

BUDGET SUB MEET & CONFER
THURSDAY, NOVEMBER 13, 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, Diane Richards, Gary McKinley, Sharon Sandland, Helen Walters, Chris Connolly, Mike Hodapp, John Caven, Lynn Akey, Kevin Buisman, Rosemary Kinne, John Knox, Steve Smith, John Winkworth, Margot Zelenz, Harshdeep Bhasin and Vickie Hanson.

The minutes from the previous meeting were approved.

- 1) **Changes to the Agenda** - The agenda was reviewed and approved.
- 2) **Faculty Questions – Mary Bliesmer**
 - a. **At what point is the discussion on identifying core values of the University that will inform budget decision making?**

Budget planning principles is to Cabinet. Will see formal true core value, planning is looking at. VP Straka will follow-up with Cabinet and Avra Johnson as to where the discussion will take place; Planning Sub Meet and Great Place to Work?
 - b. **What has been the administration’s discussion so far on the edict that every state agency plan for a broad 5% spending cut in the next fiscal biennium?**

VP Straka, there are rumors out there anywhere from 3-20% in cuts. In the October forecast, revenue is still ahead for the state more than the following years. It’s a \$4 billion issue. State appropriation is 40% of revenue (general fund). Tuition helps offset costs. Dean Trauger did a good job at setting up the budget. We’ve tried to maintain. We have more flexibility with our reserve level at 7%. Vice Presidents have been asked to bring forward reductions of 3%. Academic Affairs have been asked for 5% as they can’t turn as quickly as other areas. We will know more in December.
 - c. **What is the timeline for and status of the FY09-10 department/college/division budget requests?**

VP Straka, investment/reallocation plan models are due to the Office of Finance & Administration by November 15. John Winkworth said all colleges have submitted their plans to Provost Olson in Academic Affairs.

Some of the information will be put on the web giving bargaining units an opportunity for comments. All of the information can be found on the budget website. The timeline format is below:

 - November 30, 2008 – post to web
 - December 15, 2008 – bargaining unit comments and Cabinet Retreat to review
 - January 2009 – Present at Meet & Confer
 - February 1, 2009 – Plan in place, monitor for a couple of months
 - May 2009 – Final approval

A suggestion was made that during the timeframe November 30-December 15 it might be helpful to send an all staff announce reminder with a link to the budget timeline website. A question was asked if the investment ideas submitted will be shared on the web. At this point the comments have not been read and it has not been determined if they will be posted.

Cost Containment Strategies-comments are being submitted. Good ideas have been received from ITS. All comments are welcome. Comments will probably be posted to the web anonymously.

3) Budget Planning Principles

The FY08-FY13 Budget Planning Principles were gone over last year and this summer with all Meet & Confer groups, including Budget and Planning. VP Straka will present to Cabinet for approval. Any questions or comments should be directed to Rosemary Kinne by next Monday before Cabinet.

We will get an update from Avra Johnson at our next meeting.

4) FY09 Budget

The FY09 General Fund Operating Budget Projects was discussed. VP Straka, the plan in place today is the "Revised FY09 Base Budget".

- Appropriation at \$56 million with charge backs
- Tuition \$70 million
- Compensated absences is an item that we can use
- Strategic Initiative fund-need to discuss as an institution
- Equipment allocation \$1.35 million (flexible issue to hold money-money not committed)

The reserve level is at 7%, we have to maintain some type of flexibility. As the budget gets tighter we may have some salary savings. We have not set up a separate cost center for sabbatical replacements. The bottom line is that people will be involved (80% people). Positions will be involved; can't cut \$2 million without cutting people. We may be able to balance with open positions and retirements. After plans come in, bargaining units will be able to give their ideas. Need to look at Administration as well, look at all aspects. The reality is that it will be tough. Southwest State has already eliminated 14 positions (8-9 were faculty positions). Idaho State and California have hiring freezes on. The State of Florida took a \$169 million mid-year cut. The U of M is in a hiring pause, this is along the same procedure we started in April and May with the "Vacant Position Review Forms". We are not at retrenchment. We won't know until we see what has been submitted over the weekend and on Monday. Should be targeted versus across the board. VP Straka doesn't foresee this happening at Winona, St. Cloud and MSU. Retrenchment may happen at other institutions such as Bemidji, Southwest State and Moorhead. Moorhead has seen the 12th consecutive year of budget line reductions to Faculty.

5) FY10 Budget Scenarios

VP Straka discussed the FY10 General Fund Budget Assumptions. These are just ideas. There are four case scenarios listed. We have no handle or grip on what will happen, so many unknowns.

- 1) Best Case-Scenario 1 (not very likely) tuition case. Total deficit (\$1,035,417)
- 2) Scenario 2 – (reasonable for us) not take part in reduction
- 3) Scenario 3 – (not fun)
- 4) Scenario 4 – (worst case) this doesn't feel very likely. Total deficit (\$5,421,397)

Some assumption comments:

- Made a commitment to library allocation for 8% library inflation (double digit increases)
- Crucial to look at FYE numbers and the make-up and current enrollment
- Retention and transfer (demographics are going down)
- Tuition waivers are more than we have ever had
- Seeing different type of FYE growth, some comes without money attached
- PSEO (you get the person, but it cuts collections from \$218 to \$178 on tuition, fees and books)

We have bigger issues out there. The MnSCU allocation model is based on enrollment. Two-year colleges in the Metro are experiencing explosive growth. Tuition at two-year colleges is the second to third highest in the country. Four-year universities at average level, closer together. Everyone needs to understand the tuition/compensation relationship. All is interactive and related. State universities in the Minnesota market are the most affordable for education.

Rick Straka thanked everyone for the discussion. There are upcoming important dates to look for:

- The first week in December (sets Governor's checkbook)
- Last week in February (sets Legislature checkbook)
- End of March, beginning of April get the feel of appropriation.

The meeting was adjourned.

The next meeting will be December 9, 2008 at 1:30 p.m. in CSU238.