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***University Budgeting 101
Budget Basics***

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Vice Chancellor
Administration and Finance
April 3, 2018*



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University Budgeting 101: Budget Basics

- Budget principles
- Budget alignment with strategic plan
- Focus: General operating budget
- Enrollment trends
- Enrollment impact on budgets
- Other university funds



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Montana State University Billings Budget Principles

- Minimize the impact on our students and invest in their long-term success
- Work diligently within our shared governance process and current contracts
- Involve and engage the entire campus community in balancing our budget
- Ensure strategic reductions and reallocations are not unilateral or opportunistic



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The Annual Budget

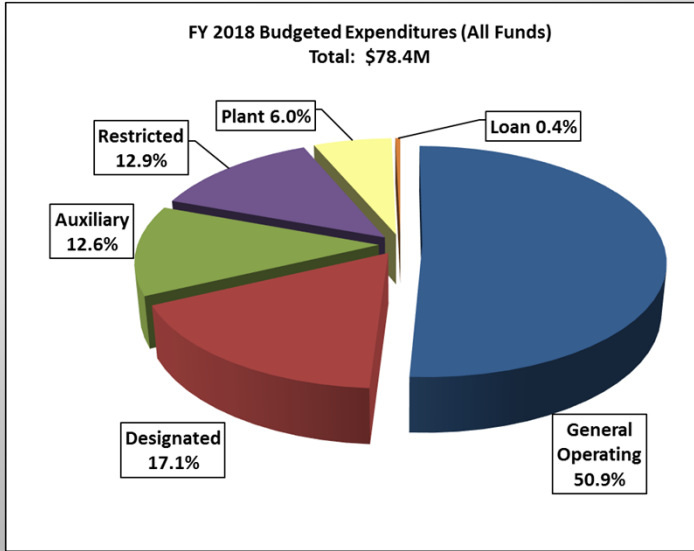
- Aligns and deploys resources to accomplish University strategic goals and objectives
 - Cultivating teaching excellence
 - Providing an environment for learning
 - Promoting and engaging in civic responsibility
 - Enhancing the community
 - Delivering essentials for success
- Maximizes use of financial,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



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MSU Billings All Funds Budget



General Operating	\$ 39,929,477	50.9%
Designated	\$ 13,376,000	17.1%
Auxiliary	\$ 9,898,500	12.6%
Restricted	\$ 10,152,000	12.9%
Plant	\$ 4,737,000	6.0%
Loan	\$ 301,000	0.4%
Total	\$ 78,393,977	100.0%

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A closer look:

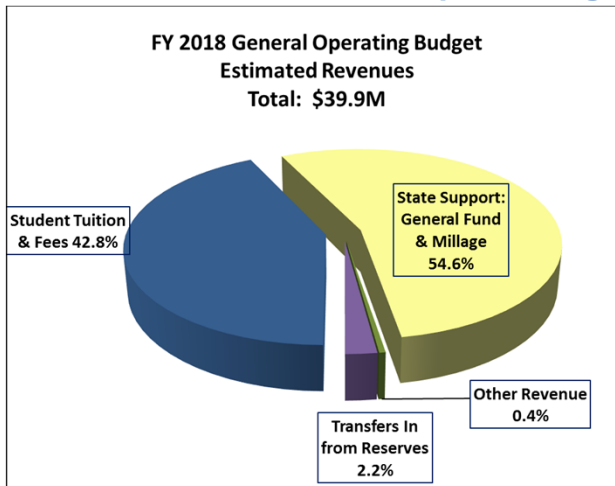
General Operating Budget

Budget Focus: General Operating Fund FY 2018 Budget: \$39.9 M

- Referred to as the State budget
- Revenues include State appropriations, tuition, miscellaneous fees, investment income and transfers
- Budget allocations provide departments with approved spending authority, not a distribution of revenue
- 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

