

BUDGET SUB MEET & CONFER
Thursday, March 17, 2009
2:00 P.M. – CSU 238

Please note: Budget Sub Meet & Confer agendas and supporting documents are located on Web site <http://www.mnsu.edu/finadm/submeetconfer/>.

Attendees: Rick Straka, Chair, Mary Bliesmer, Co-Chair, Don Larsson, Michael Bentley, Kitty Foord, Ellen Mrja, Eiji Kawabata, Diane Richards, Gary McKinley, Sharon Sandland, Helen Walters, Chris Connolly, Mike Hodapp, John Caven, Lynn Akey, Kevin Buisman, David Cowan, Avra Johnson, Scott Johnson, Rosemary Kinne, John Knox, Steve Smith, Walt Wolff, Margo Zelenz, Harshdeep Bhasin and Vickie Hanson.

Guests: Jen Guyer-Wood and Becky Miller.

The minutes from the previous meeting were approved.

- 1) Discussion Items/Changes to the Agenda** - The agenda was reviewed and approved. The Governor's proposed budget will be announced at 2:30 p.m. today. VP Straka was at the MnSCU Board of Trustees meeting this morning for the first reading of revenue bonds for the Outdoor Rec proposal. They also discussed FY2010-11 budget planning.
- 2) Graduation Fee Increase (Jen Guyer-Wood)**

Proposing to raise student graduation fees from \$20 to \$25. Dave Gjerde actually brought this up and encouraged the increase for a number of reasons. One is with budget cuts at Student Affairs they had been paying for graduation covers from the Registrar's Office and they have asked Alumni Relations to take over that expense with this fee. Another reason, their costs continue to go up with printing and security. It's an important event on campus with about 17,000 individuals who attend every year. We want to make sure it's a safe event. The payment of the fee also secures that they will receive their diploma in the mail whether the student walks through commencement or not. This is a fee that is put on their bill after they apply for graduation. All students pay this fee when they graduate. This is the only source of funds for commencement and it has not been raised since its inception in 2000. Another reason to raise the fee is the Registrar's Office can put a hold on student accounts for transcripts if the fee is at \$25. If we get your advice or approval we will be going to the student senate for their recommendation. VP Straka, this is a point of policy and procedure for MnSCU and is listed as one of the optional student fees and is specifically listed as a type of student fee that's allowable. The big key is that we continue to consult with students. Approval was made to move forward with this request.
- 3) Faculty Committee Update (Mary Bliesmer)**

Since our last Budget SubMeet & Confer there was a joint faculty members meeting where planning, assessment and evaluation committees met on February 26. They had good discussion. From that discussion came more awareness of the issues that we can involve ourselves in between now and the time that the budget is set for next year. Just want to encourage the transparency that's been available and want faculty members to be empowered to speak their voice as to needs of their own departments. Planned actions from that meeting were to have a joint meeting of the three committees and that will be held April 2 at 11 a.m. It was determined to replace the Budget SubMeet & Planning meeting scheduled for April 2 at 1:30 p.m. and combine them at 11 a.m. VP Straka, the

timing would be good for a joint meeting as we talk at the Meet & Confers this week and release the first of the preliminary proposal by the administration of how we will be dealing with budgets and get all the information out there. I think that would be a good time for planning, assessment, and budget to meet and talk about priorities. It was decided to have the joint meeting in place of the Budget SubMeet & Confer meeting in afternoon.

4) FY10 Prioritized Institutional Equipment (Rosemary Kinne)

The subgroup met last week to prioritize the equipment list from all of the divisions. We kept in priority order of the divisions intact. We have \$450,000 that is in the top part of items that we are going to bring forward to the Cabinet for approval for funding for FY10. That doesn't mean that Cabinet will approve all \$450,000. That's what has been given out in previous years. With the budget reductions that are happening, it might not be the whole amount. We also prioritized everything else that was submitted in priority order if we happen to have additional funding in FY10. On the last page are the items that were submitted that didn't qualify. Prioritization is based on capital assets that have a value of \$5,000 or more, classroom furnishings and items with matching funds. Subgroup committee members were Mike Hodapp, Lynn Akey, Gary McKinley, Margo Zelenz, Malcolm O'Sullivan, John Caven, Rosemary Kinney, Ellen Mrja.

