Budget Planning Variables

❖ Academic Year Tuition is Approx. $90M
   ➢ 1% Tuition Rate Increase = $900,000
   ➢ 100 FYE Change = $710,000

❖ Appropriation is Approx. $51M
   ➢ 1% Change is Approx. $500,000

❖ Compensation Budget is Approx. $110M
   ➢ 1% Change is Approx. $1.1M
Key Financial Pressures on the University Budget

FY15-16 $5M Base Challenge

1. Enrollments Declining – Tuition Revenue Loss
2. Loss in MnSCU Allocation Percent Share
3. Final Inflation Greater than Planned

FY15 Base Budget is in Deficit by Approx. $4M

FY16 140 FYE Decline - $1M

Total Base Reduction for FY15-16 - $5M
FY15-16 Deficit is Base

- This deficit is prior to any FY17 impacts
- Actual FY16 Plan was mix of Base and Bridge Strategies
- Must target full $5M in Base beginning in FY17
  - PRIOR to any FY17 Impacts
  - Or
  - Further Use of Bridge Strategies Will be Required
## Newer UG Cohorts Stabilizing

<table>
<thead>
<tr>
<th></th>
<th>Fall 2011</th>
<th>Fall 2012</th>
<th>Fall 2013</th>
<th>Fall 2014</th>
<th>Fall 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEF</td>
<td>2,467</td>
<td>2,264</td>
<td>2,380</td>
<td>2,253</td>
<td>2,385</td>
</tr>
<tr>
<td>Transfer</td>
<td>1,149</td>
<td>1,076</td>
<td>1,028</td>
<td>1,040</td>
<td>1,021</td>
</tr>
<tr>
<td>Total</td>
<td>3,616</td>
<td>3,340</td>
<td>3,408</td>
<td>3,293</td>
<td>3,406</td>
</tr>
<tr>
<td>Change</td>
<td>(276)</td>
<td>68</td>
<td>(115)</td>
<td>113</td>
<td></td>
</tr>
</tbody>
</table>
### MnSCU Enrollment Trends

<table>
<thead>
<tr>
<th>Institution</th>
<th>FY2012 FYE</th>
<th>FY2013 FYE</th>
<th>FY2014 FYE</th>
<th>FY2015 FYE</th>
<th>FY2016 Projected</th>
<th>Total Change Amt</th>
<th>Total Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bemidji State University</td>
<td>4,634</td>
<td>4,347</td>
<td>4,296</td>
<td>4,274</td>
<td>4,262</td>
<td>(372)</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Metropolitan State University</td>
<td>6,086</td>
<td>6,266</td>
<td>6,192</td>
<td>6,052</td>
<td>6,082</td>
<td>(4)</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Minnesota State University Moorhead</td>
<td>6,574</td>
<td>6,167</td>
<td>5,987</td>
<td>5,697</td>
<td>5,252</td>
<td>(1,322)</td>
<td>-20.1%</td>
</tr>
<tr>
<td><strong>Minnesota State University, Mankato</strong></td>
<td>14,443</td>
<td>14,194</td>
<td>14,180</td>
<td>13,861</td>
<td>13,725</td>
<td>(718)</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Southwest Minnesota State University</td>
<td>3,681</td>
<td>3,769</td>
<td>3,679</td>
<td>3,679</td>
<td>3,654</td>
<td>(27)</td>
<td>-0.7%</td>
</tr>
<tr>
<td>St. Cloud State University</td>
<td>13,938</td>
<td>13,053</td>
<td>12,381</td>
<td>11,851</td>
<td>11,863</td>
<td>(2,075)</td>
<td>-14.9%</td>
</tr>
<tr>
<td>Winona State University</td>
<td>8,544</td>
<td>8,459</td>
<td>8,267</td>
<td>8,149</td>
<td>7,930</td>
<td>(614)</td>
<td>-7.2%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>57,900</strong></td>
<td><strong>56,255</strong></td>
<td><strong>54,982</strong></td>
<td><strong>53,563</strong></td>
<td><strong>52,768</strong></td>
<td><strong>(5,132)</strong></td>
<td><strong>-8.9%</strong></td>
</tr>
</tbody>
</table>
Evolving Changes in Inflation Planning for FY16-17

- **Inflation Plan for FY16-17 at June 2015 BOT**
  - Salary Inflation of 3%, 3% for FY16-FY17 at BOT
  - MMB Advised Zero Increase for Health Insurance

- **July 2015 - Revised Health Cost Inflation**
  - MMB Announced 7.4% and 6.6% Insurance Increases
  - FY17 MSU Impact of $1.6M Health Costs

- **January 2016 - Final Salary Inflation Figures**
  - Biennial salaries at 2.9% and 3.8% versus 6% plan.
  - FY17 MSU Impact – Approximately $450K
Possible Bridge/Short Term Budget Options To Implement FY17 Base Plans

- Institutional Equipment freeze
- Travel Restrictions (excluding contract professional travel)
- Non-emergency supply budget review
- Review/Moratorium on department/division funded facility renovations
- Additional reviews of any purchases > TBD dollar level
- Other Options?
Base Budget Balancing Discussions

- Investments to Increase Enrollment and/or Revenues
- BESI / Phased or AEP Retirements
- Position / Workload/Staffing reductions
- Review summer surplus model to potentially help support academic year budget
- Non-salary reductions
- Possible changes in carryforward policies
Base Budget Options cont’d

- Edina Operation/Facility changes (Analyze 7700 vs Partner institutions space and operations optimization)
- Seek campus input via budget website for additional solution ideas
- Increase Retention to help offset enrollment declines
- Extended Ed/Continuing Ed Opportunities
- Other Strategies??
FY17 Budget Timeline

- Budget Plans from Divisions – March 2016
- Draft Cabinet Budget Decisions – April 2016
- Consultation on Budget Plans – April/May 2016
- Final Budget Decisions – May 2016
Discussion
Budget Open Forum

February 29, 2016
March 02, 2016
Rick Straka