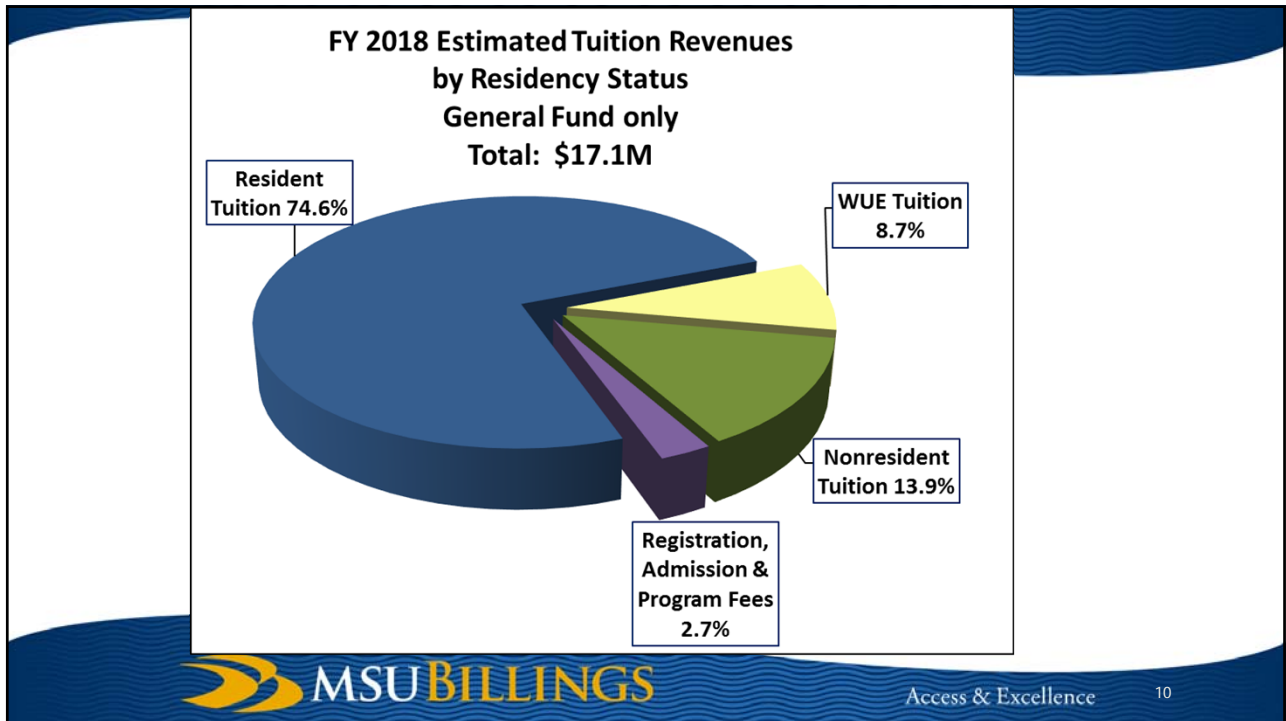
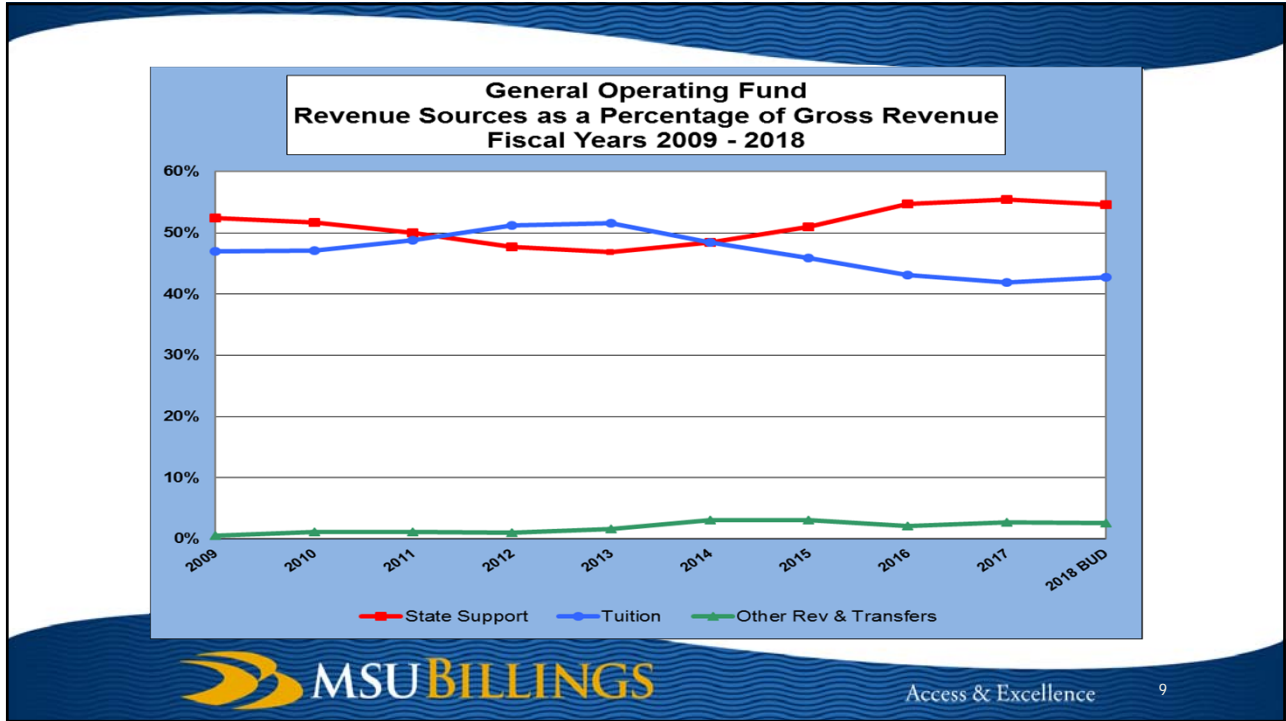


