**East Tennessee State University**

**Ad Hoc Committee on Budgeting Process**

**Monday, January 5, 2015**

**MINUTES**

**Discussion with Dr. Noland:**

Dr. Noland attended this meeting to discuss the recommendations of the committee.

* Dr. Wykoff gave an overview of the final recommendations. There are four broad areas:
  + The budgeting process has to be tied to a strategic plan. Whether we do RCM or not, we need a clear strategic plan.
  + There needs to be a senior leader who is the champion of the budgeting process. We feel it needs to be a vice president who answers to the President.
  + There are many specific details that need to be worked out, things that require expertise. This will require a working group to identify principles and parameters for the implementation of a new process.
  + Cost Centers will need to be defined; essential, strategic assets, optional. It will be necessary to consider our financial situation in these decisions. This step will require careful consideration.
* The recommendations are broad and this group cannot make specific recommendations.
* Dr. Noland responded, by going back through the original memo :
  + RCM must be tied to the strategic plan. We are at the onset of a new strategic plan process. He asked the question: What are your thoughts about launching it at the same time as the budgeting process?
    - Response: we discussed that the budget process is the operational outcome of the strategic plan. One issue is the uncertainty of the Tennessee Promise. It will be difficult to project the budget without knowing the impact it will have on our institution. They will have to be parallel.
  + Dr. Noland asked if this should be piloted for the 2015/2016 year.
    - The committee feels we do not have the pieces in place to begin that soon. Our financial processes will need to be aligned to launch a new plan. It will need to exist across all colleges and it will be a cultural change. Personnel will not be ready for such a drastic change. We would like to study another college that did this, to gather information and learn from them. It will help to spread confidence and allow us to understand how to roll it out. The committee feels 2016/2017 is a better time frame, even dual processes for a time to eliminate uncertainty.
  + Dr. Noland requested more information regarding the Champion – what would the responsibilities of this position be and how would we justify the position?
    - The biggest concern is whether we can change the process. If there is not a champion, will we return to the old process? It will be a full-time job. It would link planning and budgeting as an on-going process. The champion will make sure there is accountability. To have a good management model, we need to know what the objectives are and whether our goals are met each year. The visions of the university are changing and this person could drive that.
  + Dr. Noland asked if the champion of the process could be a current employee or will it require an external person?
    - Discussion centered on the point that we would rather have many champions, not just the VP position to be the only champion. If your provost is not a champion, there will not be change. If there is not some level of support across senior management, the VP will be set up for failure. Even if they are all on board, who will make it work?

Additional Points of Discussion:

* Dr. Noland explained that this has to be larger than one person. This will have to be a culture change – a decision by the university to swim in a new pool of water. Our structure works well now, but in 3 – 5 years, this structure will no longer work well. When we put a new plan out there, we need to understand there will be some communication challenges. There are going to be people who ask why we are changing? There will need to be a network of support – there is high risk of the plan succeeding. Senior leadership will need to be on board.
* Not everyone appreciates change in higher education. Some feel that if it worked for 400 years, it should not change. Education will need to take place to spread a message that change is necessary to survive. If people don’t see change as necessary, it will be difficult to sell a new process. The competition for high quality education is increasing. Online programs are common. The environment is far more complex and we need to attract higher quality students. Our budget needs to be nimble.
* By moving to a decentralized budget, you could invest in new programs if your enrollment grows. Decentralize risk as well as reward.
* Staff was discussed. The assumption was that additional budgeting staff would need to be hired to assist deans with the process. That would be a decentralized decision. Not all deans currently have resources available to them. Shared services would need to be looked at; some colleges will not need a full time position. Assistant Deans for Finance roles may change. Investing in these positions will have costs, in faculty or other positions.
* University Governance was addressed. Dr. Noland envisions a restructure of the Monday Morning Senior Staff as well as Presidents Council, to create a governing entity. Will this allow for the transition? There is hesitation about whether RCM could move forward since many things get done by informal structure. Negative reaction is a concern. New governance will create shared ownership.

Some offices do not have the help that they need to function effectively. But as some positions are vacant, it may give the opportunity to restructure these positions.

**Conclusion:**

* Additional discussion regarding when the final draft will be ready for release. There is a President’s Retreat follow-up meeting on Monday. Dr. Calhoun will present information about the final draft at that time.
* The format of final report was discussed, regarding what would best suit the website. The current document needs to have more detail for the public. This document will become a benchmark for future work. It will be the foundation.
* Dr. Noland would like to have the report by February 1. If we will search for a person, we will need this report for the search to occur.
* Dr. Noland expressed his appreciation for the work of the committee. The next group will need a fair amount of technical expertise, budgeting experience. Some from this committee will be asked to continue on the new committee

Meeting attended by: Larry Calhoun, Gordon Anderson, Michael Smith, BJ King, Amal Khoury, Randy Byington, Bill Duncan, David Linville, Randy Wykoff , Wallace Dixon, James Batchelder, Raven Moody, Wendy Nehring.

Minutes by: Katie Jeter