

**BUDGET SUB MEET & CONFER
SEPTEMBER 13, 2005**

Attendees: Michael Bentley, Nina LeNoir, Phillip Miller, Victoria Peters, Paul Schwinghammer, Linda Wenkel, Mark Parsley, Karen Foreman, Mike Hodapp, Sandi Jessen, Lynn Akey, Kevin Buisman, David Cowan, Scott Johnson, Rosemary Kinne, Mike Miller, Steve Smith, Pat Swatfager-Haney, H. Dean Trauger, John Winkworth, Margot Zelenz and Syeda Raza.

Please note: The agenda and supporting documents can be obtained at Web site <http://www.mnsu.edu/finadm/submeetconfer/>.

1. **Discussion Items** – Vice President Trauger mentioned that we normally start Budget Sub Meet & Confers with discussion items. Things may have occurred over the summer that you may have heard about related to the FY06 budget. The Board of Trustees decided to restrict tuition increases for FY06 to 7%. Our proposal was 7.75%. This impacted our budget plan by \$590,000. We do not have information today on the FY06 budget other than the institutional equipment list. We will spend more time on the FY06 budget plan at a future meeting. The Cabinet has been reviewing some issues regarding the preliminary plan we prepared last May. At BSM&C meetings we want to provide information that is helpful to you and have good conversations regarding various budget issues. Agenda items were requested and should be sent to Rosemary Kinne. With the start of the new academic year there are new representatives on BSM&C, so everyone introduced him/herself.

2. **FY06 Approved Institutional Equipment List** – About January or February every division was asked to submit their prioritized equipment needs. The Budget Work Group, which is made up of BSM&C members, reviewed the Institutional Equipment list and prioritized it. The list of equipment requests was included with today's agenda. We get a certain budget each year for equipment. Of that, 40% is used for institutional equipment requests. The total amount of the first 14 items that were funded is \$485,000. The list was reviewed by the Cabinet and approved by the President. By July 1, 2005 the approved items were available to purchase. Items that were not funded are included on the list in case additional funds become available during FY06. If that occurs, the next item or items on the list will be funded. Column J shows the amount that was approved. Some requests have matching funds which was looked at when prioritizing. The list is also on the Budget Web site. The remaining 60% of the equipment budget is used for Core Equipment. Each division is given a percentage of the Core Equipment budget that is calculated based on a formula that includes staffing, salary and nonsalary. The FY06

Core Equipment amount was \$725,000. All division received the list July 1. Each division operates differently on how it distributes the money. This is why we are talking about it again today so the approved items are acted upon. Some items already have funds encumbered. In December or January Budget Officer Rosemary Kinne sends an e-mail asking those who have approved equipment funds that have not yet been used if they still need the funds. If so, we would like them to act on them by July. If not, the committee reallocates the funds to the next item(s) on the list. The list includes all the requests to show that every request was considered when the requests prioritized. Some requests were rejected because they didn't meet the criteria or were moved to the R&R projects list.

3. **FY03-FY06 Enrollment Update (Comparison with MnSCU Universities)** – This handout shows MSU's enrollment this morning compared with FY05. For summer we are down 6.5% FTE, and for fall we are down about .5% FTE. Almost all MnSCU universities are down a little bit. The headcount may be up, but when converted to FTE, it is less. We should come out around 13,500 FYE students. St. Cloud State started a week after we did, so their enrollment figures are lagging. New Entering Freshmen (NEF) were up. Graduate students were down a little. Transfer numbers were about even, but we are not yet sure about transfer numbers. Retention may be harder after the significant tuition increases. We had a difficult time collecting tuition this past year. The total head count for fall is not quite 14,200. We have tried to hold the numbers on freshmen since we want to keep an enrollment of 13,500 FYE because of physical space limitations. The goal was to stay level in enrollment.

4. **Strategic Priority Funding: FY06 Budget Allocation Distribution and FY06 Expenditure Budget Chart** – There were a number of strategic priorities that were presented last year at BSM&C. We hope to get what was actually achieved with the dollars that were spent. At a future meeting we will have a list of some of the people who were working on those initiatives and give an update on what they accomplished last year. FY04 balances were carried forward because en the funds were given out at the end of the year. A list was included with today's handouts that shows the final FY05 strategic priority funds as to cost center name, FY04 carryforward, FY05 budget, FY05 activities to date and the FY05 budget balance. FY05 balances will not be carried forward to FY06 but will go back to the reserve with the exception of the Capital Campaign money which will be carried forward to FY06. This is because of the timing, so the Cabinet approved the carryforward. "Embassy Visits" refers to the three or four representatives who went to Washington, D.C. to visit embassies to get communication with some countries regarding our international enrollment. They were very successful, and established good contacts. The deficits will not carry forward either. Some expenses

were put against the wrong cost center which caused some of the deficits. We can bring this back next time and group the list by the initiatives. Another concern is we allocated money for something that did not happen. Money is allocated to a specific person, not necessarily the chairperson of the task force. The person may be on the committee. We can show the responsible people for the FY06 strategic priority funds. There will be accountability for the funds allocated for FY06. Another handout shows the FY06 strategic initiatives and funding that were approved. Those dollars are one-time dollars. The instructional designer was not hired until the end of the year which is why there was a \$27,958 balance in FY05. There was \$50,000 allocated in FY06. The instructional designer was to be hired for two years, and it will be decided if it should be a permanent position and be put in the base budget. Another position is the two-year college liaison for enrollment management. This person may already be hired. The instructional designer assists faculty with the development of on-line courses. A third position may be added in FY06 for the capital campaign. This person would connect with alums to give back to the University. The salary limit is in the initiative fund, but in the future it will have to include fringes. Those items are not part of our FY06 base funding. This is a drawdown commitment against the reserve balance. FY04 was the first year we identified strategic priorities. Up to \$400,000 was provided to support the initiatives. We have not spent that amount in any year. We will have performance measures and performance standards in the budgets.

