

Campus Update: Budget Model Redesign Initiative

Where We Are and What Comes Next

Michigan Technological University continues to make steady progress on the initiative to design and implement a modern budget model that strengthens long-term financial sustainability, improves transparency, and better aligns resources with institutional priorities.

This work began in January in partnership with Huron Consulting Group and is being guided by a Steering Committee composed of academic and administrative leaders. The initiative is sponsored jointly by the Provost and the Chief Financial Officer and reflects a shared institutional commitment to ensuring Michigan Tech's financial framework supports its academic mission and strategic goals. The Committee is charged with recommending a budget model that aligns with institutional goals for consideration by the Executive Sponsors. Final decisions regarding the model rest with the Executive Sponsors and require approval from the President before any implementations efforts can occur.

As this work moves forward, we are committed to keeping the campus community informed about where we are in the process, what has been accomplished, and what comes next.

Where We Started

The project launched with a comprehensive **current-state assessment** focused on understanding how Michigan Tech's existing incremental budget model functions in practice.

Through interviews and working sessions with deans, business officers, and administrative leaders, several important themes emerged:

- While the current model provides stability, it can create challenges in aligning operational decisions – such as hiring, program development, and student support – with the timing and certainty of available resources.
- Budget management processes rely heavily on manual approaches and varied systems across units, which can make consistent forecasting and decision support more difficult.
- At the same time, Michigan Tech benefits from strong data quality, institutional pride, and a broad openness to evolving its financial practices to support future priorities.

These insights are guiding the development of an updated budget model that leverages institutional strengths while addressing areas for improvement.

Guiding Principles

To keep model design recommendations aligned with Michigan Tech's values and priorities, the Steering Committee developed a set of guiding principles that will serve as a clear and consistent framework throughout the initiative. Those principles are as follows:

The future budget should:

- **Transparency and Shared Understanding:** Provide clear insight into revenues, costs, and investments across all funds so leaders can understand the financial impacts and tradeoffs of decisions while building a shared understanding of how institutional activities are supported.
- **Support for Student Success and Long-Term Sustainability:** Align budget model decisions to support high-quality, impactful undergraduate and graduate learning opportunities and the reliable delivery of campus support services.
- **Stability with Structured Adaptability:** Design a framework that can adapt to evolving institutional priorities while preserving stability and predictability within annual planning cycles.
- **Reinforcement of Mission and Strategic Priorities:** Allocate a portion of resources to campus units to ensure the model reinforces institutional priorities and supports progress toward the university's mission and strategic plan, and continued advancement as an R1 research institution.

These principles are being used to evaluate potential model approaches and inform tradeoffs as design conversations progress.

Where We Are Now

The initiative is now entering the **model design phase**, during which the Steering Committee is working through key decision points that will shape how the future budget model is structured and how it functions.

These discussions include:

- How major unrestricted revenue sources – including tuition, state appropriations, research support, and fees – should be reflected in the model
- Whether and how financial aid responsibilities should be shared between central administration and academic units
- How administrative and support costs should be structured through cost pools or allocation mechanisms
- How central funding mechanisms can support strategic investments and institutional priorities

At this stage, the focus is on exploring options, understanding their implications, and fostering feedback and dialogue. No final decisions have been made.

In the coming weeks, a baseline model will be developed using institutional data to help illustrate how different design approaches may influence planning and resource allocation across the university.

What Comes Next

This spring, the initiative will continue with several important milestones:

- Model orientation sessions and engagement meetings with academic and administrative leaders
- Iterative refinement of the model based on feedback from campus stakeholders
- Continued Steering Committee discussions to build shared understanding and a comprehensive set of recommendations for Executive Sponsor's consideration
- Development of implementation recommendations and an initial implementation roadmap

The goal is to ensure the final model is practical, transparent, and aligned with Michigan Tech's culture, mission, and long-term financial strategy.

What This Means for Campus

A budget model is not a strategy in itself. Rather, it is a framework that helps the university plan, allocate, and monitor resources in support of its priorities.

A well-designed model can:

- Improve visibility into how institutional activities are funded
- Strengthen alignment between resources and academic or research activity
- Support more informed decision-making
- Encourage accountability and stewardship across the institution

Stay Informed and Share Feedback

We encourage faculty, staff, and students to stay informed about this initiative by visiting the budget model website: <https://www.mtu.edu/cfo/budgetmodel/>

Questions, comments, and feedback can be shared at any time by emailing: [**budgetmodel@mtu.edu**](mailto:budgetmodel@mtu.edu)

Additional updates and engagement opportunities will be shared as the work progresses.