General Operating Revenue Sources



Student Tuition & Fees	\$ 17,087,193	42.8%
State Support	\$ 21,794,525	54.6%
Other Revenue	\$ 175,678	0.4%
Transfers In from Reserves	\$ 872,081	2.2%
Total	\$ 39,929,477	100.0%



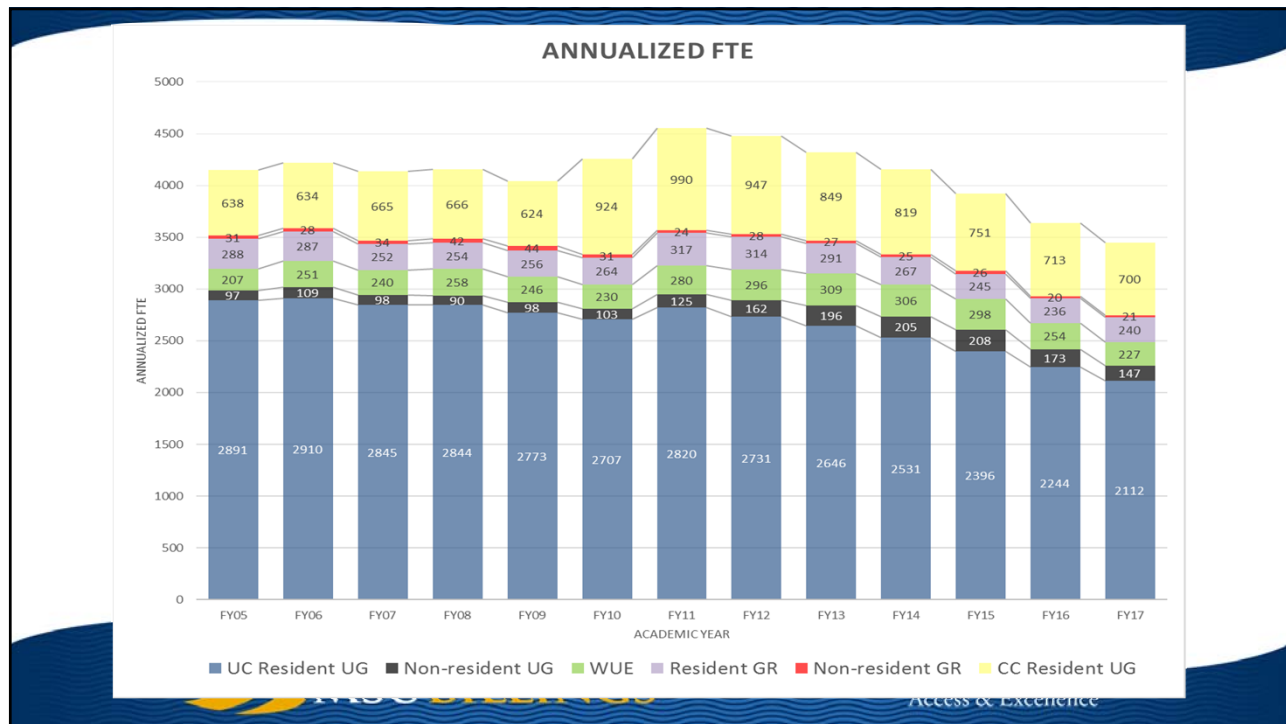


A closer look:

Enrollment

Enrollment Impact on the Budget

- Tuition Revenue (Headcount vs. FTE)
- Fee Revenue
- State Appropriation
- Ability to Optimize Resources



Enrollment Impact on the Budget

- Projected enrollment is used to estimate tuition revenue and set the total annual budget amount
 - Tuition revenue surplus/shortfall
 - Enrollment growth/decline
 - Change in student credit loads
 - Change in the 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

- Projected enrollment is used to estimate student fee revenue
 - Covers salaries and operating expenses of various activities and services
 - Actual revenue available directly impacted by enrollment growth/decline
 - Examples
 - Fee for service
Housing, Dining Services, Campus Bookstore
 - Mandatory student fees
Student Union, ASC, Library, Athletics

Enrollment Impact on the Budget

- State appropriations
 - Legislature appropriates a lump sum to MUS
 - Base + or – (inflation, PLAs, pay plan, OTOs)
 - MUS allocates state funds to campuses
 - [Performance Funding](#)
 - [Mission Differentiation](#)
 - Peer comparisons
 - [Tuition and Fees](#)
 - [% State Share, State Support, and total funding per FTE](#)

A closer look: General Operating Budget BY Program

