



Budget Forum

November 28, 29 and 30, 2017

Up Front Summary



Budget Outlook

FY18: +\$900,000 to **-\$1.9M**

FY19: **-\$3M to -\$6M**

Why?

- Tuition freeze (FY19) not fully funded
- Enrollment
- Salary Settlements timing causes uncertainty, not necessarily the deficit

FY18 Budget Status - Detail



	Worst Case	Likely Case	Best Case
State Appropriation Change	\$2,900,000	\$2,900,000	\$2,900,000
Allocation Model Changes	(\$400,000)	(\$400,000)	(\$400,000)
Tuition Rate Increase/Decrease	3.9%	3.9%	3.9%
Tuition Revenue from Rate Change	\$1,100,000	\$1,100,000	\$1,100,000
Change in Enrollment	(\$1,400,000)	(\$1,200,000)	(\$1,095,000)
Subtotal – New Revenues	\$2,200,000	\$2,400,000	\$2,505,000
All Salary Settlements (4.5%, 3%, 1%)	\$2,900,000	\$1,800,000	\$650,000
Fringe Benefit (Ins, Ret, etc)	\$600,000	\$600,000	\$600,000
Operating Budget Inflation	\$600,000	\$450,000	\$300,000
Subtotal – New Expenses	\$4,100,000	\$2,800,000	\$1,550,000
Budget Status	(\$1,900,000)	(\$400,000)	\$955,000

