



**MONTANA UNIVERSITY SYSTEM**  
**Office of the Commissioner of Higher Education**

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**MEMORANDUM**

**TO:** Board of Regents

**FROM:** Pamela Joehler, Interim Associate Commissioner for Fiscal Affairs

**DATE:** September 9, 2005

**SUBJECT:** Biennial Budget Process Review

**Feedback on Current Process**

Following the May 2005 Board of Regents meeting, I requested feedback from the Montana University System campuses on the Board of Regent biennial budget process that ended in May. Since the budget process used during the last two years was a new process, the both the BOR Budget Committee and I were interested in knowing what went right, and what went wrong, with the new budget planning process.

Overall, the campuses indicated they thought there should be more Board guidance on long-range system mission, goals, philosophies, and policies during the biennial BOR Budget Planning Process and less time spent on numeric details.

The budget milestones and timetable originally established were largely thought to be appropriate, however, there is dissatisfaction with the lack of specific guidelines relating to budget development and presentation.

**Proposed Process Review**

In mid-August 2005, Bob Durringer, Craig Roloff and I discussed options for addressing the concerns expressed earlier this summer. We propose to review the current BOR Biennial Budget Planning process to address the following specific issues:

1. Clear and written objectives for the Biennial Budget Planning Process
2. Develop a set of consistent terms and conditions for biennial budget development
3. Timetable and substance of budget documents submitted to the Board of Regents
4. Identify special considerations that may be necessary this biennium due to the proposed Cost of Education study (see separate memo).

While OCHE staff will coordinate this review, a working team of fiscal staff from the campuses will be essential to a successful and meaningful review. The review is expected to take from four to six months to complete.

### Clear and Written Objectives

The working team will prepare a document with clear and written objectives for the Biennial Budget Planning Process for review and approval by the Board. The objectives could include:

- Develop projected two-year budget plan that reflects Board of Regents strategic plan, goals, and objectives
- Develop the biennial budget request presented to the Executive and Legislative Branches
- Be in position to discuss the impact of state funding decisions on tuition rates with the Executive and Legislative Branches
- Identify fiscal-related outcome measures relating to the Strategic Plan

### Terms and Conditions

Another legitimate issue raised by the campuses is the need for written guidelines, definitions, and consistency for the biennial budget development process. The proposed process review will address budget issues such as, but not limited to, the following:

- Current level services
- Pay Plan Components
- Growth vs. New Initiatives
- New Space
- Base expenditures
- Base year
- Reserves

### Timetable and Content of Budget Information Presented to Board of Regents

Campuses expressed some frustration with the just-ended budget cycle that included some short turnaround effort by the campuses to respond to Board information needs. While some bumps are expected with any new process, the proposed process review will attempt to identify basic, logical budget data that should be presented to the Board at critical points of the biennial budget cycle. Because the Board is likely to undertake the COE/allocation model revision study, the timetable for submitting certain budget items to the Board in the 2007 biennium interim may be out of sync with what will be the regular budget timetable for future interims.