

BUDGET SUBMEET & CONFER
Tuesday, September 11, 2018
1:30 p.m. – CSU245

Please note: Budget SubMeet & Confer agendas and supporting documents are located on the Budget Website: <http://www.mnsu.edu/finadm/submeetconfer/>

Attendees: Rick Straka, Lisa Baures, Co-Chair, Kristi Montandon, Scott Page, Claudia Pragman, Leah White, Bryan Schneider, Matthew Potocnik, Joseph Lehman, Deb Norman, Jill Krosch, Jane Kolars, Jane Lange, Mark Constantine, Lynn Akey, Kevin Buisman, Robert Fleischman, Matt Cecil, Brenda Flannery, David Jones, Matthew Loayza, Brian Martensen, Kristine Retherford, David Cowan, Steve Smith, Marilyn Wells, MeMe Cronin, Skye Dauer and Vickie Hanson

1) Introductions

2) Changes/Additions to the Agenda-There were no changes to the agenda.

There will be a Joint Budget Planning and Assessment meeting held on Friday, September 14 from 1:00-2:30 p.m. in Johnson Alumni Room (JAR). A follow-up meeting invitation will be sent out. Straka-We will be discussing to put forward and develop a time line for the Strategic Budget Planning Process. One track is let's review and assess the process now that we have spent a year developing the process. We spent a year implementing the process and getting to the point of categorization, what is it about that process that we think went well, what are things that could be improved? Some of the things we heard about are should we in some of the data look at just trend lines or do we look at absolute values of the data that is there? We have also heard feedback how do we get to program financial viability as opposed to just department? We do all of our cost accounting at a department level. We don't have separate cost centers for the myriad of programs that might be within Biology, English or Communications, we often just have that one cost center. We haven't broken down all of our costs (salary, compensation and non-salary) by program. They are in the accounting system by departments. I think we can go out of the accounting system and try to find ways. Part of that may be an attempt to use some of the data and what is in faculty workload management in how to better fine tune what courses are taught, what programs they are part of and be able to get that cost data.

Within the System we may have different methods that we use when we get to the cost study about how we break things into zip code and lower/upper division and grad in the cost center. Some people may take a percentage of all of the costs and split them. We have tried to tie it back to who taught what and at what level. Be prepared to come and share any comments you have heard. On the assessment side we will talk about a time line and about how to gather the feedback that we get, how we go out to the university community and touch back and get that feedback and move forward and suggest some changes to the process as we move forward.

We don't have the final time line down with Cabinet yet. But we will and how we are going to actually make resource allocation or reallocation decisions. What kind of a time line will we seek as we do that throughout this year? In my opinion I would hope that we may have some of those initial proposals and discussions somewhere either shortly before or after Christmas break.

3) **MinnState Pillars-Straka**

These are the three pillars of the System:

- Student Success
- Diversity, Equity & Inclusion
- Financial Sustainability

4) **Minnesota State Mankato Strategic Initiative-Straka**

Our current 2016-2021 strategic initiatives include:

- Enhancing student success and completion
- Elevating faculty distinction and academic achievement
- Advancing a culture of evidence and innovative organizational design
- Expanding regional and global impact
- Leading equity and inclusive excellence
- Leveraging the power of partnerships and collaboration

Remind ourselves as we look at what our strategic plans and initiatives are, we do have to roll those up into the system-wide and understand how they fit into the system-wide mission and values as we look at things. These are the focus that will set the tone when we go to the Strategic Budget Planning Process update. It's important to remember that our strategic initiatives here, the values of the System, what our academic master plan is, and what our other plans are, because as you will remember as part of Strategic Budget Planning Process was putting programs into one of three categories. A candidate for investment, a candidate for maintenance of funding and a candidate for reduction/reallocation. That doesn't mean if you are in one of those categories that automatically means that is what is going to happen to you. It's a piece of information that we are using, derived from metrics and the rubrics that we were looking at. Puts into a category but it still is ultimately our strategic initiatives and strategic plan, academic plans, areas of distinction, all of those things will help shape our resource allocation as we move forward.

