

BUDGET SUB MEET & CONFER
TUESDAY, FEBRUARY 5, 2008
1:30 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, Jean Haar, Co-Chair, James Bailey, Mary Bliesmer, Gary McKinley, Sharon Sandland, Sandi Jessen, Mike Hodapp, Lynn Akey, Kevin Buisman, Avra Johnson, Michael Miller, Steve Smith, Pat Swatfager-Haney, John Winkworth, Margot Zelenz, Jason Schilling and Vickie Hanson.

The agenda was reviewed and Recap of Joint Meeting was added.

1. Discussion Items

- There are rumors out there that IFO has settled. There has been nothing yet from Higher Ed Office. Rosemary Kinne is out and she puts the details to the numbers.
- Biggest issue legislature meets next week which begins the bonding cycle; get pieces of HEAPR money number one rated project-\$29million renovation of existing Trafton building.
- February 28, March 1 or 2 the Dept. of Finance will have the revenue forecast out for the next biennium. This will set the checkbook for the next biennium.

2. FY08 Budget Scenarios (Handout)

VP Straka-The best scenario would be if we don't see a hit to our appropriation next year and keep what we have.

- FY09 Budget Assumptions:
 - Tuition based on 3% increase over FY08 plus 1% buy down of \$724,836
 - Scenario I-No enrollment increase
 - Scenario II-100 FTE increase
 - Scenario III-200 FTE increase
 - Scenario IV-300 FTE increase
 - Salary buyout increases/fringe based on 4% increase
 - Additional staffing for Trafton addition \$186,000
 - Additional debt service for Trafton addition \$344,373
 - 5% increase in utilities budget plus addition utilities cost for Trafton addition \$334,373
 - Talent grant scholarship inflation 4%-\$47,424; Grad Asst inflation 4%-\$69,186
 - Increase in contract travel-\$100,000
- Joint Budget SubMeet discussion-Always invest in the future to make investments. Easier to minimize the cuts up front.
- Dean Miller-Is this reality? Believe in investment to grow progress, strategic, principles, ideas. Divisions and bargaining units need to know. More taking than investments, all conversations are on the table.

- Budget reductions-Not realistic for anyone to offer up their reductions. Needs to come from the top down. Possibly out show publicly and confidentially. Smallest and least priority will be offered up. Smallest strategic goals, is good (basic test).
- 10 faculty positions at Southwest State have been identified as not being renewed or filled. At Bemidji State only at \$750,000 above reserve and St. Cloud is similar to Mankato.
- The numbers on the FY08-09 operating budget projection spreadsheet are realistic. This year's freshman class was the second highest in the last five years. Hopefully 78-80% of these students will be back.
- Rick Straka-Won't know if the \$1.4million deficit is reality until the first Friday of fall semester with NEF.
- Reserve level is with MnSCU policy. Chancellor would like to see it at 5-7%. \$250,000 is already built into line item (reserve to maintain at 5%). \$500,000 to add to compensated absences.
- Deadline to make decisions for FY09 will be within the next 2-3 months.
- Enrollment data will be in by the end of March for making decisions and to go ahead with budget flow and reserve.
- Offer on the table to find money-tenured faculty box is closed for FY09. Two-year institutions need to make decisions by October 15 to be effective by next fiscal year. We need to make a decision by May for next fiscal year on not renewing positions; excluded managers need a 3-6 month notice and managers need 45-90 days notice.
- People savings are not seen for a year after someone leaves the university because of unemployment and severance costs.
- 2010 will begin a new legislative session and new bargaining session. That's why we have pushed to have reserve levels where we are at. When you permanently dip in spending you deplete your reserves and there is no safety net.
- Kevin Buisman-Can the institutional equipment be pared back? No, as this money has already been allocated to the individual budgets for repairs and betterment money. Money allocated is already at the bare bones. Deferred maintenance just snow balls and can't catch up. \$400,000 secondary equipment has been kept out of the budget. This can be given out in April or kept if needed to balance the budget. Equipment is already prioritized by a committee and has its own elimination process.
- Short-term future scenarios are more aggressive as the cycle is not as clear.
- Rick Straka has already talked with his managers about making decisions on where they can come up with reductions in their areas.
- You should take this back to your bargaining units for discussion:
 - Values
 - + or - of reallocations
 - How would you like this to happen (being more upfront and more transparent)
- Jean Haar would like a recap of the joint planning meeting held. This will help guide the university as we move forward (feedback is needed).
- The 169 project will be funded primarily by the old Fund 17 account. VP Hoffman has been working on specific business agreements to provide education at business sites. Locations are not being disclosed yet.

- *A request was made for the history of how strategic investment funds and institutional equipment funds were used in the past.*
- Incentives need to be kept at the division levels.
- *For the next joint meeting summaries of pros and cons should be generated, along with principles to adhere to, live with values missing from models.*
- Look at big scenarios to get big solutions!
- We need to not be afraid to look at an entirely new way of doing things to spread demand with classes and services. As an example, Rick Straka and Steve Smith have been working on using electronic purchasing cards in the Business Office.

3. FY09 Institutional Equipment (Handout)

The equipment allocation process was handed out for reference. The deadline for divisions to submit equipment lists is February 21, 2008. The website to review instructions and the form is located at: <http://www.mnsu.edu/finadm/budgetoffice>

4. Need Volunteers for Subgroup to Prioritize Institutional Equipment

If you are interested in being on the taskforce to review the FY09 institutional equipment list and assisting in prioritizing it, please let Rosemary Kinne know as soon as possible.

5. Reallocation Discussion

Refer to FY08 Budget Scenarios above.

VP Straka thanked everyone for the good open discussion.

The meeting was adjourned.

The next meeting will be March 6, 2008 at 1:30 p.m. in CSU238.