

# Designing Michigan Tech's Future Budget Model

**Aligning resources with our mission for long-term success**

**Presented to:** University Senate

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Chief Financial Officer & Vice President for Administration

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# Why We Are Doing This Work

## **Why We Are Doing This**

- Michigan Tech has grown in complexity across academics, research, and operations.
- As the institution has evolved, clearer insight into how resources flow across the university has become increasingly important.
- Effective decision-making at all levels requires a stronger, more consistent understanding of our financial dynamics.

## **Why a New Approach Is Needed**

- Our current budgeting approach continues to function and has served the university well.
- However, it does not consistently provide the transparency, alignment, or planning capability expected of a modern research university.
- This effort is not a response to financial distress or a short-term issue—it is a proactive step to align our financial infrastructure with how Michigan Tech operates today.

## **What This Initiative Is About**

- Strengthening the foundation for informed decision-making
- Ensuring financial structures support our academic mission and strategic priorities
- Providing leaders with clearer, more predictable information to plan effectively

# What a Budget Model Actually Does

A budget model is much more than a spreadsheet or an accounting system—it's the fundamental framework that shapes how a university operates financially. Understanding what a budget model does helps clarify why this work matters and how it will impact planning and decision-making across Michigan Tech.

## Revenue Recognition

Defines how revenue is generated, attributed, and recognized across the institution. This includes tuition, research funding, auxiliary operations, and other income streams.

## Cost Allocation

Determines how institutional costs are allocated across the university. This includes infrastructure costs, shared services, facilities, technology, and administrative support, so leaders can better understand true operating expenses.

## Authority & Accountability

Clarifies where financial authority and accountability reside throughout the organization. It defines decision rights—who can make commitments, who manages budgets, and who is responsible for outcomes. This clarity is essential for effective leadership and operations.

## Behavioral Incentives

Shapes incentives and behaviors across the institution—sometimes intentionally, sometimes unintentionally. The budget model influences how units think about growth, efficiency, collaboration, and risk. A well-designed model aligns these incentives with institutional priorities and values.

# Why the Current Approach Is Reaching Its Limits

Michigan Tech's current budgeting approach has served the university through many years of growth and change. However, as the institution has become more complex—with expanded research portfolios, new academic programs, evolving enrollment patterns, and increased operational sophistication—the limitations of the existing framework have become more apparent.

These limitations don't represent failures of past leadership or poor decision-making. Rather, they reflect the natural evolution of an institution that has outgrown its financial infrastructure. Recognizing these constraints is the first step toward building a more effective system.

## **Incremental Decision -Making**

The current approach is primarily incremental in nature, building on prior year allocations with adjustments at the margins. This makes it difficult to evaluate tradeoffs or redirect resources strategically. Units and leaders have limited visibility into why resources are allocated as they are, making it challenging to understand the implications of different strategic choices or to align investments with changing priorities.

## **Reliance on Workarounds**

Over time, the institution has developed numerous workarounds to address gaps in the budget structure. While these solutions have enabled operations to continue, they add complexity and reduce transparency. Workarounds require institutional knowledge to navigate, creating barriers for new leaders and making processes harder to sustain as personnel change.

## **Limited Reflection of Complexity**

The model does not consistently reflect the growth in research activity, interdisciplinary collaboration, or program complexity that characterizes modern Michigan Tech. Research growth brings indirect costs, infrastructure needs, and administrative requirements that aren't always visible in budget allocations. This disconnect makes it difficult to plan for sustainable growth.

## **Cross-Unit Planning Challenges**

Collaborative initiatives, shared programs, and cross-college partnerships are increasingly important to Michigan Tech's mission. However, the current budget structure makes cross-unit planning and resource sharing more difficult than necessary. Clarity about costs, revenue attribution, and accountability is often unclear when multiple units are involved.

# What This Initiative Changes —and What It Does Not

It's important to be clear about the scope of this work. This initiative will change some fundamental aspects of how budgeting and planning happen at Michigan Tech, but it will also preserve many elements that are working well. Understanding both dimensions helps set appropriate expectations for what this process will accomplish.

## What Changes



### Greater Transparency

Enhanced visibility into how resources flow through the institution, including revenue attribution, cost allocation, and the financial dynamics of different activities. Leaders will have clearer information to inform planning and decision-making.



### Clearer Alignment

Better alignment between institutional priorities and funding allocation. The budget model will make it easier to direct resources toward strategic objectives and to evaluate whether investments are producing intended outcomes.



### More Predictable Planning

More predictable planning assumptions that enable multi-year thinking. Units will have greater certainty about their financial foundations, making it possible to plan investments, hire strategically, and develop programs with confidence.

