BUDGET SUBMEET & CONFER
Tuesday, November 13, 2018
1:30-3:00 p.m.
CSU238

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, Scott Page, Claudia Pragman, Leah White, Bryan Schneider, Matthew Potocnik, Anne Ludvik, Deb Norman, Jill Krosch, Mark Constantine, Mike Peters, Robert Fleischman, Marilyn Wells, Lynn Akey, David Jones, Matthew Loayza, Jean Haar, David Cowan, Steve Smith, Sheri Sargent, MeMe Cronin and Vickie Hanson

1) Changes/Additions to the Agenda

- Agenda items 6) Strategic Budget Planning and 7) Common Bell Update were moved to the top of the agenda.
- Salary Savings (What we mean by that) was added to the agenda. The difference between if our negotiations are different than what we have projected that is one issue and then another issue is here is the budget that we have been given this year, do we have vacant positions or did we not fill with a probationary line, did we fill it with fixed term or adjunct that is another type of salary savings. Also maybe a change moving forward on how we might account for those salary savings and maybe build them into the base budget to help offset what we may need to do for a structural budget change.

2) Next Gen Update (Straka)

ISRS Next Gen deals with the replacement to all of our ISRS systems. We had originally looked at a little more aggressive schedule and final implement, but this is a process that goes out through 2024. 2025 is when we will get all of the decommissioning of the old systems. What has been happening in ISRS is last spring through summer there were teams throughout the financial, HR and payroll process. Finance is a separate team, HR and payroll is a separate area and then the student information is a third. We have been in all of those areas looking at documenting through last August and September our current business practices and going through individual flow charts of every process and saying this is how we currently do it. Then we have had work teams working since that time in September and October focusing on what should our future state look like. What should these processes look like, trying to bring more common practice into what our future state will look like in all of these areas? We just finished up last week, was the final regional review, you may have seen in your emails invitations if you wanted to go to South Central and participate and look at all of those flow charts. That is really important for us to get to those details and the next step now is that we will start putting together an RFP. Steve Smith has graciously volunteered to serve as part of the finance group in creating that RFP. We are looking at next summer and fall to look at demos from the people that respond to that RFP. We believe there will be 3-5 responders in the target of what people are expecting. We should expect to see Banner, Workday and a couple of the other major vendors that you think of in higher ed. Originally we had talked about trying to implement the finance side of things, accounting, budgeting, chart of accounts, those kinds of processes, procurement may be in that process and payables. The turnaround time that was originally in the schedule for Next Gen we didn’t think gave enough set up time to actually implement the software. The big part of getting this stuff right, the new software isn’t like ISRS was, you have the vendor rewrite code to fit your business practices. That is not how we expect this to move forward. These are going to be more of, the software companies have gone to, we have a very basic package and it’s how you customize all of the pulldown menus and set up options and set up the software as opposed to recoding and rewriting the actual code. We have been through some of the software, like the Wells Fargo purchasing card software, tremendous amount of work went into setting up our own chart of accounts in there and how you do all of the set up. We have had the same issue, we have tried to get into Marketplace Purchasing and any of those that have been trained in Marketplace over the next year, now we are going to start to implement and learn how to do our contracts procedure now through Marketplace. That will all require delegations set ups and all of that work. The group didn't believe overall that there had been enough time set aside to get all of that set up work done. We pushed out from a fiscal year 2020 implementation for finance out to fiscal year 2021 or 22. HR payroll will then follow up in the following January which there is still some discussion of the Next Gen Steering Committee of whether we shouldn't try to coincide a fiscal year with the HR set up. Do we really want an accounting system that pulls half of the HR payroll from one system and half from another? Or should we try to implement that on a fiscal year? The final is originally they had Cohort A and B for the student record system, the group finally decided that would not be very feasible to have half our schools on ISRS systems and half on the new system. So they have pushed back the student information system with that implementation going all at the same time. We've got all of the systems we work on accounting, all of these base systems, faculty workload management, SCUPPs, Student Record System, all of our student data, registration, will be changing.