5) **Strategic Budget Planning Process Update-Straka**

Cowan-Did all the departments have a chance to fill out the form and go through the process? Straka-The expectation was that everyone would do that. I believe we had some academic programs who choose to not do it as they were going to suspend the program. Many of those there do not have staffing involved in that decision, but it's a sub portion of an existing program or credits that this program and that program decided not to offer that perhaps the certificate option of a program, so there were some that decided not to go through. There were nine programs who chose not to participate. Wells-There were 30 that indicated they were not going through the process that they were going to suspend the program. Additionally of the ones who proceeded there were 9 academic award programs that choose not to participate in the process. Straka-If you want more detail about the programs, who participated and who didn't, there is a summary on the Strategic Budget Planning webpage. There is a summary table that shows every academic and non-academic program listing and where they fell. That is meant to be open information for anyone who wants to look at it. Two years ago when we went through a budget adjustment at the university we had still been making investments in the university and 30 new programs had come forward. Again, not always complete, new departments with a division, it was just reshaping within an existing program.

Kolars-Are you looking for employee feedback on that at this time? Straka-On the process, how we go about how the categories are determined, we will be looking for feedback on that and I think we will be looking for feedback once administration makes a proposal. The bargaining leaders have been clear that they were willing to participate in the Strategic Budget Planning Process to the point of the process in making discussions about the process. Bargaining unit leaders were clear when it came to making

resource decisions, especially reductions, but even increases, that was administrations prerogative. We will certainly take feedback when we have a proposal, but we had been given clear guidance in this process that the involvement was going to be about how do we get that process there and then the actual proposals. We certainly will be looking for feedback once we make those proposals. I don't see a big ideas kind of process where we open up and say everybody bring in where you would like investments. The investments should be drawn from and should be informed by our strategic initiatives, our academic master plan, our areas of distinction, our overall master plan and the values of the System and what we are trying to get at. Those are the things that are going to inform the administration and where we think we need to make our allocation or reallocation decisions. I don't see a grassroots, opening up a grant kind of proposal like we do for institutional equipment where everybody put in your requests and we will take a look at those requests. This is going to be driven by existing plans, our academic plans and our strategic plans. This is where the rubber hits the road with the process. The ultimate goal of this is how do we align resources and how do we allocate resources in the university. I hope my initial estimate of a timeline would be shortly before or shortly after Christmas break. But Cabinet hasn't finalized that timeline yet.

Baures-Could you speak to some of the things other than actual investing in programs, where else the data that was collected from the Strategic Budget Planning Process were used. Straka-Where else, what other kinds of processes might we use the data that resulted from the Strategic Budget Planning Process. One I can think of our comprehensive master facility plan. That should be driven by the academic plans and by our overall strategic initiatives, but I think in looking at those plans and how we allocate space. Human Resources most people think of immediately when they think of resource allocation, but physical resources of how we allocate space, what drives future capital requests for us. I think in our institutional equipment if we have a program that is not scoring well and looks like it is not doing well, that might not be the place we want to put the \$250,000 piece of equipment. If that is a piece of equipment that will drive it from not scoring well and drive enrollment and meet all the other criteria, that is a different thing. We once talked about R&R, I would say more about facilities renovation requests. Any type of resources that we have we should be looking at all of our plans and see how they all inter-relate. It would be strange to have a strategic plan or an academic plan that go one way and they all of a sudden we make a decision in equipment or facilities that doesn't seem to be going in the same direction. What we would hope is all of those different resources that we have a little bit different processes that we can use. They should all be aligning resources in similar directions.

6) Totally Online New Programs (External Markets)-Straka

Last year we talked about how we were going to move forward with totally online new programs. We are working very closely with the AOS program and College of Business on one or two. Wells-In the phase one pilot remaining, Applied Organizational Studies has gotten the green light to move forward. A few are still working through the steps: International Business, RN Baccalaureate Completion and the Baccalaureate Completion for Dental Hygiene. Falling by the wayside was the 18 credit graduate certificate area, there was state funding available for high school teachers for that so they just moved into a different opportunity. We had a number of students enroll in those programs this past summer. Ones that are on deck for brand new programs that are proposing a launch of next fall would be the Bachelor of Business Administration as part of the flex pace program with Riverland and the PSM in Health and Dramatics and Analytics. Of our others that are currently approved online programs, one I am talking with Dean Haar about is the Masters of Science in Library Information Services.