## What Stays the Same

### Decision -Making Authority

Academic and operational decision-making authority remains with institutional leaders and established governance structures. The budget model is a tool to support leadership judgment—it does not determine curriculum, program priorities, or educational decisions.

### Mission & Values

Michigan Tech's institutional mission and core values continue to guide all decisions. The budget model serves the mission; the mission does not serve the budget. Our commitment to student success, research excellence, and community engagement remains paramount.

### Approval Processes

Annual budget approval processes through university and the Board of Trustees remain unchanged. The budget model changes how budgets are constructed and understood, but not the formal approval authority or oversight mechanisms.

# How the Model Will Be Designed

Developing a new budget model is a structured, deliberate process that requires both analytical rigor and extensive engagement with campus stakeholders. This isn't about implementing a template or adopting another institution's approach wholesale. Instead, it's about designing a model that reflects Michigan Tech's unique characteristics, priorities, and culture while incorporating proven practices from peer institutions.

The design process follows a logical sequence, with each phase building on the work of previous stages. Throughout the process, transparency and engagement are paramount—this is not work happening behind closed doors, but rather a collaborative effort to build something that will serve the entire institution.



## Understand Current State

Comprehensive analysis of how funds currently flow through Michigan Tech—where revenue originates, how costs are allocated, where decision authority resides, and what dynamics shape unit behavior. This includes quantitative analysis of financial data and qualitative understanding of how budgeting actually happens in practice.



## Establish Guiding Principles

Development of clear principles grounded in Michigan Tech's mission, strategy, and values that will guide model design. These principles ensure the model supports what matters most—student success, research excellence, operational sustainability, and strategic flexibility. Principles are developed collaboratively with input from campus leaders.



## Develop & Test Concepts

Creation and testing of model concepts using real institutional data. This includes modeling different scenarios to understand implications, identifying potential unintended consequences, and refining approaches based on what the data reveals. Testing happens iteratively to explore options before committing to a direction.



## Refine Through Engagement

Structured engagement with campus stakeholders to gather feedback, test assumptions, and refine the model based on operational realities. This phase ensures the model works in practice, not just in theory. Feedback loops continue until there is confidence that the model will achieve its intended purposes.

# How Campus Leaders Will Be Involved

This work cannot succeed without meaningful engagement from campus leaders across the institution. Deans, associate deans, department chairs, administrative leaders, and other stakeholders bring essential perspective on how Michigan Tech actually operates—the formal and informal processes, the challenges and opportunities, and the practical realities that any budget model must accommodate.

Engagement is designed to be substantive, not performative. The goal is not simply to inform campus leaders about decisions already made, but to involve them in shaping the model itself. Their input will directly influence the design, ensuring the final framework reflects operational realities and supports effective leadership.

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## Discovery Conversations

One-on-one and small-group discussions designed to understand how different units operate, what challenges they face, and what they need from a budget model. These conversations are exploratory and focused on learning, not advocacy.

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## Principle -Focused Discussion

Focus on principles and structure rather than short-term outcomes or unit-specific impacts. The goal is to design a model that serves the institution over time, not to optimize for current budget allocations or individual unit positions.

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## Concept Testing

Opportunities to react to emerging model concepts and scenarios. Leaders will see draft approaches, test them against their operational knowledge, and identify potential issues or improvements. Feedback at this stage shapes model refinement.

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## Iterative Refinement

Feedback loops that inform ongoing refinement before final recommendations are developed. Leaders will have multiple opportunities to engage as concepts evolve, ensuring the model improves through each iteration.

 **Your Input Matters:** This process depends on candid feedback from leaders who understand their units deeply. The Steering Committee and Executive sponsors are committed to listening, learning, and incorporating what they hear into the model design.

# Why We Partnered with Huron

Michigan Tech engaged Huron Consulting Group to support this initiative. Huron brings extensive experience in higher education financial planning and budget model design, having worked with dozens of universities across the country. However, it's important to understand what Huron's role is—and what it is not.

Huron is not here to prescribe outcomes or impose a particular model on Michigan Tech. They are not making decisions about the university's financial future. Instead, they provide expertise, structure, and facilitation that enable Michigan Tech leaders to make informed decisions about the budget model that will serve this institution best.

## **Institutional Perspective**

Huron provides perspective drawn from peer and aspirant institutions, helping Michigan Tech understand different approaches, common challenges, and proven practices. This benchmarking ensures Michigan Tech can learn from others' experiences while designing a model tailored to our specific context and needs.

## **Process Structure & Facilitation**

Huron structures and facilitates what is inherently a complex design process involving multiple stakeholders with different perspectives. They bring project management discipline, facilitation expertise, and analytical capabilities that enable the work to move forward efficiently and effectively.

