



# Budget Planning

## Why percentage share of revenue budget model?

- negative FY 2003 fiscal year-end unrestricted cash balance (-\$521,153)
- University reserve was \$0
- strategically tie budget planning to revenue availability
- hired University Planning & Budget Officer reporting directly to the President
- appointed 19-member University Planning & Budget Committee



## Revenue availability

- first step in budget planning process
- sources
  - state appropriation
  - tuition revenue
  - other revenue (administrative and miscellaneous fees assessed)

## Expenditure projection

- project general university expenditures (*see next slide*)

## Revenue to be allocated

- subtract general university expenditures from revenue available
- remaining revenue allocated to University divisions as a budget target

## General university expenditure projection

- two types
  - non-discretionary
    - fuel & utilities
    - contractual settlements
    - early retirement & severance payments
    - worker's compensation & unemployment payments
    - debt redemption
    - MnSCU required reserve contribution
  - discretionary
    - equipment
    - R&R (repair & renovation)
    - scholarship support
    - work plan initiatives
    - University reserve contribution



## Division budget targets

- calculate each division's percentage share of the whole
- apply percentage share to the amount of revenue to be allocated

## Division budget planning

- within the budget target, divisions fund
  - employee salary & fringe (including health insurance)
  - student payroll
  - operating budgets

## Base budget adjustments

- considered in calculating the next fiscal year's percentage share
  - contractual settlements
  - career steps, promotions, & reallocations
  - health insurance cost increases
  - base-funded work plan initiatives

## Carryforward

- unspent funds can be carried forward to the next fiscal year
  - must be requested
  - specific, one-time purposes only
  - approved by President
  - same funds cannot be carried forward again
- allows allocation of significant funds to specific projects

Questions?

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<http://www.mnstate.edu/president/StrategicPlanning/StrategicPlanning.htm>