Straka-We were expecting that these programs would not be taking away from our existing student population on campus. They weren't meant for students who were coming here on campus, but it's just a different pedagogical way to reach them. It was meant to get out to those totally new external markets and be totally online with totally new students and that they would at least break even or have a plan to be financially sustainable. One of the things that comes up when we talk about that does go into our next agenda item. That is the differential course and program.

7) Tuition Policy Updates-Straka

The Tuition and Fee Procedure 5.11 and Procedure 5.11.1 were amended this year and adopted in the June Board Meeting. There are some important changes that we can look at to our overall tuition policy.

a) Differential Tuition

Subpart C. Differential course and program tuition

Colleges and universities may charge tuition by course or program when special circumstances exist. These circumstances may include but are not limited to an extraordinary cost of offering the course or academic program (e.g., need for specialized equipment and supplies; accreditation standards; delivery methods, e.g., off site locations, online, clinical experience) or a desire to incent enrollment in a specific course or program.

That generally is interpreted to mean, you can go below your normal tuition rate if you want to incent students to go into a program. I don't know that we as a university have looked at that circumstance yet, but it is one that is talked about.

Banded tuition would be very hard to do. The course tuition has been done primarily at the two year institutions. If you go to MinnState.edu/system/finance/budget, Tuition and Fees you can find the actual table that shows all the actual course differentials. The only institution that does not do banded is Metro. St. Cloud went to banded last year. My guess is much like when we add a personal property service charge to a course. Or much like when we do online differential we can point that differential tuition to the online account or if we have program specific at the graduate level we do point that to specific accounts. It would show up on their bill as a differential tuition. It has not been the philosophy of this university to do that and it has not been the philosophy of this university to charge differential tuition at the undergraduate level. Even with online there has been a lot of pressure from the Legislature about online differentials. For the students who are on campus and that we are serving on campus, one of the things is a voice that is growing louder from the students to Legislators and the Legislators to our Central Office is we have parents and/or students who say I wanted to take that, I was in a course that was face to face, and I wanted to take face to face, the institution canceled the face to face, said we are going to do this online now, and I didn't want it as a student but I have to pay \$180 more dollars, I didn't choose to take it online, but I'm having to pay more for that course, why is that? There is not a good consistent answer that we can give the Legislature as to why that exists.

An update, my dotted line boss for 21 years, Laura King, has announced that she will be retiring at the end of the year. I do know that Laura has certainly a personal opinion and because she couldn't answer to the Board nor the Legislature that question, I think had she stayed would have foreseen or said I think I see online differential going away. I don't know how we justify to our students the additional cost when we are generally telling the students that they need to take it online as opposed to the student demand saying that it is online. We should all be aware that discussion is not going to go away from the Legislature.

Wells-Something the students have raised at their MSSA meetings for several years now speaks to not only did I not choose to take it online, but they don't feel the quality of instruction is at the level that they want. We are in the minority even within institutions of the System that are not required some type of professional development for faculty for courses going online. Students have voiced concerns how those occur.

Straka-We did have an out of state student who moved into the res halls and does not have a face to face class this fall. The parents saying they could have stayed at home out of state and I wouldn't had to spend \$5,000 in room and board for this semester, it would have been nice to know before we committed to living on campus. There is the Department of Defense Memo of Understanding

nationwide, all of higher ed has to do that. They keep putting out the detail at which we have to inform any military student of the true cost of what our programs will be. If there is little surprises, here is what we think your program is going to cost, whoops, we are not offering it face to face, now you have to take it online and that is an additional cost, that is a ding about our compliance with the federal government and Department of Defense in our offerings. Wells-Students report that though the class course might be listed in the Registers face to face class, it is known or told by the instructor last semester that it is really going to be online class, we don't want you to pay that online fee so we are going to publish it as a face to face class. It comes down to that transparency and being able to communicate what the educational experience is for students.

