

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities

Date of Meeting: April 19, 2011

Agenda Item: Proposed Amendment to Board Policy 5.9 Biennial and Operating Budget Planning and Administration Including Revenue Fund (renamed Biennial and Annual Operating Budget Planning and Approval) – *Second Reading*

Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: Changes to Board policies require approval by the Board of Trustees.

Scheduled Presenter(s): Laura King, Vice Chancellor and Chief Finance Officer
Judy Borgen, Associate Vice Chancellor Budget

Outline of Key Points/Policy Issues:

The proposed amendments to this board policy serve to provide stronger, clearer descriptions of the statutory powers of the Board and the subsequent responsibilities designated to the Chancellor regarding both biennial budget requests and annual operating budget approvals; eliminate language that lists specific components of the annual operating budget and moves such language to the appropriate financial administration procedures; add specific language requiring student consultation.

Background Information: As part of the Chancellor's continuous improvement initiative, Board policies and procedures are regularly reviewed and amendments are proposed as appropriate. Finance division staff began reviewing this policy in the Spring of 2010 and found that there was a need to proposed amendments to current policy language.

Through the course of this review, the statewide student groups met with staff several times to provide input, and campus constituency groups were given multiple opportunities to comment and suggest changes.

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Second Reading

BOARD ACTION

**Proposed Amendment to Board Policy 5.9 Biennial and Operating Budget
Planning and Administration Including Revenue Fund**

BACKGROUND

As part of the Chancellor's continuous improvement initiative, Board policies and procedures are regularly reviewed and amendments are proposed as appropriate. Finance division staff began reviewing this policy in the Spring of 2010 and found that there existed a need to clarify the language contained in current policy to better delineate the roles and responsibilities described therein.

The proposed amendments to Board Policy 5.9 provide clear direction to the Chancellor and the colleges and universities regarding the roles and responsibilities of all those involved in proposing and approving biennial budgets and annual all funds operating budgets.

Through the course of this review, the statewide student groups met with staff several times to provide input, and campus constituency groups were given multiple opportunities to comment and suggest changes.

CONCLUSION

The amendments to Board Policy 5.9, Biennial and Operating Budget Planning and Administration Including Revenue Fund, suggest changes that

- Reorganize existing language to better clarify the responsibilities held by the Board of Trustees, the Chancellor and the college and university presidents regarding the biennial budget request and the annual operating budget planning and approval.
- Eliminate language that lists specific components of the annual operating budget and moves such language to the appropriate financial administration procedures.
- Add student consultation language.

RECOMMENDED COMMITTEE ACTION:

The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the changes in Board Policy 5.9 as noted in Attachment A.

RECOMMENDED MOTION:

The Board of Trustees approves the changes in Board Policy 5.9 as noted in Attachment A.

Date Presented to the Board of Trustees: April 20, 2011

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

BOARD POLICY		5.9
Chapter 5	Administration	
Section 5.9	Biennial and Annual Operating Budget Planning and Approval Administration Including Revenue Fund	

1
1
2 Part 1. Policy Statement.

3 The Board is committed to long term stewardship of state fiscal resources. It is the policy
4 of the Board to approve systemwide biennial budget requests and system wide annual all
5 funds operating budget plans for colleges and universities and the Office of the
6 Chancellor.

7
8 Part 2. Authority.

9 ~~Part 1. Authority~~-(see related documents below).

10 ~~Minnesota Statutes § 16A.10, Budget Preparation,~~ states that by October 15 of ~~in~~ each
11 even-numbered year, an agency must file its upcoming biennial budget request. Under
12 ~~Minnesota Statute~~ Statutes § 136F.06, Powers and Duties, ~~state that the Board shall set~~
13 ~~tuition and fees and adopt suitable policies for the institutions it governs. Minnesota~~
14 ~~Statute § 136F.70, Tuition; Fees; Activities Funds,~~ state that the Board shall set rates of
15 ~~tuition and fees.~~ the Board has plenary authority to govern the colleges and universities
16 and to adopt suitable policies for the institutions..

17
18 ~~Part 2. Policy Statement.~~

19 ~~It is the policy of the Board of Trustees to periodically approve revenue and expenditure~~
20 ~~operating budget plans for all colleges and universities and the office of the chancellor.~~
21 ~~Operating budget planning includes all revenue sources.~~

22
23 **Part 3. Responsibilities.**

24 Subpart A. Biennial Budget Request

25 The chancellor shall develop a system wide biennial operating budget appropriation
26 request for submission to the governor and the legislature after consultation with
27 constituency groups.

28
29 The biennial budget request is subject to approval by the Board shall approve the
30 biennial budget request.

31
32 Subpart B. All Funds Operating Budgets

33 The chancellor shall provide a financial outlook and issue guidelines for preparation
34 of an operating budget financial outlook to be developed by each college or
35 university.

36
37 The colleges, universities, and the ~~office~~ Office of the Chancellor ~~shall~~ will prepare
38 balanced budgets consistent with Board policies and system procedures.

39
40 The Board shall approve the system wide annual all funds operating budget.

41 ~~The Board of Trustees shall approve the biennial budget requests and system-wide~~
42 ~~allocations. The Board shall approve tuition and fees, room and board rates, and~~
43 ~~student union facility fees.~~

44
45 **Part 4. Accountability/Reporting.**

46 The chancellor is responsible for monitoring the system, ~~office~~ Office of the ~~chancellor~~
47 Chancellor and college and university budgets. The chancellor shall provide system-wide
48 budget updates for all funding sources on an exception reporting basis.

49
50 The president is responsible for monitoring the college or /university budget to ensure
51 accuracy and a balanced budget. ~~The Board of Trustees will be periodically provided~~
52 ~~system-wide budget updates for all funding sources on an exception reporting basis.~~
53 ~~These will include a breakout at the college, university and office of the chancellor level.~~

54
55 **Part 5. Student Consultation.**

56 College and university budget development is subject to student consultation
57 requirements as defined by Board Policy 2.3, Student Involvement in Decision Making.
58

59
60 **Related Documents:**

61 Current Year Budget Plan

62 Minnesota Statute § 16A.10

63 Minnesota Statute § 136F.06

64 Minnesota Statute § 136F.70

65
66 *Date of Implementation: 06/21/00,*

67
68 *Date of Adoption: 06/21/00,*

69
70 *Date and Subject of Revision:*

71 04/XX/11 – Clarifies roles and responsibilities and adds student consultation language.

72 *06/21/06 – Technical and syntax amendments made to policy.*

73 *06/18/03 - adds a new Part 1, authority, changes “system office” to “office of the*
74 *chancellor”, and provides for reporting on an exception basis in renumbered Part 4.*