5. **FY05 Final Tuition Revenue vs. Budget** – The handout on this item shows where we started in FY05 with tuition revenue broken down by semester. This does not include the carry forward of receivables. We are under budget by \$224,315. Column E shows the FTE which was 13,373. Rosemary Kinne did a great job of estimating in spite of many variables. We had to cut off collections on FY05 on August 14. After August 14 about \$160,000 was collected that were receivables for FY05. This will be posted to FY06. The receivables will be referred to the Minnesota Collection Agency. About \$90,000 was written off when the collection agency could not get the money. We put the charge back on the individuals' accounts if they try to go back to school.

6. **FY05 Final Utilities Budget & Activity Comparison** – The handout on this item shows the FY05 utilities budget. Column B is the whole University including the residence halls and the Student Union. Column D is M&E. We had a lot of savings on electricity because of the new generator. Fuel oil and natural gas had savings because of a mild winter. Natural gas was purchased ahead at a lower price. This year we did not get any contracts in advance because of the volatile market. We could have increases of 71% over last winter. We may have to supplement the utilities budget for the first time in three years. The generator runs the

campus during peak times, so Xcel gives us a good rate. We were cut off five or six times. We will be paying off the lease for the generator for 15 years.

- 7. Preliminary FY05 Ending Reserve Report** – Some reserve numbers are final such as utilities/space rental savings and salary savings, but division nonsalary is not. The tuition revenue was under budget. The savings of \$2,657,037 helped to defray the \$996,203 budget deficit at the beginning of FY05. The projected FY05 reserve as of September 12, 2005 was \$5,210.252 which is 4.77% of the FY05 expenditures budget. The payout to grants of \$825,000 is necessary because we have federal and state grants that are on a reimbursement basis. We have put the money out but have not been reimbursed. To close a fiscal year without a deficit we temporarily borrow money from the general fund. When we get paid, it is put back. Wigley Administration was built in 1977/78 when we had 4,000 to 5,000 fewer students. The campus was designed for 9,000 students, and offices were put together for smaller staffs. The consolidation of offices was done to better serve students. The Graduate Office area was used for the hallway to the new Student Union. Student Financial Services units were brought together, and more space was given to Human Resources. After so many years with a design not conducive to serving students, this was a good investment. The financial aid SAPS problem is still under review. We will know more in a couple of months what the final number is that we have to pay. It was up to \$1.3 million and came down to \$1.1 million. We will probably have less than another \$600,000 to pay. The problem occurred because we had a different academic standard for the academic program than what the federal guidelines were for financial aid. We were not catching students who did not qualify for federal aid. That happened when we switched into the new ISRS system. The wrong parameters were plugged into the new system. This is the penalty for giving aid to students who were not completing 67% of their credits. Our transcripts were not showing attempted hours. We are not sure about the FY06 budget because the bargaining unit negotiations are not completed.
- 8. FY06 M&E Budget Summary: Fy06 Budget Allocation Distribution and FY06 Expenditure Budget Chart** – Budget Officer Rosemary Kinne has put together what we have for preliminary numbers by division for the FY06 budget allocation distribution. Until we get all the contracts settled, the money will stay in MnSCSU's uncommitted allocation line. The \$900,000 nonsalary allocation is money for special projects or equipment depending on what comes out of other areas of salary needs. The fringes number is preliminary and will be distributed as the year goes on. The second sheet shows the distribution of the budget in a different format. There is a printing allocation we give out every year. Printing Services used to have salary funded through the University budget. About four

years ago it was made to be self-supporting. Printing costs have to cover salaries. We use that money to distribute to divisions calculated by printing costs in the past. Each cost center is looked at to determine how much was spent on printing at Printing Services. This is part of the \$9,633,422 in the Classified Salary Allocation column. There will be more information on this at a later meeting. We talk about the general fund budget which is where institutional decision making comes into place. It covers the day-to-day operating expenses. Students decide student allocations for various activities that their fees support. The parking budget comes to BSM&C for discussion. At the next meeting we will give an update on the total institutional budget by fund. We focus most of our attention on the M&E operating budget. We can go into more detail on the other budgets if you like. Residential Life, the Student Union and student activities include student involvement for those fees and charges. We want to provide whatever you like regarding the institutional budget.

9. **Discussion on Topics for Future Meetings** – VP Trauger asked for agenda items to be submitted. We can bring in people to provide additional information. Last year we had people involved with the initiatives come to talk. We will get David Cowan to present the parking budget. We will look at tuition and have our consultation with students. MnSCU has set December 2 for a meeting about the FY07 tuition rate increases. This will be hard because not all the salary items are known. We do not want tuition to be higher than needed, but we do not want it to be lower than our liabilities. Tuition was \$60 million in FY05. In FY06 we will be at about \$65 million. In 1980 80% of the budget was state appropriation. Now it is less than 45%.
10. **Future Meeting Date Schedule** – Dean Trauger suggested that BSM&C meet every other week on Tuesday at 3:00. We will have this schedule for at least the next few months.