Buisman-Going back to the differential tuition, what was the original rationale for differential tuition, was it convenience? Straka-It was to improve the quality of online education. Buisman-Given the changes in procedures could there be a residential online fee that is resident in the sense that the online fee is different for students that are residing on campus than non-residential? Straka-In essence that is what is happening with the market based for fully online students. That is creating that market based. We have some programs now that are a mix of students that never come to campus and students who are on campus. We will have to look at that transition as we do it. As I summarize, I do think the question is going to be out there from our Legislators for those students who are on our campuses and at our campuses. Why are they paying a difference depending on whether it's online or not. I don't know that we have been able to communicate well or to the Legislator's satisfaction of why we are charging that \$35 a credit extra. I would say internally, the initial intent may well have been that it was going to quality. I am afraid that we have created a system that has created an incentive for some to chase half of that \$35 and say \$17 a student per credit in a three credit course, I can get \$51 a student, if I can get 20 students in, then there is \$1,000 for my department because that is how we are allocating. I'm afraid we have created a financial incentive that isn't really exactly what the original intent of the online tuition was. Which was to go to the quality of the offerings as opposed to the quantity of the offerings. We have a mix and there are certainly those areas and those colleges and departments who are putting that back into quality.

The question was asked about a how much of a credit stays with MinnState. Straka-\$4.50 a credit of our \$36.25 goes to System. They do provide some online support , marketing and other things for us.

Straka-By policy we have the authority and the governance to say we are going to recommend what our tuition policy is. The fact of what has happened over the last decade, whatever they say is high we can go is what we go because we don't know what years the Legislature will actually allow us to raise tuition and when they do we like to go to the 3% or 4% that the System will allow. It is not that often that institutions don't do it. In a way the Board of Trustees is setting and has the ultimate decision to set the tuition, but when 90% of the recommendations come in and whatever the Board says the max will be allowed, they are basically setting it. The next question will be as we move forward over the years, will the System decide that they want to go to a single tuition rate for colleges and a single tuition rate for universities?

Kolars-Has there been a tuition freeze for a few years? Straka-There is a tuition freeze this year for undergraduate tuition. The Legislation meets every two years and they meet in the odd years to set two years of policy and budget. Two years ago in FY17 they set the FY18 and FY19 budgets.

Subpart D. Market driven tuition

Colleges and universities may set and charge market driven tuition for customized training, continuing education, graduate programs, fully online undergraduate programs, non-resident/non-reciprocity, international, non-credit instruction, and contract post-secondary enrollment options.

b) International Tuition

International tuition brings up a really interesting discussion for us. Currently we do the cultural contribution scholarship. We charge all of our international students the full non-resident rate, which is slightly more than twice our Minnesota in-state rate and then a large majority of our international students we give a scholarship back that is within \$300-\$400. Smith-The average is so that their net out of pocket cost would be about 10% more than Minnesota residents. Straka-If we went to just the international set rate and made it that lower rate, it would be administratively a whole lot easier. But what we would lose out on is we have some large blocks of international students, primarily government sponsored, where their government sponsors are more than happy to pay the full non-resident rate in exchange for their students not having to put in the cultural contribution hours. Saudi students would probably be the primary example. We have 94 that is the equivalent of 94 FYE probably close to \$1M that we would give up if we would go straight to the international. It is new language to be able to create a rate that is something other than Minnesota reciprocity rates or our full reciprocity rate for international students is something the System did. I don't think there is full understanding what sets the market for fully undergraduate programs market driven. It is the cheapest competitor out there or is it the one that is most likely to be our competitor based on our market. There was a lot of information in the two year colleges about orientation fee. Universities have been charging orientation fees. We don't call it mandatory, it is highly recommended, but it is possible for students to not come to orientation and be able to register. Almost the entire May Board Meeting for finance hinged on a conversation between two board members and the leaders of the two year student organization because Students United had just finished their presentation to ask the Board to approve raising their rates between 30-40% from .33 to up to .40 that was followed by a very passionate plea by the two year institution students saying we already can't afford school and you can't charge me an orientation fee. The two messages that came from the student groups weren't very united and it really sparked a lot of conversation. Two year colleges right now, what they put into this is if they are going to start this fee, they have to have a student referendum to say that they can charge an orientation fee at the two year level. Normandale and maybe one other of the two years are charging an orientation fee.

c) External Market Distance Education

Discussed previously.

