

From: [Ellinghuysen, Scott](#)
To: [AllEmployees](#)
Subject: All University Budget Message - 9/8/16
Date: Thursday, September 8, 2016 5:54:52 PM

Dear Colleagues,

While the academic year is off to a quick start, I ask you to take a break out of your busy schedule and read this update on our current university budget situation. Using current and projected data on enrollment, revenues, and expenses, **the University for the current year (Fiscal Year 2017) has an estimated budget deficit of approximately \$3.1 million.** This deficit represents about **3.3% of the total general fund budget of \$93 million dollars.** The primary reasons for this deficit are reduced enrollment over the past few years as well as state appropriation/allocation changes and the tuition freeze in FY17.

ENROLLMENT SUMMARY

To provide context to the financial information, below is a snapshot of the recent enrollment history. This enrollment decline has resulted in a tuition loss in excess of \$6 million dollars over the six year period.

(All numbers are stated in Full Year Equivalent Students)

FY 12: 8,544

FY 13: 8,459 (-85 or -1%)

FY 14: 8,267 (-192 or -2.3%)

FY 15: 8,185 (-82 or -1%)

FY 16: 7,921 (-264 or -3.2%)

FY17(Est): 7,661 (-260 or -3.3%)

Cumulative change from FY12 to FY17: -883 or -10.3%

FISCAL YEAR 2017 (7/1/16 to 6/30/17)

Last Winter/Spring, the university had been estimating a \$1.5 million dollar deficit in FY17. Utilizing a budget plan that included **not filling three open administrative positions, holding on FY16 equipment budgets and an increase of our enrollment by 100 students,** our deficit would have been essentially solved. As you have read above, not only did the +100 not materialize, but the enrollment actually dropped by another 260 students. Consequently, we are about 360 students short of our budget plan. While we have continued to hold the administrative positions vacant and retained the FY16 equipment budget, our **revised budget deficit in FY17 is \$3.1 million dollars.**

After reviewing this information, **the President's Cabinet have been given numerical budget reduction targets of 1%, 3% and 5%.** The reason for the three different amounts is that it is likely that any budget reductions will not be across the board, but rather a combination of different amounts from each area. These amounts are simply meant as a starting point for conversations within each Vice Presidential area. No specific actions have been developed as of yet.

Once all committee appointments are made by the bargaining units, we will be convening the **all university Finance and Facilities Committee** to provide support and recommendations to the

University on the budget situation. As has been past practice at the University when faced with a large budget deficit, the first action the Finance and Facilities Committee will undertake is a **review and recommendation of principles that will guide the budget process.**

A frequently asked question from employees is will the University be offering another **BESI (Board Early Separation Incentive)**. In order to offer these early separation incentives, the University must have a reserve of cash or one time funds to pay for the incentives. The University's fund balance (cash reserves) is currently not sufficient to offer this incentive, **therefore the BESI will not be offered in FY17.**

FISCAL YEAR 2018 (7/1/17 to 6/30/18)

The Minnesota State system office is in the process of developing the biennial budget request and tuition guidance for FY18. This information will be forthcoming later this Fall. Therefore, it is a little early to be estimating what our deficit in FY18 will look like. It is highly likely that our current budget deficit will not be solved through either increased state appropriation or higher tuition rates. As more information becomes available on the FY18 budget we will share that with you.

We will continue to share information with the campus community as the budget process unfolds.

Scott

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