

BUDGET SUB MEET & CONFER
Tuesday, November 17, 2009
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, Kevin Elliot, Kitty Foord, Eiji Kawabata, Ellen Mrja, Mahbubur Syed, Mike Menne, Sharon Sandland, Helen Walters, Deb Schulz, Mike Hodapp, Kevin Buisman, David Cowan, Marilyn Delmont, Marilyn Fox, Avra Johnson, Rosemary Kinne, Warren Sandmann, Steve Smith, Walt Wolff, Margot Zelenz, Carol Stallkamp and Vickie Hanson.

The minutes from the previous meeting were approved.

- 1) **Changes or Additions to the Agenda** – The following items were added to the agenda: IT Online System on Reviewing Phone Bills and the Latino Center.

- 2) **Summary of the Minnesota State Financial Statements (Steve Smith and Rick Straka)** The group saw part of the slide show presented to the Office of the Chancellor in October at the university's audit exit conference showing the financial statement, ratios and narrative. The auditors gave the university an unqualified opinion, meaning the university financial statements represented the university's financial position and internal controls. There were no new audit findings or management comments on items we should approve on in our processes. We had as clean an audit report as you can get. This goes to show the work done by the entire university on following the rules and processes. The following slides were shared:
 - Financial Trends and Highlights
 - Student Revenue
 - Revenue and Expenses per Student FYE
 - Composition Operating Expenses
 - By Natural Classification
 - By Functional Classification
 - Per Full Year Equivalent Student Data
 - Fixed Asset-Invest., Age and Maintenance
 - Average building age is 12 years old
 - Composite Financial Index
 - We are in the no review area (2.16)
 - HEAPR Funds-Reserve with no debt
 - General Obligation Bonds
 - Composite Financial Index Trend
 - Operating Margins and Unrestricted Net Asset Trends
 - Financial Trends and Highlights

In summary, our financial position remained stable in FY09. Our future plans should keep financial ratios stable. We continue to invest in system-wide and university strategic initiatives and placed an emphasis on enrollment management and access to underrepresented student populations in demographics over the next five years.

There will be a PDF version of the financial statement posted on the Business Services website soon. Also look at the MDNA (Management Analysis) for the financial health of the institution.

The University instituted some E Commerce solutions last year which give us better control over cash. The hard part was the reconciliation side which took nine months to get a hold of.

3) Stadium Turf

Athletic Department is trying to raise money for field turf in Blakeslee Stadium. Right now we will move forward with a three-prong approach.

- 1) The field is in need of the type of repair that the two practice fields went through a year ago. We would probably have to put \$200,000 to \$250,000 into the field even if we didn't put in field turf (including drainage, regarding and end zone grades). Looking at R & B Funds for safety aspect where the university puts in money and over 10 years we won't have maintenance.
- 2) The students got a really good bond sale last June with an interest rate at 1 1/2 % less than anticipated, which will generate over \$100,000 a year in savings and debt service costs to the students. We will go to the Student Senate to ask if we can internally finance some of that anticipated savings, the students will bring a third also. For the same cost the student currently have in fees (\$30/semester), we will be able to turn over practice field #3 to the students for an additional soccer field or open field. The field was designed with the width and grade to be a soccer field. They would get that right away as well as shared use of Blakeslee Stadium (like we share the field house).
- 3) The Athletic Department is trying to raise \$350,000 for their part.

We are open to feedback on this proposal. It's a normal safety, repair and betterment plan for the university. We should have a go or no go date by the end of December for next summer to get the RFP process started. We are setting aside \$1.5M now. To honor the academic side we are committing to retrofit all of the lights so that we limit any light pollution up for any impact on the Astronomy Department and their facilities.

4) Student Pay (Rosemary Kinne)

Every year the Student Pay Advisory Group meets in the fall to review current student pay rates and recommend to the Vice Presidents and Cabinet the rates for the next fiscal year. It's done in the fall for planning purposes for different departments, res halls and student union budgets. Attached are area pay rates obtained from other businesses in town. The Advisory Group reviewed the rates and looked at other factors. There is not an issue to attract students to the jobs we have on campus. There are a lot of different pay classifications for the university that can be used. The group has sent a memo to VP Straka to forward to Cabinet recommending no student pay rates for FY11, because of the budget situation and the fact that our wages are very competitive in the area and we have no trouble filling the student positions. It is a benefit for students to work on campus.

The Advisory Group is made up of individuals across campus. We have 1,700 to 1,800 students employed on campus. The last student pay increase was in FY08. The pay classifications are internal to MSU Mankato. The classification pay rates are a good tool for keeping a good student and rewarding them during the year as they learn more.

5) Latino Center

Concern was expressed about the talk of a Latino Center at the same time we are talking about retrenchment of people and programs. With the talk of new buildings and facilities where is the academic side? When and where was the faculty consulted on this? VP Straka addressed the articles in the Reporter and Free Press. The Mexican Government has chosen MSU as the Latino school of choice. There will be a consultation process. The President has said that this is in consultation. We brought it to the last Meet & Confers. We will need to talk about it again and

finalize at what level the proposal will be. The students have questions to bring to Cabinet about what size it will be and what services will be offered. We are in a planning stage right now. The students have said they are in favor of a Latino Center but they want more study on it. They would like to see it part of the Multi-Cultural Center. The last \$50M in bonding spent was on academics in Ford Hall and the Trafton Science Center. The next \$40M project out there is the Clinical Sciences Building. The academics have been a major part of where we are going with the master facilities plan. Where is the support for academics? VP Straka, last year we did \$8M in reductions with every non-academic area taking a full 10% cut. Faculty took a 6% cut. We need to do the best we can to keep our morale up. We will be able to get through FY11, but getting through FY12 is going to be difficult. It will be a year long process beginning on Thursday (Joint Planning, Assessment meeting) on how we prioritize and how we look at academic and non-academic programs in a way to prioritize what we can and can't provide. There will be a lot of discussion of what the future will be for public education in Minnesota.

6) IT Online Systems for Reviewing Phone Bills (Steve Smith)

We have been working with IT to develop a system to review phone bills online. Since we switched to voice over IP (3 years ago) we have not had a good system to review the phone bills. There will be a website assessed with a log in for supervisors to review the phone bills for employees that report to them. It is tied into our chart of account for security. There will be three years of history available. Each month Business Services can send out an email link reminder that the bills are out there for review. State agencies expect universities to review long distance charges monthly. It will be just for the Voice over IP invoices (Cisco), not cell phone charges at this time.

Other:

Steve Smith, we are looking at piloting the new web based accounting system in May. There will be new features such as you can search cost center data and send data to Excel spreadsheets for analysis. We will discuss this in more detail at a future meeting. Business Services would like to get away from printing monthly accounting reports. The P Card training is done and the next rollout will be training on the accounting system and how to read the reports.

VP Straka, we will be making difficult decisions as we move forward into FY12. I am anticipating an additional unallotment next year. Even after the cuts made last year of \$8M we still spent \$120M into ongoing things. We are still doing 92-93% of things that we were doing last year. All of us are doing more with less. We are an underfunded institution compared to our peers. We just received some IPEDs data that we will share with you in the future that shows how we compare to our peers. It is still amazing the quality of education we provide with the limited resources we have to provide it.

The Joint Planning, Budget and Assessment meeting will be held on Thursday, November 19 at 12 p.m. in CSU284ABC.

The meeting was adjourned.

**Next Budget SubMeet & Confer
December 8, 2009 1:30 p.m. in CSU238**