

BUDGET SUB MEET & CONFER

Tuesday, November 20, 2012

1:30 p.m. – CSU285

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, Marilyn Fox, Marie Pomije, Colleen Royle, Sharon Sandland, Laurie Woodward, Sandra Loerts, Kevin Buisman, David Cowan, Brenda Flannery, Todd Pfingsten, Steve Smith, Walter Zakahi, David Schieler and Vickie Hanson.

1) Changes/Additions to the Agenda-None

2) Extended Learning Financial Model (Rick Straka)

Extended Learning Economic Grid

High facility costs (overhead)	Minimal subsidy to/from	Requires subsidy from campus
Low facility costs (overhead)	All subsidy flow back to campus	Minimal subsidy to/from
	Lower instructional Costs per credit hr.	Higher instructional Costs per credit hr.

What is the real goal for Extended Learning as we move forward? This is part of the big picture moving forward. President Davenport came from a system and university where all subsidies flowed back to campus at Central Michigan. This will be discussed at the Meet & Confers, Council of Deans and Cabinet. What is our alternate goal in understanding some of fiscal implications of some of our decisions? The Chancellor has put out a new metro model, with anticipation he put out six areas where he would like to see us increase the amount of bachelor’s degrees we do. He doesn’t address graduate education in that plan. As we are looking forward we need to make decisions about where we are going to invest. In big new buildings, three to four 7700 France locations or will we offer various programs on our two-year partner sites. We will need to come to some level of conscience that our goal is increasing our presence in the Twin Cities area. The President does not want us to be in an area where we sacrifice our investment on campus to move off campus. This model is to start discussion. The President still thinks that there is a market for us to be in this area that will not require an all adjunct faculty to be able to deliver in that area. We will have to be looking at this as an overall program level versus courses in the Metro area. President Davenport is open in trying to figure out how we can incent or what kind of start-up dollars we might be able to use to get these things going.

When we talk about degree completion, there are two different markets. Traditional degree completion is where they are the incumbent workforce, primarily available at night for classes. What we haven’t worked with as much is the two year full-time students that would like to continue this at the upper level division to get their BA. They would be happy to go to class during the day, but they may be place bound for a number of reasons (i.e. family, economics). Meaning, they are not willing to move to one of the six outstate universities to get their education. Now many are turning to private institutions or the U of M. Chancellor Rosenstone believes that there is a market that is not being served to its potential especially concentrating on some of those areas that match with workforce needs in the state and he believes we can play a crucial part delivering to that market. President Davenport goal is ultimately allowing some incentives and subsidy to come back to the

campus, actually doing what we need to do to serve students that otherwise would not be served and at the same time helping support our on-campus programs.

View this as a starting point. We want to have discussion as we move forward. We have determined how to do the actual accounting for this so that we can get the tuition in separate cost centers.

3) Enrollment Management Details (Rick Straka)

President Davenport is concerned with enrollments so he has authorized significant increases in our media buys for the rest of this year to address enrollment. A real mix (i.e. social media, billboard media, tv media and print media). Expanding to the South Dakota and Iowa markets. This is important to the President as he is looking at stabilizing our enrollment as we move forward, as he sees it as an investment. If we brought in 100 students the tuition would pay for the increase in investments he is looking at.

This has been a partnership between David Jones, Doug Mayo and Jeff Iseminger's areas.

The Admissions open house Saturday at Bresnan was attended by over 550 people. Admissions has had a good response in going out in doing informational prospective student open houses in the metro and outside areas.

4) The MnSCU System FY2014-FY2015 Biennial Legislative Request:

Info on this topic is available at this link.

http://www.mnscu.edu/board/materials/2012/oct17/fin-03-bienbudget_handout.pdf

The allocation doesn't match what we get. MnSCU has a three-legged balanced budget approach to the biennial report request. They are asking for:

- \$97M from legislature over biennium
- Will bring forward a low, affordable 3% tuition and fee increase
- Will continue to look within our institutions for efficiencies and reallocations

We went through a major reallocation and reduction over the past three years. Asking for an increase in state appropriation:

- Internships and apprenticeships
- Leverage equipment program
- Faculty-driven educational innovations

The official forecast until next week is a \$1.1B deficit on the state budget of \$32B.

5) MnSCU System Finances Overview (Finance 101):

Info on this topic is available at this link.

<http://www.mnscu.edu/board/materials/2012/nov14/bot-study.pdf>

This overview is to show the new Board members how MnSCU works financially and what the Boards role is financially:

- Financial decisions required Board approval
- Financial authorities the Board has Delegated to the Chancellor
- Financial authorities the Chancellor has delegated to the Presidents
- Board Risk Management Strategy
- Vice Chancellor Assurance Practices
- Revenue drivers
- Cost drivers
- FY2012 All Funds-Revenues annually \$1.9M
- FY2012 All Funds-Expenses annually \$1.8M (salaries 66%)
- State support per MnSCU student is down over 45%
- Faculty productivity is up 12.4%

- Real cost of educating a MnSCU student is down 10%
- State appropriation and tuition revenue per full-time equivalent student
- Expenditures per FYE
- Primary dynamics
 - Enrollment
 - Tuition and revenue
 - Financial aid revenue
 - Gifts and fundraising
 - State support
 - Wage and benefit costs
- Allocation Framework: Distribution of State Support to Colleges and Universities
- State Support Allocation
- Allocation Framework Design
- The Allocation Framework takes into account the cost of delivering high cost and low cost programs
- Current Allocation Framework
- Design Questions Present in Current Allocation Framework
- Capital Financing
- FY2012 Capital Assets, Net
- Capital Investment FY2000-2012
- Debt Service as Percent of Total Expenses
- FY2014-2015 Financial Outlook

All funds for the MnSCU system in a year make it a \$1.9B enterprise. About 29% of that is appropriation, 29% net tuition (coming from families) benefits and salaries are 67%. The System spends \$1.2B on payroll related expenses.

In our last four years as calculated as part of our financial statements we have gone from \$4,400 to \$3,300 (lost 25%) appropriation per student.

Other:

The meeting scheduled for December 13, 2012 was canceled.

The meeting was adjourned.