3) **MinnState Legislative Request (Straka)**

For ISRS Next Gen this is the $246M the Board of Trustees did approve. I came in at the last Budget SubMeet and this had just been acted on. As part of the $246M request that MinnState is going to the Legislature this year, there is $37M for ISRS Next Gen. $18.5M a year, so $37M is a two year biennial total. The impact of that would be that this current year, we paid between $600,000 and $700,000 as our share of what we had to pay for starting that implementation. It was $8M across the System between the Central Office and between the institutions. If we get this money, we would no longer have to make a contribution towards the cost of that implementation. This would give us full state funding for that and would mean that in the next six to eight years we would not have to take that $600,000 to $700,000 out of our budget. We have talked to Laura King and others, we have set aside an amount in our reserve to pay for that over the period of years so that we don't have to take that $700,000 and say we need to solve our structural budget for that, we have it as one-time money and we are not going to have to take that into consideration. Other schools, the majority of institutions have had to adjust their structural budget to pay for their charge. That would be a key for us to get that $37M for ISRS Next Gen. The next is for $169M for high quality programs and to fund inflationary costs of 3% each year. The key about this again is the Board is saying we retain our right as a Board of Trustees to be the fiduciary, set the budget and set tuition. But the promise is that if we get back all of this funding that we would freeze undergraduate tuition for the next two years. Our concern, the Legislature in the past two bienniums has heard the "freeze tuition", they haven't heard "if you fully fund our request". That is still a little bit of a concern as the Legislature may freeze tuition, but not fully fund our request since we are about two-thirds tuition and one-third state appropriation. If they give us a 3% increase in state appropriation, but freeze the other two-thirds of our budget, that only results in a 1% increase in our spending base. Or to solve the other way, if we were to have a 3% increase in our overall spending and we freeze tuition and we have to get an increase all in state appropriation, that would require a 9% increase in state appropriation to pay for a 3% increase in our spending base. The odds of us getting a 9% plus another 9% the next year, the state budget is doing well, but I'm not sure that 18% state appropriation increase is realistic. We are hopeful that we would get that money. Within this money is $20M to recognize the structural deficit of this current biennium. The way they gave us the money, which frontloaded the revenue, so we got more money in the first year (FY18), we actually got fewer dollars in FY19 and yet our expenses stepped 1/3 and then 2/3 more, leaving a pretty significant gap in FY19 across the MinnState System. Built into this request also is recognizing that. We have $25M for targeted financial support to strength and access and help students succeed. That is basically more need based money to get into some more need based scholarships. If you look around our system at what the two years and what we do is that we tend to give our freshmen more merit based scholarships. They get need based financial aid so there is Pell grants, state grants and subsidized loans, but we don't have a lot of need based institutional aid. We do more merit based at our institution. Even when you get to the departmental scholarships they tend to be as much or more. There is some shift happening, but traditionally our institutional aid has been more merit based than need based. There is $15M to address the workforce gap, primarily pointed at the two-year institutions. 3%, where do I think we might have some issues? We may have outpaced the private industry over the past six years and maybe our compensation has been slightly above what private industry has been. That is not the case now, private industry and wage inflation pressures are inching above that 3%-3.5% or more. That is probably just salaries in the economy right now. Just because the unemployment is so low, there is great competition for labor. If you have been following the news, we are seeing a higher level of wage inflation. That is part of the feds concern of why they are still considering raising interest rates.

Smith-There is a lot more detail on the proposal on the System Office's website under the Board of Trustees (Board packet information). Some interesting facts, from FY2008 to FY2019, if you take the total state support and the tuition revenue that the System has, it's only increased on average 1.1% per year. That's what has been a challenge, our revenue has not been growing significantly. Plus they also pointed out that as a state Minnesota's spending on higher education is trailing the US average significantly. We are not spending on higher ed as much as other states are.

