

# MINNESOTA STATE UNIVERSITY

M A N K A T O



## **Budget Open Forum**

**February 29, 2016**

**March 2, 2016**

**Rick Straka**

# Budget Planning Variables

- ◆ **Academic Year Tuition is Approx. \$90M**

- 1% Tuition Rate Increase = \$900,000
- 100 FYE Change = \$710,000

- ◆ **Appropriation is Approx. \$51M**

- 1% Change is Approx. \$500,000

- ◆ **Compensation Budget is Approx. \$110M**

- 1% Change is Approx. \$1.1M



# Key Financial Pressures on the University Budget

## FY15-16 \$5M Base Challenge

1. Enrollments Declining – Tuition Revenue Loss
2. Loss in MnSCU Allocation Percent Share
3. Final Inflation Greater than Planned

**FY15 Base Budget is in Deficit by Approx. \$4M**

**FY16 140 FYE Decline - \$1M**

**Total Base Reduction for FY15-16 - \$5M**

# FY15-16 Deficit is Base

- ◆ **This deficit is prior to any FY17 impacts**
- ◆ **Actual FY16 Plan was mix of Base and Bridge Strategies**
- ◆ **Must target full \$5M in Base beginning in FY17**
  - **PRIOR to any FY17 Impacts**
  - **Or**
  - **Further Use of Bridge Strategies Will be Required**



# Newer UG Cohorts Stabilizing

	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2015
NEF	2,467	2,264	2,380	2,253	2,385
Transfer	1,149	1,076	1,028	1,040	1,021
Total	3,616	3,340	3,408	3,293	3,406
Change		(276)	68	(115)	113



# MnSCU Enrollment Trends

Institution	FY2012 FYE	FY2013 FYE	FY2014 FYE	FY2015 FYE	FY2016 Projected	Change from FY2012 to FY2016	
						Total Change Amt	Total Change %
Bemidji State University	4,634	4,347	4,296	4,274	4,262	(372)	-8.0%
Metropolitan State University	6,086	6,266	6,192	6,052	6,082	(4)	-0.1%
Minnesota State University Moorhead	6,574	6,167	5,987	5,697	5,252	(1,322)	-20.1%
<b>Minnesota State University, Mankato</b>	<b>14,443</b>	<b>14,194</b>	<b>14,180</b>	<b>13,861</b>	<b>13,725</b>	<b>(718)</b>	<b>-5.0%</b>
Southwest Minnesota State University	3,681	3,769	3,679	3,679	3,654	(27)	-0.7%
St. Cloud State University	13,938	13,053	12,381	11,851	11,863	(2,075)	-14.9%
Winona State University	8,544	8,459	8,267	8,149	7,930	(614)	-7.2%
<b>Total</b>	<b>57,900</b>	<b>56,255</b>	<b>54,982</b>	<b>53,563</b>	<b>52,768</b>	<b>(5,132)</b>	<b>-8.9%</b>



# **Evolving Changes in Inflation Planning for FY16-17**

- ◆ **Inflation Plan for FY16-17 at June 2015 BOT**
  - Salary Inflation of 3%, 3% for FY16-FY17 at BOT
  - MMB Advised Zero Increase for Health Insurance
- ◆ **July 2015 - Revised Health Cost Inflation**
  - MMB Announced 7.4% and 6.6% Insurance Increases
  - FY17 MSU Impact of \$1.6M Health Costs
- ◆ **January 2016 - Final Salary Inflation Figures**
  - Biennial salaries at 2.9% and 3.8% versus 6% plan.
  - FY17 MSU Impact – Approximately \$450K



# Possible Bridge/Short Term Budget Options To Implement FY17 Base Plans

- ◆ Institutional Equipment freeze
- ◆ Travel Restrictions (excluding contract professional travel)
- ◆ Non-emergency supply budget review
- ◆ Review/Moratorium on department/division funded facility renovations
- ◆ Additional reviews of any purchases > TBD dollar level
- ◆ Other Options?





# Base Budget Balancing Discussions

- ◆ Investments to Increase Enrollment and/or Revenues
- ✓ BESI / Phased or AEP Retirements
- ◆ Position / Workload/Staffing reductions
- ◆ Review summer surplus model to potentially help support academic year budget
- ◆ Non-salary reductions
- ◆ Possible changes in carryforward policies



# Base Budget Options cont'd

- ◆ **Edina Operation/Facility changes (Analyze 7700 vs Partner institutions space and operations optimization)**
- ◆ **Seek campus input via budget website for additional solution ideas**
- ◆ **Increase Retention to help offset enrollment declines**
- ◆ **Extended Ed/Continuing Ed Opportunities**
- ◆ **Other Strategies??**



# FY17 Budget Timeline

- ◆ **Budget Plans from Divisions – March 2016**
- ◆ **Draft Cabinet Budget Decisions – April 2016**
- ◆ **Consultation on Budget Plans – April/May 2016**
- ◆ **Final Budget Decisions – May 2016**





# Discussion



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