

BUDGET SUB MEET & CONFER

Tuesday, January 19, 2016

1:30 p.m. – CSU238

Please note: Budget Sub Meet & Confer agendas and supporting documents are located on the budget Web site: <http://www.mnsu.edu/finadm/submeetconfer/>

Attendees: Rick Straka, Co-Chair, Roland Nord, Co-Chair, Steve Smith, Lisa Bauers for Casey Duevel, Lynette Engeswick, Avra Johnson, Danae Quirk Dorr, Bryan Schneider, Joseph Lehman, Deb Norman, Deb Schultz, Kim Rademaker, Mike Peters, Lynn Akey, Kevin Buisman, David Cowan, Robert Fleischman, Joan Roca, Susan Ward, Stephen Stoyhoff and Jessica Farah

1) Changes/Additions to the Agenda - None

2) Online Learning

- a. Tuition Differential - \$35 per credit surcharge. - We have to pay \$4.50 per credit to MN Online - Net was just under \$1.6M to be distributed back to the University - 75% back to colleges and the rest (25%) went to extended education. Deans have to submit plan on how they will spend on these funds. We'll likely hit \$2M in gross revenues during FY2016.
 - Last meeting we talked about appropriate use of the funds.
 - Breakdown on what was used for fixed term? Adjuncts? Technology?
 - How is money going to quality? - Quality matters - 25th course is ready to receive its certification. No idea what the % increase is. 2nd year. Looking to expand the program through a cohort.
 - You self-identify courses that are quality matter certified.
 - \$1.6M and there's only 20 faculty in the cohort - (not receiving that benefit) \$1,600,000 / 20=\$80,000 per faculty member be spent or allocated. But there is also some supported services that also uses some of this. Bobby Fleischman will provide a report to MSSA.
 - Roland Nord said that online teaching is more labor intensive than face-to-face. With equality of instruction where fixed term staff are going to teach the online course are being replaced with adjuncts to teach the classroom. He mentioned that they've lost faculty and quality will be impacted.
- b. Third party possible partnership open forum in Ostrander on the January 29.

3) MnSCU Financial Reports Due

Last year talked about \$5M, but have identified \$4M so far for the Board for reallocation. Friday we have a recovery plan by fund due to get our CFI up but also a deficit problem for last year. We are one of 17 schools that have to submit a recovery plan. Shows there's a systemic problem.

- Every 3 years we have a required NCAA Agreed upon Procedures audit in athletics.
- Management report on system-wide - we need to look through dormant accounts. Due from non-ledger accounts (nine of them). Not a huge finding.

4) FY16 Reallocation

5) Supplemental Legislative Request

- a. We are looking at a supplemental budget request of \$21M that was unfunded from the bienium request last spring. If approved our portion would be \$1.9M, but this puts us in at \$1M structural budget deficit rather than \$3M for FY2017. Hopefully this will be base and not one-time money.
- b. We're in pretty good shape. Our cash is good and growing. Our problem is depreciation - with new buildings - and it shows in our enrollment. With operations - we'll bring in an additional \$2M with the revenue fund an additional \$1M.
- c. Everyone is looking at budget reduction plan - Ours is \$3M while others are 3 times that (SCSU) and another is double that.

6) Potential February Budget Open Forums

Sometime in February, we did ask for input from Bargaining Units - having an open forum. Close loop on \$4M or \$5M. We still have some heavy lifting yet to do. We've done a good job of budget balancing, but we have low-hanging fruit to work harder on.

7) FY15 Financial Statements / CFI Calculations

- Our cash is good, but where we're getting dinged is on our capital assets.
- We had improvement on our CFI - 2014 = FY 2014 1.22 and FY 2015 1.31 without GASB 68 implementation.
- Rick doesn't see another revenue-fund project on the near horizon.
- One piece of the plan - to decommission and get rid of Carkoski Commons and link with some more res halls - maybe 7-10 years, but we have to get to the point of paying off Julia Sears bonds and then can do this. We've done revenue bonds and this brings mortgage payments.
- Rick thinks we have a healthy balance sheet.

8) Update of Anticipated BESI Savings

Generated \$700K for cost of BESIs - saving should be closer to \$1M (BESI doesn't include fringe). We only gave 67% of the salary so 33% plus fringe. Could we argue that we got the \$1.9M from legislature plus the saving from BESI - will we be even - yes, but do say if we don't have BESIs that we take BESI off the top or take it off and then apply BESI's later on? BESI is successful. Will there be another round? Rick doesn't think so. Some people are planning their BESI to help their retirement, but a BESI is not for the benefit of the employee, it's a tool for the University. So don't plan on this for two years. This year compared to 2009 - we didn't expect it to generate as much. Last time we were less loaded and paid out at 100% in some cases, but less loaded this time around. 1/3 of what we did 4 years ago, plus we had federal stimulus money to apply last time.

- SCSU - wasn't much - gave 6-7 BESIs - they're in a bigger non-replacement mode - They've been blasting through about \$10M a year through.
1.13 CPI - almost a -\$15M but we were at \$4M - so they are \$15M of unrestricted assets versus our \$48M.
- With res life our occupancy is very high. Retention rates are high. Our reservations are up 15-18%. We're at 1/3 of the way on reservations already this year.
- Greek Housing-working with Greek Community - what are their needs? May or may not include housing. Cindy Janney looking into this. Location is last to be determined.

9) Indirect Cost Policy – Closing the Loop

Would we include RASP to have a pre-award position? - Committee stuck and it went to Cabinet - Approved the flat rate RASP coordinator would get \$160 off the top and remaining went back to departments.

10) HLC Update

Site visit for March 28 and 29. Doing updates for our assurance. Communications campus-wide about the on-campus visit. Some people will be scheduled for the formal visit and there will also be forums.

11) MnSCU Allocation (TAC) Update)

- a. Performance funding - unfortunately the only measure they have is second fall completion and gap with minority students. Rick says that getting through the second fall is only 1/4 of our job. Recognition of other things (26 performance by the SO and 22 that the President is measured on locally are not applied (only one of the 22 is represented).
- b. Another thing the transactional - Four regional HR hubs and moving those responsibilities - would have to be some chargeback to the 20year - and this will probably be pushed to happen quickly.
- c. Lots of agendas being pushed now.
- d. Will this be a university underfunded?
- e. SCSU gets about 34% more than we do, but SW MSU gets a lot more per student than Normandale. Not a lot of hope for improvement or to fix this.

12) Staffing Plan through FY15

- a. This shows the staffing levels versus FTE student count.
- b. Basically, all of the positions that were cut in 2009 and 2010 have been added back. Next year student enrollment is projected at FTE 13,720 down from 13,861 in FY2015. We have about 26 more FTE than 2009.
- c. We are up about 16 graduate students. We cut 15 and they were all put back the next year (somewhere in the university) (not sure what year this was).
- d. A regular GA counts as 1/2 FYE - not full year.
- e. MAPE is significantly higher, while AFSME is lower. Several positions have been upgraded from AFSME to MAPE. This shouldn't start an argument of cuts in one bargaining unit and increases in others. Many factors are involved but this gives the data so people can see where the increases and where the gains were over the past 12 years.
- f. We can run the numbers by VP, by area, by program code (which may be better).

13) Rumors

The meeting was adjourned.