5) Budget Update (Rick Straka)

We are still in a hurry up and wait mode. Administration will be bringing a preliminary proposal, best guess of what the worst case scenario of budget will be forward. There are still so many unknowns. The Board of Trustees has delayed their actions on the operating budget until the June and July meetings. We will not finalize the system-wide budget until July Board meetings. There are still too many unknowns. A big one is the federal stimulus package and trying to work through the 1,000 pages of legislation and all and trying to figure out which strings the Governor will or won't pull. How much control they will take over certain funds and how much they will float through. For example, a significant increase of \$650 in PELL, but the state is to reduce the state grant by that same amount so that our students actually don't see the money and it helps the state budget. They have got some ideas of what they might do with that state grant, but if they pull that state money out and reallocate it it's gone in two years, because this is all one-time money from federal stimulus package. This is one small example of what they are trying to figure out. The amount that could come through to Higher Ed estimates at the Board Office \$50-\$180 million impact on the universities and colleges. But the Board was very clear today that this is one-time money. We are still going to have this structural gap in 2012 and 2013. The expectation of the Board is that we make decisions to reduce the size of all of our operations. The Board is saying they are looking at 10%-15% at the Central Office as well. If we get federal monies in the Chancellor's number one goal is tuition relief. That does nothing to affect our budget and has a net effect of zero on our operating budget. The other thing they are looking at is transitional expenses. Could this one time money be used for re-training clauses, is there something they can do with incentives that would help, is there investments that they could make at the System so that in two years we will be more efficient and we won't need as much staff in certain areas and do certain processes more efficiently. They were clear in saying they do not expect that we get federal one-time money and just delay the pain of the reductions and continue status quo as we move forward. The goal of any of that money if it doesn't go towards tuition release is to help transition us to our new level of what they expect. The long-term outlook of the state budget in 2012 and 2013 is a continued \$5 billion deficit.

We need to make \$5 billion of adjustments in the state budget. That will remain a priority.

We will still not understand where our final numbers will be until June and July. We may have to consider a summer Meet & Confer. Talking about the previous Governor's budget in January the official state forecast was still at \$4.8 billion but it didn't include the federal stimulus money. But his plan had over \$1 billion of federal stimulus money that he was counting on in that plan. Now when we look at the value in the February forecast it didn't get any worse its \$4.6 billion. The Governor only bridged \$2+ billion in his January plan. Now that the federal stimulus money is recognized within the state forecast, he has a \$4 billion problem to deal with at the State. If it weren't for the stimulus money the state budget went from \$4.8 to \$6.4 billion. The bottom line is as we come out of FY2010-11 and go into FY2012-13 that \$5-6 billion is still going to be there. There is an understanding by the Board if we buy down tuition, what are we doing. Are we setting ourselves for a really big tuition increase two years from now and is that doing the student much good?

Important information that came for the Board of Trustees this morning is the budget plans today should be for 2012 and 2013 and the structural \$5 billion reduction. Then if we can buy back some services or buy down tuition or buy back some transition we should do that. We should all be making the reductions for FY2012-13 now, especially for those in the academics. If we need to cut a program there is a two year commitment to the students through that program we should be starting to make those decisions as quickly as possible. The Board believes that if 2012-13 still look bad they do not want us to spend down reserves.

The University will proceed with the best plan going to Meet & Confers on Thursday. We will not wait for the Board to tell us what to do as most institutions are in an acting mood in this next month. Southwest, Riverland, Moorhead have all acted. Not all the 10% reductions are out on the website based on the meeting held last week with the administration there were some revisions. First the plans go to Meet & Confer then we will be talking with individuals involved and then the 10% plans will become public early next week. Don't think you will see more unallotments or reallocations in the current year but you will see significant changes for the FY10 budget.

The next Town Hall meeting topics will be reorganization and budget proposal. The Student Affairs and Academic Affairs reorganization cost models will generate savings of \$1/4 million or more. The models out there are to generate discussion. Not sure what the new model will look like in one year. The President's goal was to find a more efficient way to do more services and concentrate on the services to students. Reorganization shows reduction in overhead and administrative costs.

At the joint meeting on April 2 will be looking for a lot of input. Will have to make some type of decision on things we will have to implement in April with final decisions in May. The Governor's original budget cut us about 10.6% in appropriation (covers a \$2.5 billion structural deficit). The Senate was at 7% (not realistic). I would expect that our share would increase over that. The System Office thinks around a 10% decline.

The Chancellor did a nice job laying out the dilemma we're in. We are doing this at a time our student demand has never been higher. Everyone is expecting that enrollment will increase. How do you try to serve more enrollment with less? It's a no win

situation. Two-year community colleges are seeing a growth of 79% in enrollment. Four year universities are seeing 21% growth. The President's priority is enrollment management and instruction. Certain decisions made six months ago may have to be revisited in enrollment management, including recent initiatives being revised. 7700 France would be an excellent topic for discussion at the university. Need to look at the environment today. Look at what we must do, should do and what we would like to do. Need to focus on the mission and what is legally mandated of us. We are going into this already very lean. Transfers and international students have orientation in April and we will see the transfer numbers then as well as numbers from the south central pipeline. We are projecting enrollment to be the same for next year.

These are difficult times not unique to MSU or the State. The entire world is going through these times now.

The meeting was adjourned.

**The next meeting scheduled is Joint Planning, Budget and Assessment on
April 2, 2009 at 11:00 a.m. in the Johnson Alumni Room**

Budget SubMeet & Confer will be canceled and combined with the Joint Meeting at 11 a.m.