Jones-Referencing back to the tuition and the policy changes, what is this body's role in relation to any changes the university might entertain regarding the tuition rate? Straka-I think it is some discussion, the actual consultation will probably go through the full Meet & Confer, but certainly the discussion surrounding what we are proposing. I will be bringing forth the information of what staff may say the Board would entertain for proposals, try to keep you up to date on what's happening at the Legislature next spring and where we are at, but this group doesn't have say, we are going to make a formal recommendation to administration about this, this is more of sharing of information and we can discuss that level of consultation and feedback as opposed to a formal recommendation type role. Where we have made formal recommendations from here has been reviewing institutional equipment, making a recommendation to Cabinet about how that perhaps be distributed. We've listened to parking and given some feedback on parking changes or some other internal charge changes. When it comes to tuition policy it is more of an informal discussion and dialogue to try to talk about the issue. There is not a formal action that comes from this group.

8) FY18/19 Legislative Impact-Straka

We talked about the structural challenge last spring at the full Meet & Confers. We knew we were going to be structurally in deficit. For this current year we choose to use a little change in the cash flow, we had a positive cash flow this year. We are going to take some of that cash flow from last year and plug this year's deficit, but as we look at FY20 and beyond, we are going to have to structurally balance our budget and determine how to move forward.

Straka-Two years ago for last fiscal year and this fiscal year, the Legislature gave us \$57M more dollars in FY19 than in FY17, but they only gave us \$48M in FY19 than they gave us in FY17. This \$48M is not \$57M and \$57M, plus \$48M equal \$115M in this year, we actually get \$10M less money. In the past historically if we were going to get \$100M from the Legislature, we would get \$33M in the first year and that same \$33M and a new \$33M for \$67M in the second year. Then our base spending going forward would have been \$67M. Two biennium ago the Republican Legislature made a switch to that. Very initially and under the guise of we are controlling the costs of government. Controlling the rising cost of government by just not always a consistent step in inflation. When we take off the restricted line items, the System got \$50M in new resources in FY18 of which \$40M are here in FY19. The System took \$8M off the top because in the first year of the biennium while the universities were able to raise tuition and we did just under 4%, the colleges were held to a 1% increase in tuition legislatively. The second year the colleges' tuition is frozen and the undergraduate tuition for us is frozen. That makes 3 or 4 of the last 6 years that the Legislature has gone in and frozen tuition. What is the impact for us? We are two-thirds tuition and one-third appropriation. If you freeze two-thirds of our revenue stream and we still want to do 3% increase in our expenditures that is a 9% increase you would have to have in state appropriation to cover 3% increase in spending. If they tried to freeze tuition for an entire biennium, and we still wanted to have 3% inflation twice, that would mean that the State of Minnesota would have to give us an 18% increase in state appropriation to cover a 3% and 3% increase in spending if they freeze two-thirds of our tuition. That is why it is so important and this is what is happening nationally in higher ed, is when states step in and they freeze tuition and they say I gave you a 4% increase, great, but I needed a 9% increase because your 4% increase of a smaller portion of my revenues doesn't give me a 4% increase in my spending. A 4% increase would give me a 1 1/3% increase in spending. The MinnState plan going into the Legislature was to ask for 3% increase in appropriation, plus some special stuff for ISRS and a 3% tuition increase to get a 3% spending increase and the colleges were limited to 1%, the Board took the first \$8M of appropriation and said we are going to give the colleges enough money as if they were able to raise their tuition by 3% in the first year. We also choose this time to incorporate the collaboration funding. We do have a project with Riverland through the College of Business, but that funding is seed one-time money. We get that money and we are expected to roll those expenses into our operating budget and take it out of our existing budget. It's not as if we get \$5.4M and it doesn't go into people's budgets and stay there forever. Those are one-time allocations. Going through the allocation framework is \$40M in FY18 and FY19 \$26M. We are looking at \$12.5M less in state appropriation through the allocation model from last year to this year. How does that affect our campus?