*Expenditures are categorized by program
according to the associated function or
activity*

Program Descriptions

➤ Instruction

General academic activities: faculty salaries, instructional materials and equipment, departmental support and supplies

➤ Research

Organized faculty research: current biennium includes OCHE one-time-only research grants

Program Descriptions

➤ **Public Service**

Organized activities explicitly designed to serve the public:
KEMC/Yellowstone Public Radio & Montana Center for Inclusive Education

➤ **Academic Support**

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, Extended Campus



Program Descriptions

➤ **Student Services**

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

➤ **Institutional Support**

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



Program Descriptions

➤ Operation and Maintenance of Plant

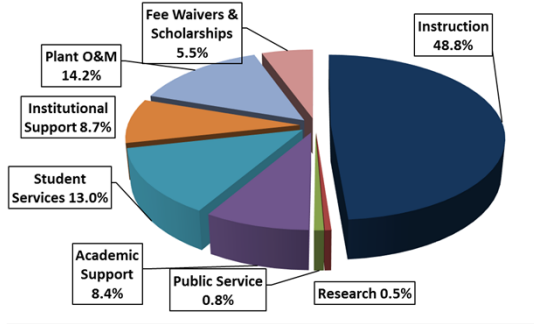
All expenditures of general operating funds used to provide services and general maintenance and repair related to grounds and facilities. Includes custodial and grounds operations, utilities, insurance, safety and security

➤ Fee Waivers and Scholarships

Mandatory and discretionary tuition waivers and institutional scholarships as authorized by the Board of Regents



FY 2017 Actual General Fund Expenditures by Program
Total: \$41.5M



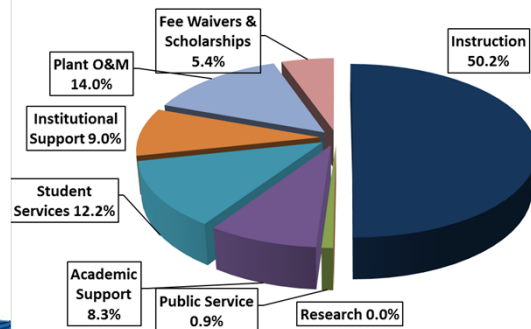
Instruction + Academic Support + Student Services