Straka-You may remember that when we talked about 3-4 years ago and the $4M-$5M problem, one of the biggest issues we had was we set aside or expected 3% inflation and there were years when we had 4%-6% and that created a gap in the 2014 and 2015 that we dealt with. In 2018 and 2019 we had a big cash surplus in one year, but got less appropriation in 2019 than 2018, with an undergraduate tuition freeze and about $5M in inflation costs. We ended up with just under $2M structural deficit that our inflation was $2M more than the new revenue we got over the two years. That is what is happening in the System as a whole. I'm not saying it is caused only by expenses, there is two pieces to the puzzle, a revenue piece and an expense piece. As the Legislature has come in and held our hands on tuition and frozen tuition, which is great for students and affordability, but they have not raised their appropriation by enough to cover the full cost of what a 3% increase in tuition would have driven. This is something that is happening nationally and internationally in higher ed.

If we can't get this full amount, I think we need to hope or talk about having some flexibility with the ability to do some tuition increases. We would hope that if they don't give us any more than just 3% of appropriation that maybe we are talking about up to 3% tuition increase. Tuition nationally for us in our System, we are the second highest two-year tuition in the country, Minnesota is. We are at the average or slightly below average tuition rates.

4) State of Minnesota-MMB Revenue Update (Straka) https://mn.gov/mmb

The budget and economic forecast is coming up at the end of November that will set the budget. We look at monthly and quarterly updates and the last one we have is October 2018. This is pretty good news. For the first three months of this fiscal year, revenues are running about 5.9% more than projected last February, that is what the budget was set on. We are $282M ahead in the first quarter of this year. I'm hopeful that we will see a revenue forecast in November that will be positive and projecting some kind of a surplus. The possible downturns is there has been some talk that the federal tax cuts that were enacted last year have resulted in a larger than expected short-term bump, but some economics are saying they are expecting a bigger than expected long-term drop. It's a short term spike in revenues, but will eventually hurt the economy. We will see what happens. When there is a surplus projected, the Governor will do his budget based on the November forecast and when there is a surplus there really is three different things and a combination of any of these three thing that the Legislature and Governor can do:

1) They can add money to the rainy day fund
2) They can chose to reduce revenues, primarily through tax cuts
3) They could spend more money

The last week of November you should see the forecast that sets the Governor's budget.

5) **Enrollments Update (Straka)**
For fall semester, we are down 134 FYE, which is about 2.1%. Bemidji State is down 2.5%, Moorhead is down 3.1%, St. Cloud is down 5.6%, Winona is down 3.2%, Southwest is down 3.3%, Metro is down 1.1%. For us if we were to annualize this, that is about 250 FYE down. That is why if we can get 80 Saudi students or transfer students that can offset that a bunch and again at two for one dollars that is a big deal. The really good news is we have our fourth largest freshmen class in history. For those that commit to us, we are ahead of pace from a year ago.

We are seeing declining enrollments. North Dakota State is down over 500 this year, University of North Dakota is down, Iowa State is down 2%, the University of Minnesota Crookston was up a little. In their system, Morris is on a down path. They are down from 1900 to 1300. Duluth is down about 100 this year.

That is 70% of our budget every year and I can't over emphasis that the impact retention had for us. The areas where we are down is we are bubbling through that lower freshmen number and we had a little more significant loss in our sophomore to junior year are the two areas where we saw our enrollment loss. We are really going to have to dig more into what are the causes of that. We know for one, we have a lot of students who can't get into majors. There are a couple of specific ones that are a big number of that and they are going to local competitors. We know that nursing we are sending declared nursing majors to South Central, Normandale, Metro and Rasmussen.

Of students who are transferring out, they had only a 75% average credit completion rate. That is a hard completion rate to try to get out in four years if you are only completing 75% of your courses.

Wells-Do you recall the number of students that leave that are in good academic standing? Straka-It was two-thirds/one-third, or 70/30.