From FY17 to FY19, we raised about \$8M in new revenue between tuition and appropriation. We did put in about \$1.2M in tuition shortfall because we had fewer students than we originally projected. \$4.5M inflation and we are still trying to calculate exactly how that ended up. For the last group of employees we are in the midst of processing our FY18 raises for the last group of employees. We thought we would have positive cash flow over \$2.3M last year. We also had significant salary savings last year. When we look at our cash flow last year, it's going to look pretty good. But from FY17 to FY19 this comes down to about \$7.2M and we will have had \$9M in inflation. We are going to be short about \$3M. I do think we can build some salary savings into our annual budget. We know how much each year we have, if we thought we would fill a probationary, but failed the search and are filling with adjunct or fixed term or we just have positions that go vacant for periods of time throughout the year, we can calculate what some of that is going to be. It shows you what the one year impact of what happened from last year to this year,

we get about \$1.2M less in state appropriation this year than last year. We are going to generate about \$390K new dollars in graduate tuition, so let's call that \$800K less in revenue than we had last year and institute another \$4.5M in inflation. Our cash flow change from FY17 to FY18 is an over \$5M change in cash flow. Remember tuition is 70% of our general fund budget and approximately 140 FYE equals \$1M. Retention is a big deal for us, recruitment is a big deal and I believe we are having our fourth highest new entering freshmen class. But last year's class of a couple hundred less is going to bubble through for another three years. That small class is going to bubble, now we are continuing to do work to see, can we count that bubble out of the reserve and say there is an end in sight. If we think it is a structural thing and that is where our classes are going to be then we need to take care of it. I think we are at \$2.9M to \$3M and then whatever we think we need to invest and make investments in the university, then we will have that and will have to add that to the \$3M and I'll have to make an estimate of how much I think we can put in as an estimated salary savings each year and get that net budget. I'm not aware of an institution in our System who doesn't have numbers that aren't the same, but the basic shape of that cash flow is the same everywhere in our System. We have delayed our reaction to that by a year. This past year Winona eliminated 4% of their staffing at the university (44-45 positions went unfilled, 30 faculty positions). Southwest has used the retrenchment word, though I believe currently it is 1 position. St. Cloud is looking at \$8M this year again. They look to be down another 500 FYE this year. \$3M of where we are at right now is 1½% that means that 98½% of what we are doing we still are going to be doing. We still are wanting to make investments. Clearly we are going to have to reallocate and realign some resources, but this number really hasn't changed in a year. It's the same number we talked about last October when we came to Budget SubMeet & Confer and said folks next year we are going to have to deal with that at some point in time.

Hopefully this helps for those of you that haven't seen it before to give the kind of macro level picture of where we are with our university budget. Some other things we will have to take into consideration as we go through here, we just got another bill for the HR TSM that for Phase 2 of that to bring on our classified salary is going to cost us \$160K a year, but goes on top of the \$240K that we are already paying. Our estimated bill for our share of the ISRS Next Gen, that project is expected to be a six year \$150M project, our share of that is between \$600K and \$700K a year for this year and the next five years. Steve and I have taken that and restricted part of our reserve and say we are going to pay that out of our reserve. We are not going to in our current operating budgets and adjust them for that as we believe there is an end in sight for that payment, it's a one-time kind of investment in that replacement. There are other charge backs from the System that we will have to incorporate as we do this. In general, we are in pretty good shape moving forward. We are not different than pretty much everyone in higher ed right now.

Baures-In your estimation what is the likelihood that we will have another tuition freeze? Straka-Get me to the first Wednesday after the first Tuesday in November and I can give you a better idea. Because this November's elections are really going to shape whatever party comes out on top, whether we are going to have a mixed Governor and Legislature or whether we are going to have the House and Senate in the same party whether it's going to be the same party it is now, all of those things will help shape what the entire state policy might be, but especially surrounding higher ed. I'm going to tell you I don't have a clue on what I would guess for next year. We are moving forward with a 20 guess right now, that we are going to hope that our inflationary increases and any new revenue we get through appropriation or tuition will offset each other and balance. I'm not building in any structural change to next year's budget FY20. We are reacting to get us back into structural balance. We are a year into our two year biennium before we are able to calculate what our inflationary costs are. Because we are settling contracts again half way through the biennium. We are going to be back in a situation where we are projecting. As of right now I'm going to project that the impact will be level, I don't see anything at the moment that would be a big drop off. Tax receipts through the Department of Revenue haven't been significantly off from what the budget forecasts are. November will be our next symbol when we get the forecast. The election in early November, then the end of November is the revenue forecast, we will have an idea of what it might be,