Goal: Allocation equal to 70%
FY 2016 actual results 70.2%
FY 2017 budget 70.7%

Instruction Program

Goal: Allocation equal to 50%
FY 2017 actual results 48.8%
FY 2017 budget 50.2%

FY 2018 Budgeted General Fund Expenditures by Program
Total: \$39.9M



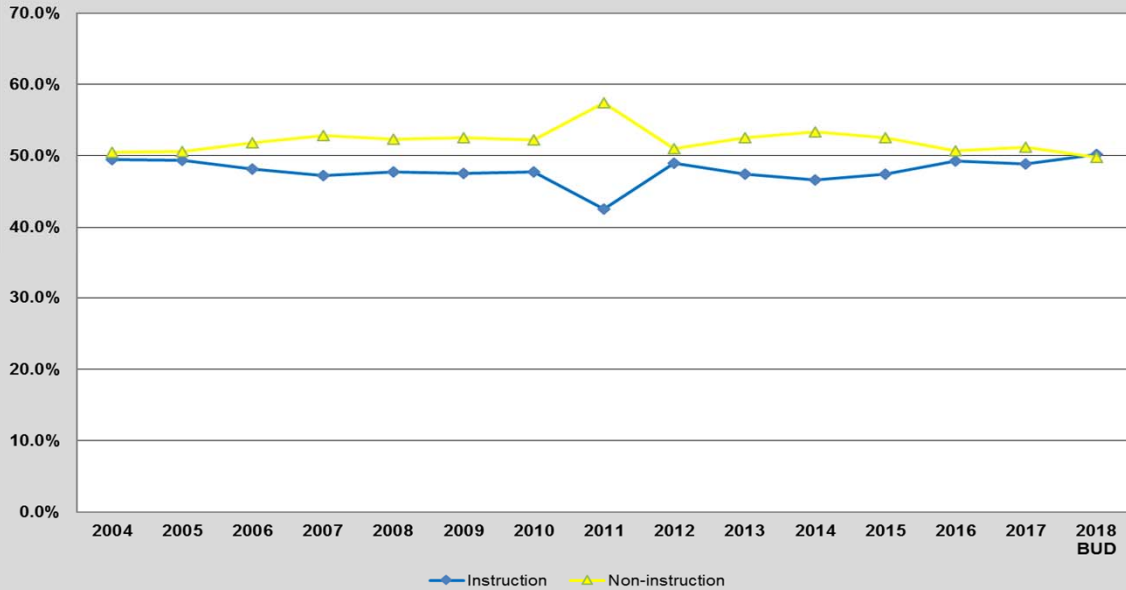
Reporting Metric: Expenditures by Program

	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Budgeted
Instruction						
\$ Expenditures	\$19,867,656	\$19,710,106	\$20,431,299	\$20,213,242	\$20,275,744	\$20,033,018
Percent of Total	47.5%	46.6%	47.5%	49.3%	48.8%	50.2%
Academic Support						
\$ Expenditures	\$3,299,355	\$3,667,966	\$3,765,575	\$3,442,370	\$3,485,497	\$3,327,034
Percent of Total	7.9%	8.7%	8.8%	8.4%	8.4%	8.3%
Student Services						
\$ Expenditures	\$5,542,333	\$5,592,755	\$5,633,751	\$5,240,489	\$5,394,441	\$4,879,265
Percent of Total	13.2%	13.2%	13.1%	12.8%	13.0%	12.2%
SUBTOTAL \$	28,709,344	28,970,827	29,830,625	28,896,101	29,155,682	28,239,317
SUBTOTAL %	68.6%	68.5%	69.3%	70.4%	70.2%	70.7%



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Montana State University-Billings
Instructional vs. Noninstructional Expenditures
Fiscal Years FY 2004 - FY 2018