FY19 Budget Status - Detail

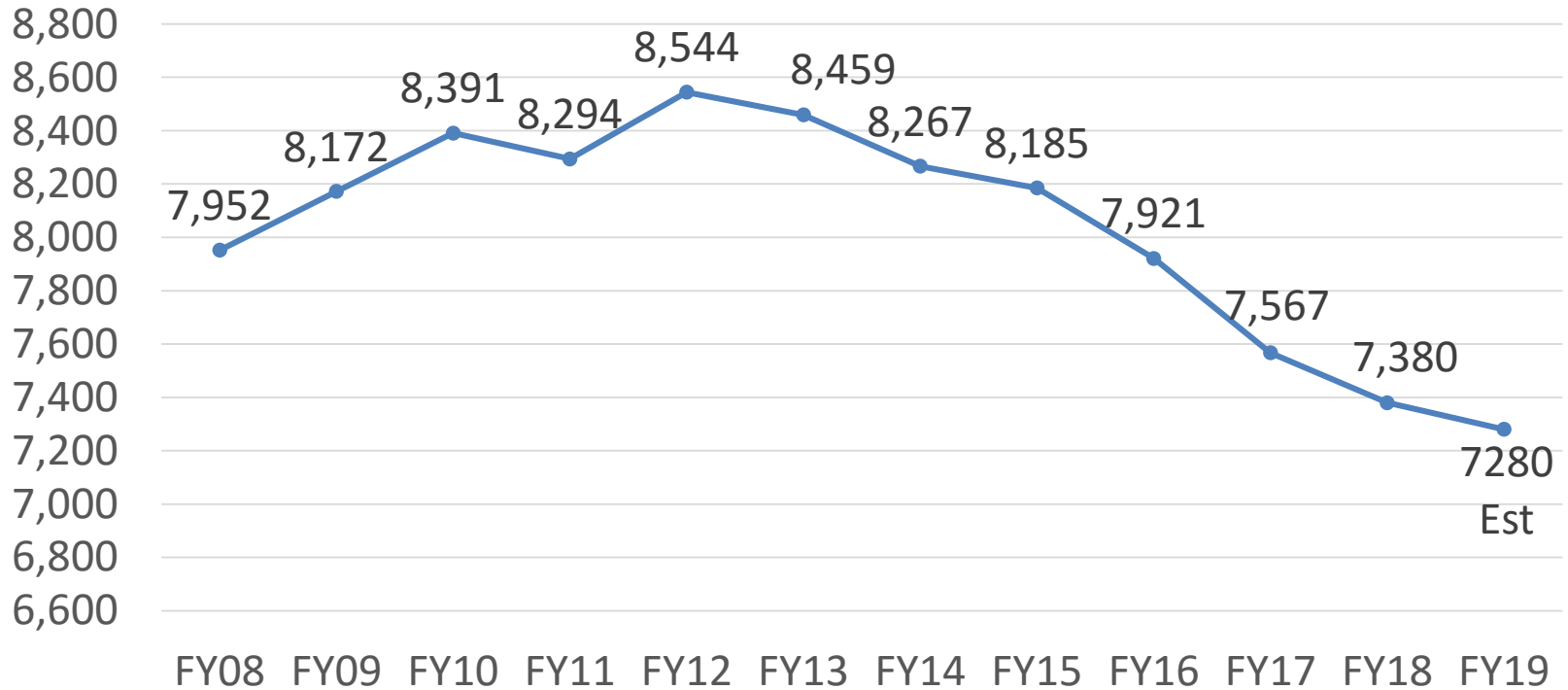


	Worst Case	Likely Case	Best Case
State Appropriation Change	(\$550,000)	(\$550,000)	(\$550,000)
Tuition Rate Increase/Decrease	0%	0%	0%
Tuition Revenue from Rate Change	\$0	\$0	\$0
Change in Enrollment	(\$1,500,000)	(\$1,000,000)	(\$750,000)
Subtotal – New Revenues	(\$2,050,000)	(\$1,550,000)	(\$1,300,000)
All Salary Settlements (4.5%, 3%, 1%)	\$3,000,000	\$1,900,000	\$675,000
Fringe Benefit (Ins, Ret, etc)	\$600,000	\$600,000	\$600,000
Operating Budget Inflation	\$100,000	\$0	\$0
ISRS Next Gen	\$400,000	\$400,000	\$400,000
Ed Village Operating Expenses	\$200,000	\$200,000	\$200,000
Subtotal – New Expenses	\$4,300,000	\$3,100,000	\$1,875,000
Budget Status	(\$6,350,000)	(\$4,650,000)	(\$3,175,000)

FYE Enrollment



FYE Enrollment



Enrollment Projection Model Review

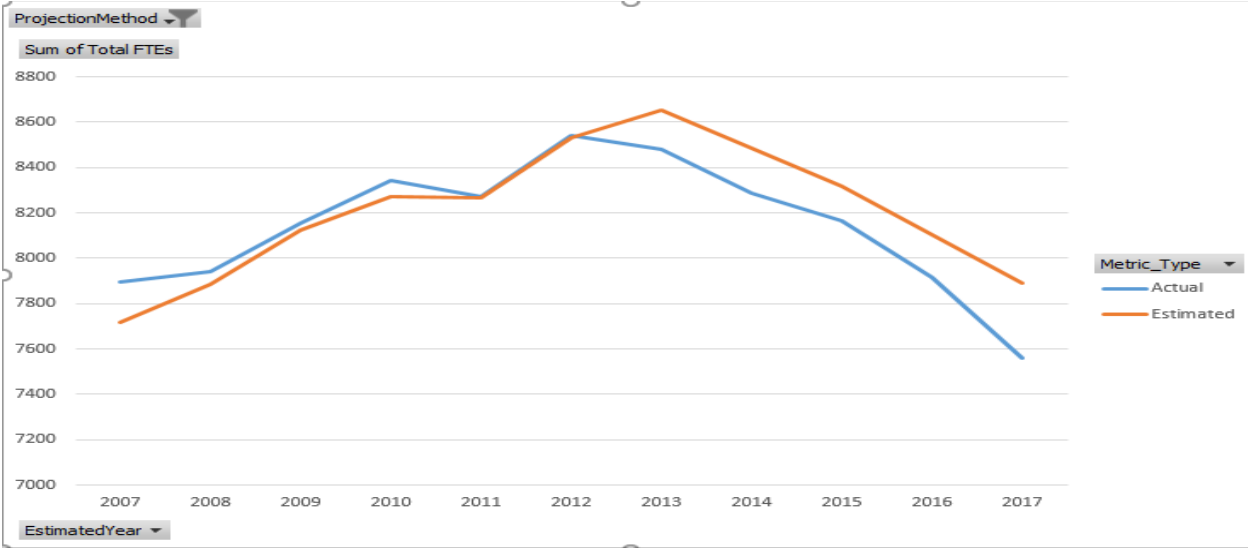


- Enrollment projections due twice a year to MN State
- As enrollment grew, model was spot on
- As enrollment declined, model was too optimistic
- Converted model from weighted average to regression
- Backtested and verified
- New model should be more conservative