6) **Strategic Budget Planning (Akey/Straka)**
   a) **Process Update**
   Akey-Just want to make sure everyone is up to speed as we are continuing to move forward. If you recall where we started our conversation this fall, is that we are in this final phase of the process of our general fund strategic budget planning and the final phase is this process review and evaluation. You may recall if you had an opportunity to attend the joint meeting that we had at the launch of the fall semester, we brought forward a draft membership outline as well as process outline for feedback. At that joint meeting we collected lots of feedback and have incorporated the feedback that we received from the joint body. The Process Review and Evaluation handout reflects some updates. It starts to layout the workgroup members that have been appointed from the various different bodies and areas. You can see the formation of three work groups as we had proposed. An academic workgroup, a non-academic workgroup and a process workgroup. You can see by looking down the membership that we did try to bring forward the recommendation that for the academic award work group and the non-academic award work group that the majority of the members serving on those work groups would be from units that would have programs evaluated as such. We do have strong representation from all three sub meets on all three work groups as well. We are pleased with all of the individuals from the submeets that have stepped forward to serve in this final part of the process.

   There was a lot of feedback received at the joint meeting regarding the timeline. There was a lot of feedback with the desire to extend our working timeline. If you go back to our original process documents, we had desired to complete this part of the process by December and overwhelming was to extend that timeline. People did not want to feel rushed through this part of the process. We have extended the timeline out until April with giving our workgroups more time to work. We do have our first meeting scheduled this coming Friday, in which all members of the three workgroups will be pulled together as a foundational meeting and to bring everyone up to speed on where we are, what the work is at hand, the timeline that we are looking at and the process that we are looking at and providing some opportunities for the work groups to do some individual workgroup discussion on how they want to approach their work, organize their work to make sure that we meet the timelines that we have laid out.

If you didn't volunteer and really wanted to serve on one of the workgroups, please let Rick know.

Straka-I haven't pulled my workgroup together yet, but we did talk at the combined submeet and get some feedback. Akey-All of the feedback that we collected throughout the process last year as well as the feedback that we generated through the joint meetings, or President's Retreat this summer will have for Friday's meeting as well as it will be posted on the web. Straka-Bring your ideas of how you think we can improve the process. On an overall process, there are enough uncertainties especially with enrollment that I don't foresee the Cabinet coming out prior to break with a recommendation of what the investments and reductions would be. I see that happening earlier in the spring semester. There are a couple of major things out there that I think we need to wait for the first couple of weeks in January to find out. We have had a group of Saudi transfer students who are very interested. They are a little more than two for one monetarily for what our in-state students are. If we got a group of up to 80 that are interested, if we got 50-60 of those, that would offset financially about 100-120 Minnesota resident students. That is something for us to think about to see what that impact might have on our budget. Also trying to do some work on last year's smaller first year new entering class that we may consider that an anomaly and whether we might view in a budgetary term would I say that is what the reserve is for is to bubble through an anomaly class versus saying let's structurally take care of that because we did get back to a fourth largest NEF class this year and though our overall admits may be down a little bit, our intents to enroll and our housing reservations for NEF are starting off ahead of last year's, so those are also very positive signs. That is why I believe we will want to take a few weeks in the beginning of spring semester, review that data and then work with Cabinet. I will be working with Cabinet soon to ask for requests in where we believe investments should be based on our strategic plans, based on the results of strategic budget planning, we will concentrate first on where Cabinet believes we should make some investments and then as we talk about salary savings, and enrollment in determining what kind of a structural adjustment. That is not going to be ready before we leave for break.

b) Working Group Members

Discussed above.