we should have an idea based on who is Governor. The Governor sets their budget recommendations based on the November forecast, then we have the February forecast and that is what the Legislature sets the next operating biennial budget on. Whatever that forecast says and whatever law changes they put in place that affect it, that is what they have to have balanced at the end of the two years. The first couple of months that the Legislature is back in session, I call it a lot of shots across the bow. It's a lot of political grandstanding, statements, but there is not much substantive movement that actually happens on setting fiscal targets and what the biennial budget will really look like. That doesn't heat up until the middle of April and then they are supposed to finish in the middle of May. That is a flip of a coin whether they finish on time or not. They are averaging about 50% of the years over the last decade that they finish on time versus needing supplemental sessions.

Smith-The question about tuition. The past couple of bienniums the System Office has led their budget proposals with the idea of if the Legislature would fund us at a certain level, we would freeze tuition. The Legislature has said we like the freeze tuition part, but we will not give you quite as much money. The System Office is starting to rethink that strategy of throwing out the idea of a tuition freeze and maybe have it more balanced from the beginning. Straka-We are different than the University of Minnesota. Constitutionally they are different as a land grant, the Legislature has the constitutional authority to freeze our tuition. They do not have the Legislative authority to freeze the University Minnesota's tuition. What they can do and they have done in the past couple of years is threaten to severely reduce their appropriations the following year if they do increase tuition. Nationally, the state legislators freezing tuition and not giving enough in appropriation to cover what the loss of tuition that the freeze is, that is happening nationally. That is one of the issues about fiscal sustainability and financial sustainability for higher ed across the country. If you are in California, maybe. If you are in Arizona, Texas and Florida, you are one of the few places in the country that has growing high school populations and you can grow your way out of this through enrollments. Starting in Maine and going down through the middle of the country and all the way across from the Atlantic to Pacific, we don't have demographics to do that. Our best hope to grow out of it would be we would need another great recession like 2008 and 2009. I don't know that is really what we are asking for, but that is the most realistic higher ed growth scenario in the upper Midwest.

Kolars-The programs we talked about that seem to be declining or had voluntary subsidizing, how much would that impact our losses? Straka-We don't have a dollar value on that, a number of those don't necessarily come with significant changes in staffing. Wells-I would say in some places some of those programs might have had no students in them for quite a while or very few students. Or they are programs where there was a BA and BS options. There are still costs of the program beyond instruction costs.

9) Rumors / Other

Cowan-The shuttle to the Hubbard building is not paid for with student fees. It is a grant thanks to the Minnesota Department of Transportation. Flannery-It's a direct route outside of Nelson Hall down to the Hubbard Building and it goes from 9 a.m. until 9 p.m. It's a great addition, thank you.

Schneider-I was reading something in the paper that the U of M is going to be increasing their enrollment by 3,000 students in order to keep Minnesota students from going out of state. Has there been talk within MinnState about cannibalizing students for us? Straka-Yes, there has been talk about transfer students for sure and some discussions between leadership and regents and others who said that is a strategy of the U of M if programs that have capacity if they can take some more students into those programs and get revenue with very little incremental costs, that is a strategy and they have talked about trying to increase their Minnesota resident freshmen class. We are still seeing a drain in North Dakota State. The University of North Dakota we haven't seen this fall, but the last couple of falls the Grand Forks

number of Minnesota resident students has actually decreased a little bit. NDSU is still strong and coming after our students. The 3,000 students that leave the state I'm not sure how many of those we would say would generally be with us. A number of those students are our competition versus say going to institutions that we often wouldn't consider our peers versus going to institutions we do consider our peers. That is a concern.

The meeting was adjourned.