC/Yellowstone Public Radio & Montana Center for Inclusive Education

- **Program 04 - Academic Support** – Indexes 614XXX
  Support services for the institution’s primary missions of instruction, research, and public service: academic deans, library, advising center, Office of Grants and Sponsored Programs
Program Descriptions

- **Program 05 - Student Services**—Indexes 615XXX
  Administrative offices and activities contributing to students’ emotional and physical well-being: Registrar, Financial Aid, Career Services, Diversity Support Services, Disability Support Services, and Athletics

- **Program 06 - Institutional Support** - Indexes 616XXX
  Central executive-level activities that serve all functional areas concerned with the management and planning for the institution: Chancellor’s and Vice Chancellors’ offices, budget, financial and business services, human resources, and public relations

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Program Descriptions

- **Program 07 – Operation and Maintenance of Plant** - Indexes 617XXX
  All expenditures of general operating funds used to provide services and general maintenance and repair related to grounds and facilities. Includes custodial and grounds operations, utilities, insurance, safety and security

- **Program 08 – Fee Waivers and Scholarships**
  Indexes 618XXX
  Mandatory and discretionary tuition waivers and institutional scholarships as authorized by the Board of Regents
Expenditures are also categorized by type through the use of account codes.
A CLOSER LOOK:
OTHER UNIVERSITY FUNDS

Revenues and expenditures are categorized into different fund types based on the source (revenue) and use (expenditure) of those funds.
Designated Fund

- Used to record financial activity associated with general operations
- Includes internal service centers which accumulate costs to recharge to other funds (IT, print shop, telephones, maintenance service, etc.)
- Includes self support or specialized activities which collect a fee or generate revenue (resale, course fee, MSUB Extended Campus, athletics, student fees)
- Fund Balances carry over from year to year
- Banner index numbers begin with 63

FY 2015 Designated Budget by Area
Total $13.2M

- Campus Sales and Services: 37.5%
- Continuing Education: 5.7%
- Fees: 21.9%
- Designated Scholarships: 2%
- F&A Sponsored Programs: 2.5%
- Athletics: 9.9%
- Associated Students: 2.7%
- Sales and Service: 10.3%
- General Designated: 7.6%
Auxiliary Fund

- Used to record financial activity of on-campus services provided to students, faculty, or staff for a fee
- Fees may be applied to all students (Student Union Fee, Health Service Fee) or charged in exchange for goods and services (Campus Store)
- Examples: residence halls, food services, Campus Store, health services, rental housing, parking
- Excess revenue is generally pledged for repayment of revenue bonds
- Fund Balances carry over from year to year
- Banner index numbers begin with 64

FY 2015 Auxiliary Budget by Area
Total $10.9M

- Student Housing 38%
- Bookstore 29%
- Student Union 7%
- Health Services 5%
- Parking 4%
- Rentals 4%
- Other Auxiliary Pledged 10%
- Other Auxiliary Non-Pledged 3%
- Non-Pledged 3%
Restricted Fund

- Funds received and restricted for purposes specified by external sources
- Federal, State, and private grants and contracts (examples: Upward Bound, SOS, CC Perkins Grant, INBRE, Montana Center Grants & Contracts)
- Federal, State, and private student financial assistance in the form of grants and scholarships (example: Pell grants, Federal work study)
- Banner index numbers begin with 62

FY 2015 Restricted Budget
Total $10.9M

- Financial Aid Programs 66%
- Federal, State & Private Grants and Contracts 34%
Plant Funds

- Used to record the acquisition or construction of buildings
- Used to record costs associated with the purchase or replacement of campus equipment (computer fee, equipment fee)
- Used to account for debt service payments
- Used to accumulate the historical costs and depreciation of long-lived assets
- Fund Balance carries over from year to year
- Banner index numbers begin with 67, 68, and 69

FY 2015 Plant Budget
Total $6.1M

- Renewal & Replacement 74%
- Retirement of Indebtedness 29%
- Unexpended Plant 7%
A CLOSER LOOK:

Budget Development

**April/May 2014**
- Submit personal services detail to OBPP
- Submit estimated PLA and fixed costs to OCHE
- OCHE presents proposed biennial budget to BOR

**July 2014**
- Begin second year of the biennium

**July 2013**
- Begin new biennium
- Implement collective bargaining agreements
- Implement tuition and fee increases

**August 2013 - March 2014**
- BOR develops strategic initiatives for the next biennium

**May 2015**
- Receive State allocation
- Receive BOR approval for tuition and fee increases and guidance on pay increases

**January - April 2015**
- Monitor Legislative Action and adjust biennial budget projections
- Respond to Legislative requests for fiscal information

**September - December 2014**
- Solicit requests for course & mandatory fee changes
- Discuss potential tuition and fee increases with students
- Review the Executive budget published Nov 15

**August 2014**
- Update Fixed Costs and PLA amounts based on actuals
- Prepare and submit biennial budget to OCHE/OBPP

**July 2015**
- Receive State allocation
- Receive BOR approval for tuition and fee increases and guidance on pay increases

**August 2014**
- Update Fixed Costs and PLA amounts based on actuals
- Prepare and submit biennial budget to OCHE/OBPP
### Annual Budget Development Cycle

- **July**
  - Begin new fiscal year
  - Load position and operating budgets into Banner

- **April**
  - (UBC) Make final recommendations to the Chancellor
  - (EBC) Finalize annual operating budget

- **February/March**
  - (UBC) Review prioritized investments & reductions
  - Update enrollment, tuition and expense estimates
  - Estimate Fall, Intersession, & Spring PT faculty needs for next year

- **January**
  - (EBC) Review and prioritize investments & reductions

- **November/December**
  - Calculate Performance funding for next year
  - Request investments and reductions from Depts.

- **September/October**
  - BOR approves budget
  - Monitor enrollment & tuition and plan strategy
  - Develop assumptions and create budget scenarios for next year's budget
  - Estimate SS faculty needs for next year

- **August**
  - Submit budget reports to Board of Regents
  - Distribute budgets

- **July**
  - Begin new fiscal year
  - Load position and operating budgets into Banner

### Budget Development: External Factors to Consider

- Executive and Legislative actions
- Student demographics
- Economic conditions
- Montana University System initiatives
- Montana State University initiatives
- MUS/MSU state funding allocations
- Performance based funding
- Authority to increase tuition and fees
Budget Development: Internal Factors to Consider

- Campus strategic plan
- Facilities master plan
- Student recruitment and retention
- Collective bargaining agreements
- Salary and benefit increases
- Fixed and inflationary cost increases
- Achievement of performance metrics

In Review

- Budget alignment with strategic plan
- General operating budget
- Enrollment trends
- Enrollment impact on revenue
- Other university funds
- Budget development
**BUDGET RESOURCES**

http://www.msubillings.edu/budgetoffice/

**QUESTIONS?**

http://www.msubillings.edu/budgetoffice/