7) Common Bell Update (Akey)

As you may recall one of the other conversations that we decided to move forward this year was associated with our registration and course scheduling practices. The question that had been raised over the last several years was whether our campus should adopt a common bell structure for its course offerings. After having multiple different parts of that conversation coming through our planning processes we also need to have that conversation reinforced. Last year as we started really getting into the Armstrong Hall Predesign Project and looking at the realities of our future physical space and square footage space and what we have from classroom space to serve our students. Certainly the consultants, both space analysis consultants and also our predesign consultants were fairly clear that we had some room for improvement in some of our space utilization, but a lot of that would be driven through our practices around course scheduling. The desire to have a discussion around common bell and coordinated scheduling really comes from two thrusts. 1) Is our focus on student success as an institution? Again you will see that in our planning over the last 5-8 years. 2) Is also from a space prospective. We have to maximize the space we have to serve the students that we have in the best way that we can. Those two things have pushed us forward to say it is time to get on with this conversation. Full recognition that this is a difficult conversation. Anytime you start talking about space it gets difficult quickly for good reasons. We are all much attached to the places that we work and we spend significant times of our lives and it impacts how we do our work. As we approach the conversation, we said it is important to have a very inclusive fairly large workgroup.

a) **Members (Akey)** There are a number of individuals that have been appointed that really helped to get us a fairly broad cross-section of the institution. With representation from various different submeets, from offices, from academic colleges as well. This body is scheduled to have its first meeting on November 20 to begin its work. We anticipate going into this project, the first conversation of business will be around common bell. We see that as a foundational conversation about how we organize our course schedule and the framework that we use to offer courses. We do see after that conversation, we will need to take a look at our course scheduling practices and then our room scheduling practices. We realize all three are inter-connected, yet have some very unique aspects to them as well that will require some focus and attention on the part of the workgroups. I anticipate others will also be engaged at various different times as we move through this conversation, certainly don't expect that the members of the workgroup have all the expertise and knowledge in the room, but I do feel comforted that we have a very large cross-section of individuals that I think will bring a lot of information, ideas and knowledge to the table. I expect this to be a full conversation that will take us through the end of the academic year.

Straka-What moved the common bell up is if it were just a space related issue, we might be able to put off this discussion for a few years because the Armstrong project even if it moves very well, we are looking at three different biennial bonding requests. We are looking at planning money in 2020, new building money in 2022 and then renovation in 2024. That project probably isn't going to be completed until 2025-2026. What is more important is that we try in the student success frame, remove as many barriers as we can from students to graduate in four years. If we can change the shape of the class schedules in such to help reduce, if not eliminate, but reduce the number of conflicts that might be currently at 15 minutes or a half hour that cost the student the ability to get into schedule, if we can look at trying to use just the shape of the course schedule to help eliminate some of those barriers, I think that is really what the primary focus is as we look at this. What can we do to help our students graduate? What can we do to help improve our retention and our four year completion and six year completion rates?

Akey-We will try to keep the conversation moving yet giving it the attention that is needed. Certainly Rick and I have talked about different strategies of going in, and we may have some teams working on the same things so we can try to bring forward as many ideas as possible. I'm looking forward to getting the conversation started.

Straka-Please know that we do not have an end product in mind right now. We have lists of ideas that people have brought up, lists of topics that we are going to have to address and what impact that might have. We don't have a finished product in mind and we can all build this together.

Akey-Until the teams start working, then I hope we will be able to lay out the timeline in a more informed way. Going in some folks have notion that the common bell conversation will move quickly and others think it is going to be extended. Until the work group comes together and we start to lay some things out, it would be premature for me to truly give you something that I thought was plausible. I would hope that by early spring we should be able to articulate that.

Straka-The emphasis first is common bell and then once the common bell sets the table, then we can go ahead and address the next two. I would hope that the goal for us as we get together would be that the 2018-19 year would be the common bell discussion, implement some of the practices for common bell in 2019-20 and see the fall of 2020 see the common bell schedule. Maybe 2021-22 following more detail about course scheduling and room scheduling. Akey-We would like to move common bell through this year, so we would have next year to implement that impact, to be in a common bell scenario potentially by fall 2020 with then anything that might be coming around course scheduling and room scheduling trailing that transition. It will be interesting in phasing of what has to move together and how do we reasonably do this over time to not overwhelm all of us.

