

BUDGET SUB MEET & CONFER
TUESDAY, DECEMBER 9, 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, Don Larsson, Michael Bentley, Ellen Mrja, Eiji Kawabata, Diane Richards, Gary McKinley, Sharon Sandland, Helen Walters, Chris Connolly, Mike Hodapp, John Caven, Lynn Akey, Kevin Buisman, David Cowan, Avra Johnson, John Knox, Mike Miller, Steve Smith, John Winkworth, Margot Zelenz and Vickie Hanson.

The minutes from the previous meeting were approved.

1) **Changes to the Agenda** - The agenda was reviewed and approved.

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

VP Straka the following links provide good information:

Chancellor McCormick Interview in Inside Higher Ed:
<http://www.insidehighered.com/news/2008/12/02/mnscu>

University Tuition, Consumer Choice and College Affordability:
<http://www.nasulgc.org/NetCommunity/Document.Doc?id=1296>

3) **Budget Process and 4) State Budget Forecast**

VP Straka-The elephant in the room is the state budget forecast. Discussed the overall \$4.5 billion state budget deficit at the Meet & Confers. It's more than we thought; almost 14% of the state's annual budget; \$4.58 billion biennial amount; \$2.3 billion if cut in half.

Look at the State of Minnesota budget. 13% reduction is 50% of general fund budget. Cut at MSU 7% of overall budget. Governor says no to new taxes. We will have to moderate tuition increases. Bottom line, Vice President's and their divisions have presented 3% reduction plans. Cabinet meets Wednesday on the budget plan. We may have to go out with a plan higher than 3%. MnSCU wants us to keep our reserve at 5-7%. The equipment allocation of one-half million one-time strategic initiative money is flexible money is to be looked at. It's too early to know, we will have a better idea in November. The governor's budget will be released in January. Higher ed will be a piece of it. The house and senate treat higher ed higher than the governor. The February forecast is what the budget is balanced on. We will have less appropriation than before. The governor's initial plan un-allotment, fly thru all safety nets, cash reserves and everyone should be treated equally. The legislature and government get together in January to figure out what to do. Watch spending the rest of the year. The Chancellor told the Presidents he is not going on any more travel for the year. Every hire is being looked at. Don't like to hire now to lay off next year. Planning, spending and grow with understanding. Presume there will be some level of mandated executive order to direct the Presidents' to spend only on necessity within the next week.

Mary Bleismer asked about the reserve. VP Straka mentioned that the Chancellor thinks it's a bad idea to move reserve money from one institution to another. The state university board grabbed reserves from six universities to take care of bonds in the 1980s. We need to modify spending to save money.

Without projection for inflation/compensation we need to raise new money or reduce expenses. David Cowan, when does the reserve get used? VP Straka, this is money that is used only once. Long-term structure is out of balance. Reserve money is used to bridge from one area to another. It is best to deal with cuts as soon as possible. Otherwise we are in the same place as before. It is not recommended to float at only one year.

It's difficult times to head through. The Board of Trustees may allow tuition to moderate. The governor summoned the head of unions to discuss. One union came back and said that the jobs are more important than raises at this time. Wages will be a major variable. Another big piece will be the Board of Trustees response on tuition.

Hope to come to a decision tomorrow at Cabinet:

- What level of detail to release
- What to post on web
- Faculty Association-Spreadsheet and percentage helpful
- TA, GA, faculty, classified staff positions get to that level of categorizing to public
- Posting by January 1 is more realistic
- Cabinet comes to some type of consensus

VP Straka will have to revise the timeline calendar for this year and is looking for your input. We are further behind on timeline, but it's the first time through the process.

The local budget for next year:

- Tuition revenue based on enrollment and tuition rates
- Minnesota is in the middle of the pack for 4-year tuition
- Two-year colleges are very expensive
- Grants and subsidized loans to not make up tuition and fees
- Perkins loans now fund less cash flow (only get monthly principal and interest)

40% appropriation means greater than 50% tuition now. We serve significantly more students now than 20 years ago. We served 115,000-120,000 students when MnSCU merged, now the number is up to 130,000 students. Our state funding hasn't grown that much.

Nevada had a 25% increase in tuition. In Florida there's a debate on raising tuition 20% to get to the average.

Meet & Confers have discussed the worst case scenarios. There has been good discussion. What kind of university do we want to be? Hold town halls and forums for discussion. There has been good response to the budget cost containment website. We will continue to have open forums and dialogues.

Foundation scholarship questions were raised. Take a 3 year average cycle to determine. Fund totals will be reviewed at the end of December. We are getting a 7-8% return now. Non-profits at 5% moving down to 4%. There will be an impact on the Presidential Scholars budget and department scholarship money. Margo Zelenz-Advancement is not thinking retrenchment. We need to put on a good face for the university.

VP Straka, we need to look at tasks and offerings we offer and the shuffling of duties. We will not be able to afford to do everything. We have to decide what we value and what things we can give up.

The first 3% reductions in the Finance and Administration Division did not include any reduction in services. Instead, ideas were presented such as going online, including circulations, and email notifications.

VP Straka, It's a tough time for higher ed. Here's a link to the Governor's webcast: www.governor.state.mn.us.

Thank you to everyone for all the input and conversation.

The meeting was adjourned.

The next meeting will be February 12, 2009 at 1:30 p.m. in CSU238