

Long-Term MSU Financial Stewardship Philosophy

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- Finances must provide for:
 - Funding programmatic needs
 - Recurring operating expenses
 - Maintaining adequate infrastructure
 - Adequate reserves for budget stability and capital maintenance

Focus on Academic Missions

- Increase donations to MSU for endowments, infrastructure, and programmatic priorities
- Entrepreneurial activity will grow; revenue streams will be less predictable; increased risks require additional reserves
- Research activity will grow significantly over time; must identify revenue streams to support research infrastructure

Infrastructure and Plant

- Build or replace facilities when funds are available or when there is an identified revenue stream for debt repayment
- As campus infrastructure ages, increasing amounts of resources will be required for “just-in-time” maintenance and programmatic renovations

Infrastructure & Plant – Cont'd

- Recognize emerging funding trends, including fluctuations in annual state major maintenance allocations, and need to fund percentage instructional share of state supported capital outlay appropriations
- Individual aspects of the university, such as housing, are subject to similar aging of facilities and are expected to set aside resources for eventual renovation and replacement

Financial Operations

- Financial stewardship shared by Board with administration based on bylaws and practices developed over time
- Recurring expenses should be funded from recurring revenue sources
- Economy is cyclical, must maintain sufficient budget flexibility to soften initial year impact of down-turns

Financial Operations – Cont'd

- Optimize budget flexibility to address unforeseen needs through the carry-forward process and budget reallocations
- A more aggressive cash management approach produces additional revenue over the long-term, but also increases need for reserves