8) **Seasonal Dome Referendum (Straka)**

Two weeks ago the Student Senate did vote to hold a referendum on the possibility of assessing a student revenue fee to help support the building of a seasonal dome. We did some work last year with a task force to look at different options. Turf on the infield of the track was an option, a seasonal dome was an option, and addition to Otto Rec Center was an option. We looked at various things. Moving forward this year we had decided to look more into the seasonal dome. We had dome feasibility studies over the last 4-5 years. What we think the impact of this would be right now, the total capital budget for this would be $4M. We are looking to assess a student fee of $.83 a credit up to a maximum of $10 that would cover the debt service for about $2M. The System Office does have some revenue fund proceeds (taxable bond proceeds) that they have been looking for an institution to pick up those proceeds and take over the debt service. There is ten years of debt service remaining on those bond proceeds. That would be $250,000. The students in the past had asked they prefer not to pay 100% of a project moving forward, they would like to partner with the university. The proposal that the university would use $2M of reserve to cover the other $2M of this project which would be about 50/50 split in the capital costs and we have proformas right now that we believe if we do approximately 1/3, 1/3, 1/3 use between athletics, campus rec, general open student use, perhaps academics and then 1/3 to the public that we could generate enough rental revenue to fully offset any operational costs of the dome. Moving forward we wouldn't have operational costs and we should be able to cover some repair and replacement and deferred maintenance kinds of spending as we get out to years 3 and 4.

Tonight is the first of two open forums with students at 6 p.m. in Ostrander to talk about the details of what we are proposing.

MeMe Cronin-Student governments biggest concern is just educating the voters and then trying to get as high of a turnout as possible.

Straka-Location, we are looking at just south the free lot in orange lot is the place that we would place that right now. We have enough space in that area to do that. Would not have to put great investment into parking, that orange lot parking especially in the hours when we would expect it would be available to the public, is underutilized. We are also working with the City. The City is taking a look at the retention pond at the end of Warren Street and Hiniker Mill Road, the City is looking to expand that and we are negotiating with them about an easement and how much they would come in and try to help deal with some erosion issues they have in that ravine. In the City's bonding request moving forward I would expect to see some more ask of the state legislature to help support even more of those water runoff and water retention projects in the city.

If the students do vote to support this on December 4, then we have a possibility we will have to make a presentation to the Board of Trustees either in January or March, we are trying to get that on the January Board meeting, where we would discuss the feasibility of enacting the increase in the wellness outdoor rec fee that we would look at that $10 per semester fee and moving forward with that project. We will need Board approval to move forward with that.

Mark Constantine-We need about 1,100 students to vote on this. 50% of the people would have to vote favorably. MeMe Cronin-That number comes from with the vote being outside the normal time in April, it has to reach at least 50% of the students who voted in the previous April election and that vote was around 2,100 so the vote to even be considered valid needs to reach at least 1,000 students.

Straka-If everything moves forward in January we would try to then move forward with selecting a contractor, contractor manager at risk that sets the budget for it. We are hopeful that we will be able to have it up and ready for next November 1. We would be looking at some time next fall if everything went well.

Cowan-The demand now, cannot be addressed with our existing space. The fieldhouse isn't big enough. Straka-Exactly, there have been a lot of changes even in the outdoor rec program on the demand. We have moved and converted two former softball fields to soccer fields. Soccer is clearly in high demand from our students and popular rec, intermural program, club teams, I think you would see there would be some pretty heavy soccer use demand. It would really help with that. Right now they are trying to play soccer in Schellberg Gym on the wooden floor.

