

BUDGET SUB MEET & CONFER
SEPTEMBER 27, 2005

Attendees: Michael Bentley, Jean Haar, Nina LeNoir, Philip Miller, Victoria Peters, Paul Schwinghammer, Linda Wenkel, Mark Parsley, Jerry Anderson, Mike Hodapp, Sandi Jessen, Lynn Akey, Kevin Buisman, Scott Johnson, Steve Smith, Pat Swatfager-Haney, H. Dean Trauger, John Winkworth

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

1. Discussion Items

The process for new M&E positions goes through the budget cycle from the division to the Cabinet. The Cabinet is still looking at a number of positions that have been proposed for FY06. We will know in November if there is any money for new positions in FY07 because other items will be known at that time. We will talk about the FY07 operating budget in two weeks.

2. FY06 Operating Budget

We do not have the FY06 operating budget completely worked out. One of the handouts included with today's agenda shows the FY05–FY07 M&E budget projections. The FY06 budget is based on a 7% tuition increase. The report also shows the adjusted FY05 budget. We had initially projected a shortfall of \$1.3 million in FY05. As we reported last time, there were about \$600,000 worth of utilities and salary savings and other balances in various categories that brought us to a break-even budget in FY05. The FY06 budget is not final; these are guesstimates. It has been decided to allocate \$325,000 for new positions, and we will get the list of positions that were added to the FY06 budget plan and the fringe benefits associated with them (there were 5 or 5.5 positions added). We are looking at adding need-based and talent scholarships and increasing the strategic initiative fund to \$500,000 from the \$100,000 in base in FY05. In FY07 we are looking at \$1 million for strategic initiatives. Equipment was increased by \$26,574 which is a 3% increase. Based on these assumptions and the income plan which is based on break even enrollment, we are left with about \$169,000 that has not been planned as expenditures for FY06. We have to do more research on insurance which could be a little bit high. There is a tail on FY05 that will impact FY06. The University is 5% over last year's utilities budget right now, and with the way natural gas prices are looking, we are going to be short with the \$3 million utilities budget. We hope to have better information on utilities and insurance in two weeks.

3. FY07 Operating Budget Plan: Appropriation Amount – November 1, 2005 and Tuition Rate Submittal – November 15, 2005

Last Thursday at the MnSCU Board meeting the trustees decided what the calendar will be for the FY07 budget and setting tuition. We were told that MnSCU budget staff will be running the cost allocation model based on data we submit in the next couple of weeks, and the FY05 final expenditures per program will provide us our appropriation for FY07 using that information. On November 1 we will know what our FY07 MnSCU allocation will be. The difficulty with that is that tuition rates need to be submitted November 15, and we have to go through the consultation with the students. We have not started that for this year because we do not have information with which to work. We have had one preliminary meeting about the process. We may have to meet with the students every week for the next one and one-half months to make sure we have done the type of job we should. Students have to send their consultation letter to MSUSA by November 16. BSM&C will meet every two weeks to keep you informed. We have made assumptions on what we have for FY07 on the basic expenditure categories. With no change to the FY06 revenue, we have a shortfall of \$5 million in FY07. This includes increasing the strategic priorities funding. The appropriation is very hard to guess because of the allocation model and the average costing of programs within MnSCU. If our program costs are more than 15% above the system average, we lose money through the model plus administrative allocations (the facilities allocations are determined on a square footage basis). Rollie Rowe is doing a cost study on faculty loads. If he has data, we can see if ours are the same or different from a year ago. The second handout shows the key variables in the FY07 M&E budget projections. If the appropriation remains the same, we would need an 8% tuition increase to get \$4.9 million. We would need to change some of the expense assumptions if there are restrictions on tuition increases. The President did not indicate that the Board of Trustees was going to restrict tuition. MnSCU has not set any standards at all. It was suggested that the consequences of not having higher tuition be relayed to the students when doing the consultation with them. Last year the students did a very good job of making their case for holding tuition down without alienating anyone. We do not anticipate more than a 4% change in our appropriation. There could be a 3% change in insurance. Utilities could be quite a bit more than our assumption. Salaries will probably not be off by more than 1% and fringe not more than 1% or 2%.

4. FY06 Utility Projections

We will get more information to you on utilities since the attachment that is included with today's agenda is for FY05 and not FY06. The projections are that natural gas will increase by 70% over last year. We will be

looking at almost \$1 million more for heating costs. There should be an increase of about 10% in electricity costs as well. We projected a 5% increase last year in utilities costs. A \$1 million increase is not something we can absorb with our budget plan. If anyone else has heard other information about heating cost projections, let Vice President Trauger know.

5. Strategic Priority Funds: FY06 Allocations

At the last meeting we talked about strategic priority fund allocations and who the responsible persons were for the various initiatives. A report was enclosed with today's agenda. Just about all of the \$500,000 has been allocated for FY06. Requests amounting to about \$1.3 million were submitted, and the Cabinet gave the go-ahead to those listed because they are time sensitive. There may be additions made to the strategic initiatives. The Cabinet has talked about performance indicators to show what has been achieved. At the next meeting VP Trauger will have a list of all strategic priorities.

6. FY04-FY06 M&E Staffing Summary

A report showing FY04-FY06 M&E and R&R personnel comparisons sorted by bargaining unit excluding Fund 17 was included in today's handouts. FY06 will change as we move through the year. Classified staff does not normally change during the year, but adjunct and IFO numbers will probably change. Steve Smith will do the same report on non-M&E positions. We can also do it by fund group and current total. We are entering a more stable enrollment period, so we are not sure what kind of enrollment growth will take place during this time. Credit hours are similar to last year even though there was a larger freshmen class. A few years ago we put \$1.2 million in faculty staffing to improve the faculty-student ratio.

7. Next Meeting Date: October 11, 2005, 3:00 PM, WH288

- **Parking Budget**
- **Summer Session Surplus Distribution**
- **FY06 Budget Plan and Tuition Rate Increase**

8. Other – An item that was not on the agenda was MnSCU budget funds. A report included with the agenda shows the FY05 year-to-date actual budget expenses by MnSCU fund. At the last meeting we zeroed in on Fund 100 but not the other money that goes through the various fund groups. At the next meeting Dave Cowan will give an update on the parking budget. It was asked that more information be given on the computer store fund at a future meeting. VP Trauger gave some

background on the Computer Store. About ten years ago we were only selling Apple products. When we discontinued using Apple computers on campus, we saw a significant drop in sales and were losing money because Mac computers were not bought. College of Business faculty helped us put together a new business plan for the store and redid what the store was about. There is now a significant amount of sales in the store. At the meeting following the next meeting we may cover this fund group. The residence hall fund group could be covered in November or December.

If you have thoughts on tuition, VP Trauger asked that you send them to him.