

**BUDGET SUB MEET & CONFER**  
**TUESDAY, OCTOBER 7, 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, Mary Bliesmer, Co-Chair, Michael Bentley, Ellen Mrja, Eiji Kawabata, Kitty Foord, Barry Wilkens, Gary McKinley, Sharon Sandland, Chris Connolly, Mike Hodapp, Lynn Akey, Kevin Buisman, David Cowan, Avra Johnson, Rosemary Kinne, Steve Smith, John Winkworth, Margot Zelenz, Harshdeep Bhasin and Vickie Hanson.

The minutes from the previous meeting were approved.

The agenda was reviewed and approved. There were a few new members in attendance so introductions were made.

**1) Discussion**

Mike Hodapp posed the question if student loans are getting harder to get.

VP Straka responded that TCF Bank is not offering loans. It won't be as easy for students to consolidate loans after college and they may have debt from multiple agencies. We don't collect on Perkins loans here. They are collected at MnSCU. There has been a significant change in loan collections. There are a lot less loans to turn over. In the fall there was \$40M in financial aid. In August 2007 Perkins loans had a repayment in student loans of \$118,000, but in August 2008 only \$58,000. This is a dramatic drop in collections with the principal not being returned as consolidations are harder for students to obtain.

Credit hours are up 100 FYE, but tuition revenue is stable. There are two possible reasons. An increase is use of credit cards (higher fees for us) and use of tuition waivers by employees. We are seeing some changes in the trends such as the in-state tuition waiver for international students.

Enrollment credit hours in Winona and the Metro are up, even in St. Cloud and Mankato (with 85-100 FYE), and down in Moorhead, Bemidji and Southwest State. Comments were made on Moorhead State. VP Straka reported that they are planning ahead for the worst case scenario with their projections. They will have a \$3M shortfall for FY10, zero increase in state appropriation, 7% increase in tuition, plus inflation for compensation. They have had a steady decline in enrollment the last decade and have had 12 straight years of budget cuts and they are in a tough situation.

**2) Budget Faculty Update – Mary Bliesmer**

Mary Bliesmer wanted to let this group know that the budget FA group has been meeting separately to talk about issues relating to budget. With the university projecting enrollment growth, the Faculty Association would like to have contingency plans. There are some areas where the university can't have growth. They also have online program concerns. They are just starting discussion and will bring any recommendations to Budget SubMeet & Confer. VP Straka will take this item to Cabinet as it is an excellent topic.

### **3) FY2010-2011 Biennial Operating Budget Request**

VP Straka and President Davenport will be attending the Board of Trustees Public Hearing on Wednesday at the Office of the Chancellor. The new state appropriation request is \$126M. This is an aggressive request. These have not been good economic weeks. Look first and foremost at 3% inflation. Told to plan for last biennium; 3% operating expenses, tuition at \$68M-4% average at universities with 3% at colleges. Reallocation biennial amount is \$6.9M; \$2.3M first biennium and \$4.6M second year. Our share is \$200,000 and \$225,000 each of next two years.

The Board of Trustees will move forward on the budget scenarios. Preliminary revised calculation this year has been forwarded to Cabinet. In the middle of November we will get results. The end of January-February scenarios will be decided on. Cabinet did agree to FY11 timeline calendar. The Board is asking the legislature for money. Bringing some of their own but we will have to match. True inflation request \$136M. This means a major reallocation in campus initiatives. The state-wide University Student Association is supporting inflation but not initiative requests.

There are a lot of unknowns such as collective bargaining contracts. Predictions are at 3%. Difficult for all involved. 4-5% could mean budget cuts, tuition limited. We get revenue through tuition. The DNR and MnDOT have no other way to make up the differences.

Legislative units go home in May with or without a decision. It will be a difficult year. The main focus is what percent to raise tuition and enrollment changes make up the total tuition revenue.

Sean McGoldrick locked in natural gas at \$7.78 (which is similar to last year). Every two years we don't know. There are a lot of assumptions. We have to see where they play out.

VP Straka, our budget is in good shape this year. He is comfortable with it. We have a 7% reserve which is on the high end of the 5-7% reserve level. Planning one-time money balanced budget for this year. \$600,000 is structurally out of balance into FY10. Have some flexibility and line items. Moorhead, Southwest State and Bemidji have low reserve levels and no flexibility. VP Straka is worried how they will handle it. SW State has already laid-off people getting ready for FY10.

Watch for the big date in November on the budget forecast. The Governor sets proposed budget. February forecast legislature sets checkbook for the next biennium.

Cabinet to buy-off on timeline for FY10 and it will be brought back to Budget SubMeet & Confer.

### **4) Subgroup for Indirects Process (Rosemary Kinne)**

These are overhead costs we collect from contracts and grants that are then distributed based on current policy. Rosemary is looking for people to be on a committee to help with the process. She would like bargaining units and student association represented. The following individuals have indicated interest: Lynn Akey, Ellen Mrja, Helen Walters, Gary McKinley, Chris Connolly. Please let Rosemary know if you are interested.

5) **Other**

Last year the RFP process was brought forward to Meet & Confers. There will be major RFPs coming up this year:

- Mav Card/TCF Contract
- Barnes and Noble Bookstore
- Day-to-day Banking Operations with US Bank

We will be renegotiating the Alltel Civic Center lease. We did a one-year extension to that lease for hockey program. This will be more of a short-term lease. The women's hockey center was vetoed by the Governor. The City is to bring it forward in 2009 to keep it on track. Joan Roca is working on a design for the Performing Arts design. VP Straka is working with the City on the hockey arena (women's practice and games). We will not be the major customer of the performing arts center, but will be the major customer of the hockey center.

Rick Straka thanked everyone for the good discussion. The meeting was adjourned.

**The next meeting will be November 13, 2008 at 1:30 p.m. in CSU238.**