9) **Salary Savings (What that means) (Straka)**
When I'm using the term salary savings, I'm really talking just about in this current year what is the difference between the budget and what we actually spent. If we allocated you a position, if that person leaves for some reason and the position is vacant for a period of time that creates some salary savings. I really talk about that in terms of one year. It creates some money that we didn't spend towards the budget this year. It may be some of those on a sabbatical and we are replacing them or don't replace the sabbatical position, but if they are doing a yearlong sabbatical it's not 100% a salary, there are some salary savings. If we have a probationary position for some reason there is a failed search, we replace with a lower cost fixed term, or we replace with a series of adjunct or overload. All of those things can create what I call in one year salary savings. We have all of those salary savings in the past, we had just swept those back into the general fund and while we were trying to increase our financial position and get a composite financial index, CFI, greater than 1.5 which is what the System required us to have. Otherwise, if we are under a two year average of 1.5, we have to do a financial report to the Board of Trustees explaining how we are going to get back into compliance. We had to do that a few years ago when we had the $4M issue, we have since worked our way out of having to do a financial report. We have moved to a level of cash reserve where this past year if you count everything even all of the things that we restricted it's about 34% of our previous year's general fund, we were about at 34.There were two other universities that were at 30 or above, Bemidji and Southwest also had over 30% of their previous general fund revenues. The other four were centered around 20%. St. Cloud State, Metro, Winona and Moorhead were around 20%. The universities are on average around mid-20% for a cash balance. The two year colleges have an average over 40% of their previous year general fund revenues and cash balance. Why is it important to have that? St. Cloud went from in a period of about five years from $45M in cash down to $16M in cash when their enrollment dropped off the table and they weren't able to catch up to it. They since have recovered. Part of it has to deal with how much is restricted. For us over $2M in the cash is we collect our online differential in one year and we allocate and spend it in the next. We have professional development funds, all of our NAI accounts, customized training, continuing education carryforwards, repair and replacement projects. We have set aside money that we are paying down now for Civic Center leasehold improvements, we have leasehold improvements at 7700 France that if we were to leave after five years, we have about $500,000 that we have set in reserve to pay for unamortized leasehold improvements. There is a number of things that we have that are restricted. We also set aside a certain amount for depreciation. We have set aside compensated absences that if something happened and we had to pay off a ton of severance and other things over the years we could pay some of those out of the reserve instead of impacting our operating funds. NextGen we have set aside about $5M.

What I don't consider salary savings. What is the implication if we have our labor negotiations and they don't cost as much as we projected? That hasn't been a big issue for us in the past decade.

One of the things that I am going to propose as we move forward, I do think we are at a point with our calculated CFI adjusting for GASB 68, we will have a 1.9 CFI this year, which is above the 1.5. I'm comfortable that we could help lessen our structural impact, we had built in about $1M a year knowing we were going to have some salary savings. I am going to recommend to Cabinet, instead of having to do that whole structural element, we are at a point in cash where we don't need to be building our cash anymore, we can build in some of those anticipated savings and just put them in as "we thought we were going to spend $110M on salary and fringe, let's anticipate maybe $1 or $2M that we are going to have in savings and our net expenses is only $108, that is the kind of concept that we going to propose moving forward. That is something the Vice Chancellor King has more recently talked with institutions about.

Lisa Baures-If we can get a written proposal from you so that we can discuss. Straka-The basic concept is we are looking to build back in either a counter expense with anticipated savings to help balance our budget instead of saying we are always going to balance. If there was no turnover, no salary savings and we know we are going to have some every year. We have been conservative enough in other spending that we haven't seen gross overspending across our budgets. People are being very good stewards of their budgets and staying within budget. We seem to be saving more money every year, there is a lot more money that seems to be going unspent in the amount that we budgeted. We can gross up our spending and still be o.k.

10) Rumors /Other (Straka)

Wells-Good news, announced on the National Open Doors Report, which came out today. Open Doors is a report done by the International Education Association in conjunction with US Dept. of State, they rank universities on several different factors. One of which is international enrollment and our ranking jumped four points again this year, so we are now 12th in the national amongst institutions in our class for international enrollment. To put that into prospective, in fall 2013 we were 34th. We have jumped significantly in five years. Last year we were 16th, St. Cloud was 12th. This year we are 12th and St. Cloud is 11.

Straka-If you have items that you want to talk about at future meetings, either forward them to Lisa, Rick or Vickie Hanson and we will get the items on the agenda.

The meeting was adjourned.