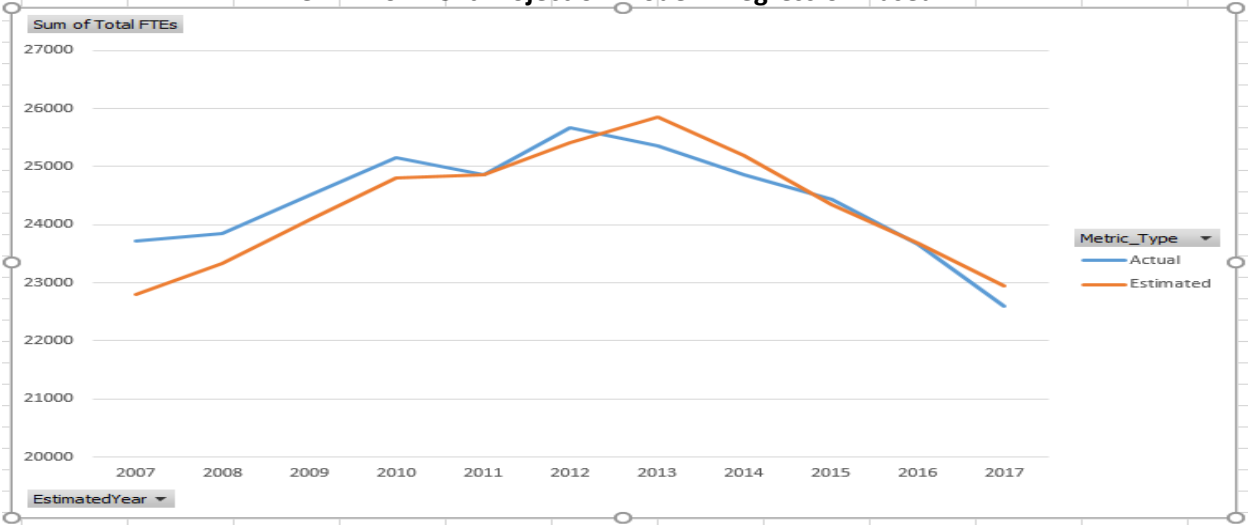
Enrollment Projections



Old Enrollment Projection Model – 3 Year Weighted Average Based



New Enrollment Projection Model – Regression Based



Budget Reduction Process



- Cabinet given 5%, 6% and 7% budget reduction targets
- Reduction plans due early-mid January
- Cabinet will review and determine level of reduction
- Not an “Across the Board” reduction
- What are the impacts from the proposed reductions?
- Budget reductions shared with Finance and Facilities Committee and bargaining units

Budget Reduction Targets



Organizational Unit	% of Total General Fund Budget	5% Budget Reduction - \$4,300,000	6% Budget Reduction - \$5,160,000	7% Budget Reduction - \$6,020,000
Library	3.4%	\$146,295	\$175,554	\$204,813
College of Business	9.5%	\$409,180	\$491,016	\$572,852
College of Education	7.1%	\$305,045	\$366,054	\$427,063
College of Liberal Arts	18.2%	\$781,455	\$937,746	\$1,094,037
College of Nursing & Health Sciences	9.2%	\$397,462	\$476,955	\$556,447
College of Science and Engineering	12.5%	\$538,149	\$645,779	\$753,409
Academic Affairs	2.9%	\$122,570	\$147,084	\$171,598
Rochester	1.5%	\$66,524	\$79,829	\$93,134
IPAR	0.6%	\$23,669	\$28,402	\$33,136
International Program	1.0%	\$41,443	\$49,731	\$58,020
ACE	3.0%	\$128,993	\$154,792	\$180,591
Grants Office	0.1%	\$6,115	\$7,339	\$8,562
Information Technology	5.7%	\$245,106	\$294,128	\$343,149
SUBTOTAL: Academic Affairs	74.7%	\$3,212,006	\$3,854,408	\$4,496,809
President's Office	1.1%	\$48,392	\$58,071	\$67,749
University Advancement	3.7%	\$160,443	\$192,531	\$224,620
Enrollment Mgmt and Student Life	7.0%	\$302,715	\$363,258	\$423,801
Finance and Administration	9.7%	\$414,971	\$497,965	\$580,960
Athletics	3.8%	\$161,473	\$193,767	\$226,062
GRAND TOTAL	100.0%	\$4,300,000	\$5,160,000	\$6,020,000

Budget Actions Taken

- Decision made to NOT unilaterally cancel all searches
- Allow each Cabinet member to decide how they want to proceed on their searches
- Future positions will be reviewed by Cabinet
- Administrators to eliminate non-essential travel
- Energy savings – Windows, Heating and Cooling, Solar

Salary Settlements (FY18 and 19 Contracts)



- Contracts negotiated with AFSCME, MAPE: 2% and 2.25% + steps (Rejected by subcommittee on employee relations)
- Negotiations ongoing with IFO and ASF
- Contracts require ratification by the Legislature
- Uncertain political climate
- Final resolution could be end of FY18 or beyond

Minnesota State Supplemental Budget Request



- Minn State Board of Trustees approved: \$31M
- \$10M operating budget (Our share = \$550,000)
- \$21M ISRS Next Gen
- State of MN Economic Forecast: Dec 5th and Feb 2018
- **We are not using any supplemental funding in our scenarios**

Finance and Facilities Committee



- 20 Person All-University Committee
 - 6 IFO – R Dennison, N Williams, P Paulson, C Schreiber
 - 3 ASF – T Rahim, P Scheevel, M Bambenek
 - 1 AFSCME – M Ezdon
 - 1 MAPE – P Omdal
 - 1 MMA – D Gresham
 - 2 COA – T Portman, B McBreen
 - 2 Students – J Stokes, N Gabriele
 - VP of Finance and Administration – S Ellinghuysen
 - Asst VP for Facilities Management – VACANT
 - Ex-Officio – Facilities Projects: T Matthees, Registrar: T Schmidt , Budget Director: S Matthees
- Develop principles
- Review data
- Respond to and make recommendations

Looking Ahead



- Cabinet members continue planning
- Continue to monitor Legislature and Board of Trustees
- No BESI offerings until at least 2020
- Budget Website and Budget Suggestion Box
- Future budget communications and forums (Feb/March)
- Reductions enacted by July 1, 2018

Thank You! Any Questions?

