



BUDGET WORKSHOP

FEBRUARY 29, 2024

Agenda

- Budget Guidelines
- Budget Development Process
- Summer/Global Campus Budget Models



NMU Budget – Key Points

Timeline

- Continuation budgets are approved in May/June for the following fiscal year
- Final general fund budget is approved in September/October

Decentralized Budget Process

- Pillars/divisions and departments are authorized to reallocate funds within their respective budgets in order to suit the needs of their areas while remaining aligned with university goals
- Reallocations – base or temporary – can occur at any time during the fiscal year

Incremental Budgets

- Unless reductions are necessary, departmental budgets will start each fiscal year at the same level as the prior year
- Continuation budgets are approved in June for the following fiscal year until final budgets are approved in the fall
 - Adjustments are made for contractual increases while continuation budgets are in effect
- Any investments or inflationary increases are applied to departmental budgets after approval in the fall



Budget Guidelines



Budget Guidelines

Annual Review

- Divisions and departments should review annually to ensure alignment with strategic plan and adjust, as necessary

Authority

- Division/pillar leaders and deans can adjust budgets within their respective areas
 - Total budget for the college/division will not increase, but it can be reallocated between departments
- Budget adjustments can be base or one-time
 - Any base adjustments will roll forward to the following fiscal year
- Departments can change allocation between line items
 - Example: move budget from supplies to student labor
 - Adjustments can be base or one-time

Carryforwards / Departmental Reserves

- Balances remaining at fiscal year-end are retained within the department
 - Can be used for one-time needs (equipment, software, etc.)
- College/division has authority to reallocate reserves to address critical needs



Budget Development Process



Key Factors

Key Factors of Budget

- Revenue
 - Net tuition and fees (enrollment, tuition and fee rates, and financial aid)
 - State appropriations
 - Sales and services & other income
- Expenditures
 - Personnel
 - Supplies, materials, and support of designated operations
 - Equipment, library acquisitions, reserves and maintenance
 - Utilities
 - Debt service

Development Process

Revenue Estimates

- Projected state appropriations
 - Executive proposal – Feb.
 - 2.5% base increase for FY25
 - Senate and House – Mar. - Apr.
 - Conference – Jun. – Sep.
- Tuition and fee rates
 - Impacted by all other factors:
 - State appropriations
 - Projected enrollment
 - Financial aid strategy
 - Contractual increases
 - Potential investments
 - State tuition restraint language
 - % and hard dollar cap
 - Exec. – 5.0% or \$781 for FY25
- Estimates are updated as more information is available

Expenditure Estimates

- Start with current base expenditures
- Contractual commitments
 - Bargaining unit contracts
 - Software and equipment maintenance
- Debt service commitments
- Inflationary increases
 - Academic labs
 - Supplies and services
 - Facilities maintenance & supplies
 - Travel
- Utility rate increases
- Potential state or federal mandated adjustments
- Potential new investments
- Estimates are updated as more information is available

Tuition and Fees Approval Process

- Typically occurs in June
- Rate is impacted by other factors:
 - State tuition restraint language
 - Projected enrollment
 - State appropriations
 - Financial aid
 - Expected expenditures
 - Contractual
 - Inflationary
 - Potential investments
- Review competitive landscape
 - NMU is 2nd most affordable among MI publics
- Tuition rate recommendation
 - Potential rate is discussed with Executive leadership
 - Rate allows university to meet current and future operational goals
- Tuition rate approval
 - Recommendation is presented to the Finance Committee
 - Finance Committee recommends rate to the Board of Trustees, who vote to approve rate

Proposed New Initiatives

- Must align with long-term strategic plan and university's mission and vision
- Process
 - Proposal typically starts at dept. level
 - Submitted to division/pillar leader
 - Division/pillar leader works with Finance Office
 - If related to programming, must go through proper committees (CUP, GPC, EPC, Academic Senate)
 - Proposal should include:
 - Initial costs
 - Annual expenditures
 - Anticipated annual revenue
 - Division/pillar leader presents to Executive Council (EC)
 - If approved by EC and funding is available, initiative is included in budget recommendation to Finance Committee



Other Operational Budget Adjustments

If projected base expenditures exceed projected base revenues, base budget reductions are necessary:

- Process:
 - Potential reduction target identified
 - Non-divisional expenditures reviewed for opportunities
 - Divisions are provided targets
 - Divisions propose reductions
 - Not equal across all depts.
 - Explore opportunities to restructure
 - EC reviews proposals
 - Review may include adjustments to proposals
 - EC prioritizes reductions to implement
 - Recommendations are included in proposed budget

If projected base revenues exceed projected base expenditures:

- Process:
 - Proposed new initiatives (previous slide) are considered
 - Division leaders bring forward to EC
 - EC prioritizes initiatives to implement
 - Recommendations are included in proposed budget

Summer/Global Campus Budget Models



Summer/Global Campus Budget Models

• Summer Model

- Revenue is calculated for each course
- Revenue is allocated between general fund, academic affairs, and colleges/departments
- Compensation for instruction is paid out of college/departmental allocation
- Remaining balance is retained by the college and distributed to departments

• Global Campus Model

- Revenue is calculated for each course
- Revenue is allocated between general fund and Global Campus
- Compensation for instruction is paid out of Global Campus allocation
- Remaining balance is retained by Global Campus and shared with departments (based on their revenue-sharing agreement)