A closer look: Other University funds

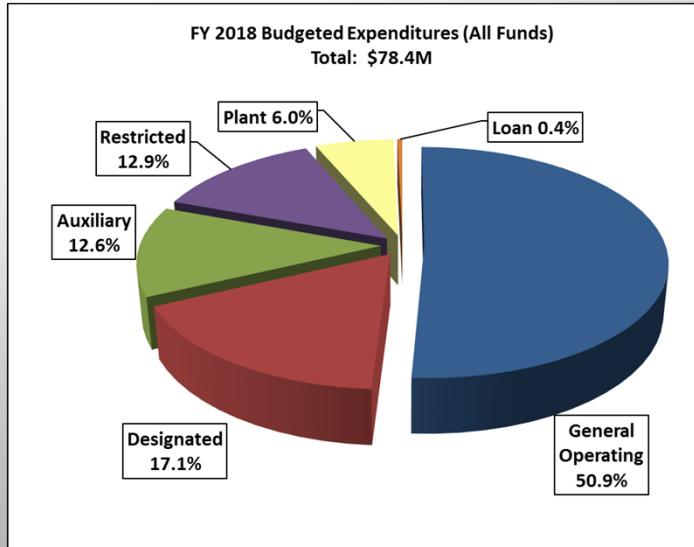
Revenues and expenditures are categorized into different fund types based on the source (revenue) and use (expenditure) of those funds



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MSU Billings All Funds Budget



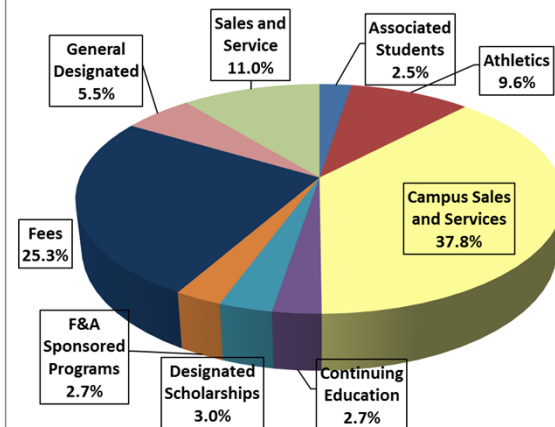
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Designated Fund

- 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 fees, MSUB Extended Campus, athletics, student fees)
- Fund Balances carry over from year to year
- Banner index numbers begin with 63

FY 2018 Designated Budget by Area
Total \$13.4M

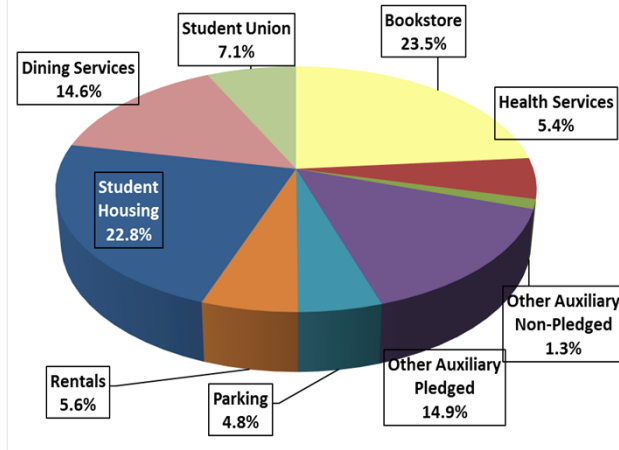


Associated Students	\$ 337,000	2.5%
Athletics	\$ 1,282,500	9.6%
Campus Sales and Services	\$ 5,052,500	37.8%
Continuing Education	\$ 362,000	2.7%
Designated Scholarships	\$ 400,000	3.0%
F&A Sponsored Programs	\$ 357,500	2.7%
Fees	\$ 3,383,000	25.3%
General Designated	\$ 733,500	5.5%
Sales and Service	\$ 1,468,000	11.0%
Total	\$ 13,376,000	100.0%

