

BUDGET SUB MEET & CONFER

Thursday, October 25, 2012

1:30 p.m. – CSU238

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, Ellen Mrja, Co-Chair, Nancy Fitzsimons, Marilyn Fox, Andy Johnson, Daardi Sizemore, Marie Pomije, Colleen Royle, Brian Schneider, Sharon Sandland, Laurie Woodward, Mike Peters, Kevin Buisman, David Cowan, Todd Pflingsten, Steve Smith, Carol Stallkamp, Soyal Lama Shrestha, David Schieler and Vickie Hanson.

1) Changes/Additions to the Agenda-None

2) Enrollment Management Investments (Rick Straka)

At the last couple of Cabinet meetings, President Davenport has been concerned about a 300 FYE decline in our enrollment. As he has said at convocation, his primary area is enrollment management. There was a marketing request to come forward to hit some areas that might be able to broaden our freshmen student pool for next year, as well as requests in what we can do in our Student Affairs side to help with retention. We have in the past out of the \$500,000 of strategic planning money, used some of that for the process that goes through planning and enrollment management. Cabinet has not made final decisions on those yet.

Our freshmen class is around 2,200; St. Cloud 1,850; Winona 1,800; Southwest recovered to a freshman class similar to two years ago, Moorhead and Bemidji are down. We are down 200 from last year's freshmen class, it is our seventh highest freshmen class ever. Looking at enrollment management as 70% of general fund budget being funded by tuition and 30% appropriation, keeping stable enrollment is critical in keeping a stable budget. Enrollment impacts are much more immediate and pronounced than in the past.

We are projecting our overall enrollment to be 14,150 vs. 14,443 last year. St. Cloud went from 15,000 two years ago to 13,800 last year and they are projecting 13,200 this year. St. Cloud's reaction to enrollment is that they have a solid reserve level and they have made significant reallocations and reductions within their budget.

President Davenport is looking for enrollment management plans in various groups such as graduate students, international students, traditional freshmen and transfers.

One thing to clarify will be with the students regarding the 3% tuition limit which is predicated upon the System receiving their \$97M in appropriation.

3) Financial Statement Update (Rick Straka)

Rick and Steve Smith just returned from St. Paul after presenting the Annual Financial Statement Audit Exit Conference this morning.

Composite Financial Index:

In the current year we have a composite financial index of 2.23. There is a benchmark value of 3.0. The HLC sets a value of 1. If you are below 1, you need to do significantly more reporting to HLC about your financial status. We are still in a fairly healthy range. The benchmark values and primary reserve look like we are moving in the right direction in our primary reserve.

The return on net assets is a fairly volatile measure. What impacts this is when we get HEAPR dollars and capital budget from the state and we don't bring on all the debt (1/3), we bring on the full value of

an asset but only 1/3 of the liability that has a great return on the bottom line on our financial statements. We are still fairly close to the benchmark.

Viability ratio is how much debt we have. Res Life has brought on \$76M of debt in the revenue fund. We have the \$12/\$13M addition to the Student Union as well as capitalizing the last couple of years bonding to help finish the ballroom. We have made significant improvements to the Student Union and Res Life. Financially we need to keep our eye on this.

Our operating margin is at 3.0, we've been close to target the past three years.

Operating Margin & Unrestricted Net Asset Trends:

This is accrual based accounting, not cash. A big chunk of the net asset increase is when we bring in revenue capital bond revenue and don't have an offsetting expense. We increased our net assets to be at a much healthier level that the System Office is looking for.

Fixed Asset, Age and Maintenance:

The average age of our buildings in terms of cost and depreciation expense is 11.3 years. Whatever we pay for a building is what stays on our books until we get rid of the building. They look at the facilities maintenance ratio, operation and maintenance expense per square foot. We are at 2.9M square feet of space. Comparison purposes St. Cloud reported 3.5M in square feet which includes the national hockey center.

Per Full Year Equivalent Student Date:

Since 2009 we have grown from 13,773 to 14,443 in FY12. Our operating expense per student is actually declining due to a further decline in state appropriation per student. Student based revenue is going up with the student increases, appropriation per student has dropped 25% in four years.

Credit for the financial statement audit goes to Steve Smith, Debbie Sinning and their staff. We had another unqualified audit opinion, no finding in the management letter, everything went well with great comments from the auditors.

The structure of the audit was changed to reflect half the time to have discussion with the President regarding our financial status and what are things we are doing to implement Chancellor Rosenstone's strategic plans?

4) SCUP Planning Institute (Rick Straka)

This will come to the planning submeet also. We have connected SCUP, the Society of College and University Planners. There are four primary academies: Strategic Planning, Facilities Planning, Academic Planning and Budget and Resource Planning. We are proposing to bring SCUP personnel on-site for a planning institute to complete steps one and two with members of planning submeet & confer. The cost would be between \$12,000-\$15,000. This will be taken to Cabinet as a proposal. Looking at doing this later this December or in the spring. Step three planning is usually done at the annual conference in July.

Other:

David Cowan reported on the expanded bus service which moved forward this fall with the .75 per credit hour green transportation fee. The first 20 days of last year we had 20,000 riders. This year we had 41,000 in the first 20 days (that's a 107% ridership increase).

The meeting was adjourned.