## **Analysis & Benchmarking**

Huron conducts quantitative analysis and benchmarking that would be difficult for internal teams to complete while managing daily operations. They bring tools, templates, and analytical frameworks that accelerate the work and ensure rigor without prescribing specific outcomes.

## **Michigan Tech Ownership**

All model decisions remain entirely with Michigan Tech leadership. The Steering Committee, senior administrators, and ultimately the Board of Trustees will determine what model Michigan Tech adopts. Huron supports the decision-making process but does not make the decisions themselves.

# What Success Looks Like

Success for this initiative is not about achieving a particular budget outcome or reaching specific financial targets. Instead, success is about building a framework that enables better decision-making, clearer planning, and more effective leadership across Michigan Tech. The new budget model should serve as infrastructure that supports the university's mission rather than constraining it.

Several indicators will signal whether the new budget model is working as intended. These success factors focus on how decisions are made, how resources are understood, and how the institution adapts over time.

## Clarity for Leaders

Leaders at all levels understand how their decisions affect resources and how resource allocation connects to strategic priorities. Budget information is accessible and interpretable, not opaque or confusing. Leaders can explain to their teams how the budget works and why resources flow as they do.

## Productive Planning Conversations

Planning conversations become clearer and more productive, focused on strategy and priorities rather than budget mechanics or workarounds. Units can engage in multi-year planning with reasonable confidence about their financial foundations. Cross-unit collaboration becomes easier because the financial implications are more transparent.

## Visible Tradeoffs

Tradeoffs are visible and decisions are made intentionally rather than by default. When the institution faces resource constraints or strategic choices, leaders can evaluate options with clear information about implications. The budget model illuminates choices rather than obscuring them.

## Adaptable Framework

The framework can evolve as Michigan Tech continues to grow and change. The model is not rigid or brittle—it will accommodate new programs, shifting enrollment patterns, research growth, and other developments without requiring constant workarounds or major redesign.

Ultimately, success means the budget model becomes infrastructure that people trust and understand—reliable, fair, transparent, and aligned with Michigan Tech's values and mission.

# What Happens Next

This initiative is moving forward on a deliberate timeline that balances the need for thoughtful design with the importance of making progress. The work is well underway, and the coming months will bring increased engagement with campus leaders as model concepts develop and are refined based on feedback.

## Steering Committee Work

The Steering Committee held its first meeting, formally launching this work. Over the coming months, the Committee will focus on establishing guiding principles, developing a shared understanding of the current state, and beginning early exploration of model concepts. Regular meetings will support steady progress and informed discussion as the work moves forward.

## No Immediate Changes

There are no immediate operational or budget changes resulting from this work. Current budget processes continue unchanged while the new model is designed. Implementation, if approved, would happen on a planned timeline with appropriate transition planning and support.

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## Campus Engagement

Campus engagement expands significantly as model concepts develop to a point where meaningful feedback is possible. This includes individual conversations, small group discussions, and opportunities for broader input as concepts become more concrete and testable.

## Communication & Updates

Regular communication and updates will continue throughout the process through multiple channels—web resources, town halls, and direct engagement with leadership groups. Transparency about progress, emerging concepts, and opportunities for input remains a priority.

# Governance Structure

Executive Project Sponsors	
Name	Title
Carlos Rodriguez	CFO & VP for Administration
Andrew Storer	Provost & SVP for Academic Affairs

Steering Committee	
Name	Title
Carlos Rodriguez	CFO & VP for Administration
Tim Scullion	Director of Budget and Financial Planning
Nick Stevens	Associate VP for Finance
Theresa Coleman Kaiser	Associate VP Aux and Business Services
Andrew Storer	Provost & SVP for Academic Affairs
Andrew Barnard	VP for Research
Dean Johnson	Dean, College of Business
Dennis Livesay	Dean, College of Computing
Michelle Scherer	Dean, College of Engineering
David Flaspohler	Dean, College of Forest Resources and Environmental Science
LaReesa Wolfenbarger	Dean, College of Sciences and Arts
Will Cantrell	Dean, Graduate School
Marika Seigel	Assoc Provost, Undergrad Education
Robert Hutchinson	University Senate President

Project Coordinator	
Project Coordinator	Title
Heather Sander	Assistant to the CFO and VP for Administration

# Stay Informed & Engaged

Visit [www.mtu.edu/cfo/budgetmodel](http://www.mtu.edu/cfo/budgetmodel) for updates, background materials, and information about the budget model initiative as the work progresses.

## Questions or Feedback?

Share questions, comments, or feedback at [budgetmodel@mtu.edu](mailto:budgetmodel@mtu.edu) or submit them directly through the website. Input shared through these channels will be reviewed and considered as part of the ongoing work.

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**Thank you for your attention and your commitment to Michigan Tech's continued success. Together, we're building financial infrastructure that will serve this institution well into the future.**