Auxiliary Fund

- Used to record financial activity of on-campus services provided to students, faculty, or staff for a fee
- Includes fees applied to all students (student union fee, health services fee) or charged in exchange for goods and services (campus store, room and board)
- After meeting bond requirements and operating needs, excess revenue is used for large maintenance and renovation projects
- Fund Balances carry over from year to year
- Banner index numbers begin with 64

FY 2018 Auxiliary Budget by Area
Total \$9.9M

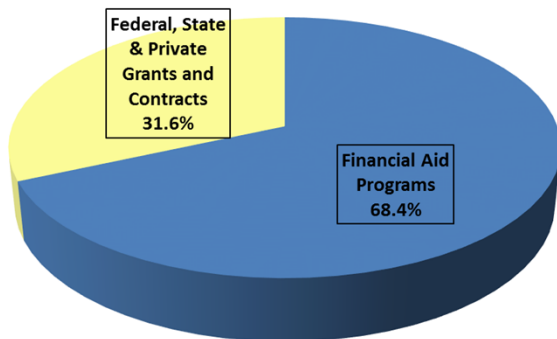


Bookstore	\$ 2,330,000	23.5%
Health Services	\$ 532,000	5.4%
Other Auxiliary Non-Pledged	\$ 125,000	1.3%
Other Auxiliary Pledged	\$ 1,476,000	14.9%
Parking	\$ 475,500	4.8%
Rentals	\$ 550,000	5.6%
Student Housing	\$ 2,261,000	22.8%
Dining Services	\$ 1,450,000	14.6%
Student Union	\$ 699,000	7.1%
Total	\$ 9,898,500	100.0%

Restricted Fund

- Funds received and restricted for purposes specified by external sources
- Federal, State, and private grants and contracts (examples: Upward Bound, SSS, 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 2018 Restricted Budget
Total \$10.2M**

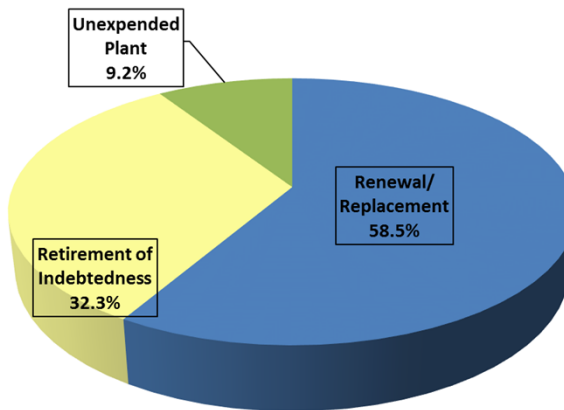


Financial Aid Programs	\$ 6,940,000	68.4%
Federal, State & Private Grants and Contracts	\$ 3,212,000	31.6%
Total	\$ 10,152,000	100.0%

Plant Funds

- Used to record the acquisition or construction of buildings and large projects.
- 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-term assets
- Fund Balance carries over from year to year
- Banner index numbers begin with 67, 68, and 69

**FY 2018 Plant Budget
Total \$4.7M**



Renewal/Replacement	\$2,770,000	58.5%
Retirement of Indebtedness	\$1,530,000	32.3%
Unexpended Plant	\$ 437,000	9.2%
Total	\$4,737,000	100.0%

University Budgeting 101: Budget Basics

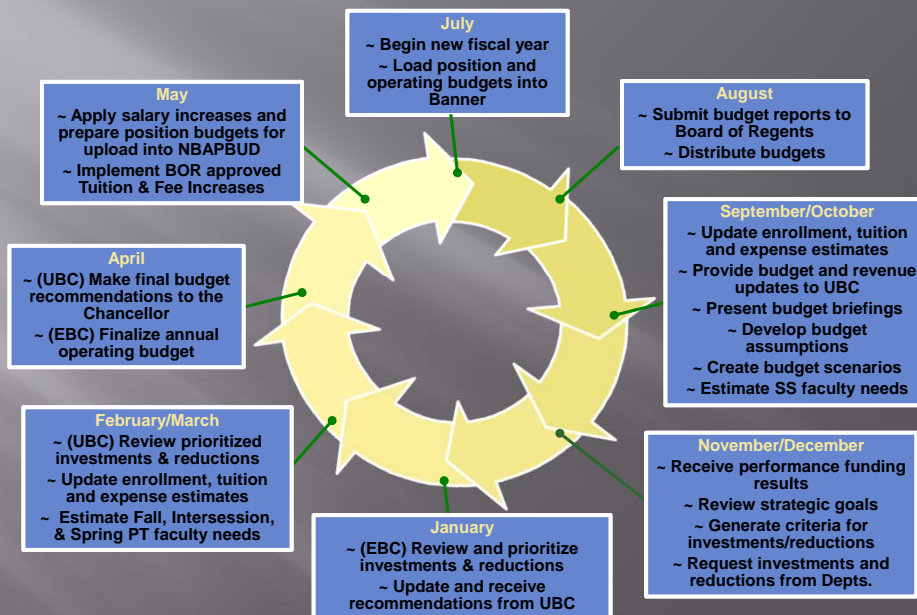
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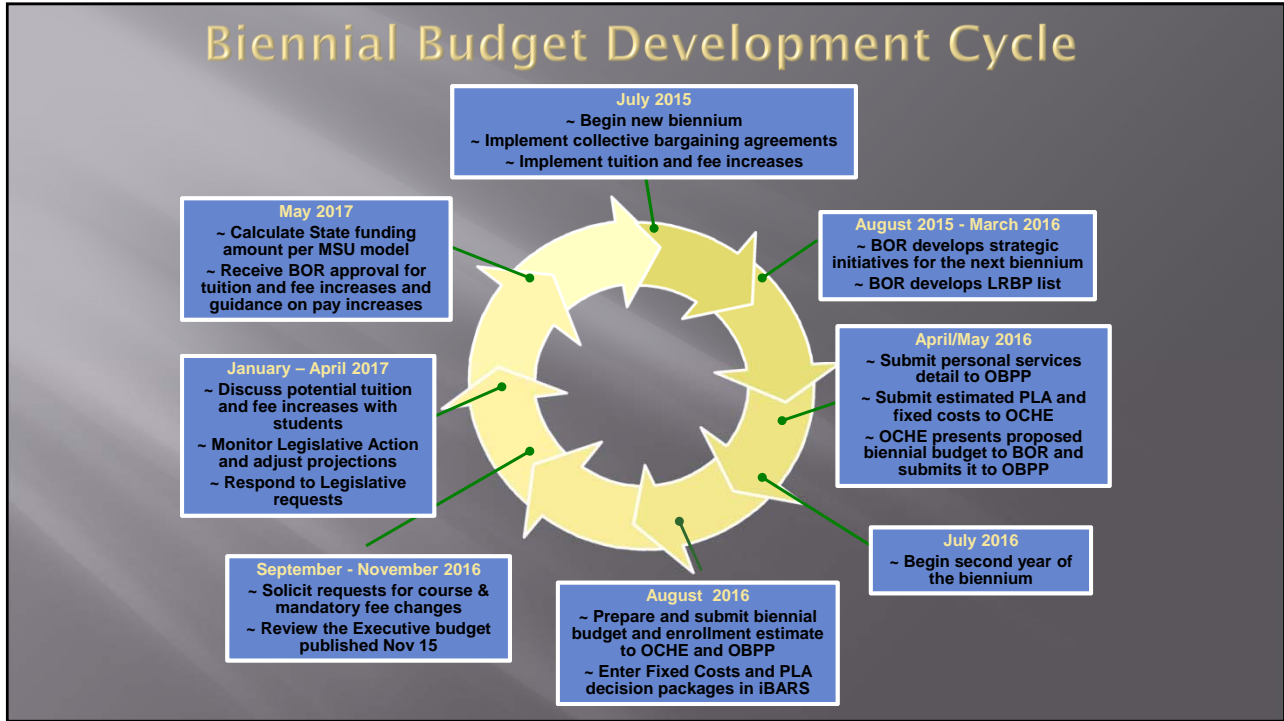


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Annual Budget Development Cycle





Questions?

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

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