

BUDGET SUBMEET & CONFER

January 12, 2021

1:00-2:30 p.m.

Via Zoom

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), Gregg Marg, Sue Burum, Sarah Kruse, Charles Lewis, Claudia Pragman, Scott Page, Matt Clay, Joseph Lehman, Anne Ludvik, Deb Norman, Jane Kolars, Kim Rademaker, Mark Constantine, Jean Clarke, Lynn Akey, Aaron Budge, David Cowan, Brian Martensen, Kristine Retherford, Skye Dauer, Brenda Flannery, Steve Smith, Matthew Loayza, Laura Yin, Teri Wallace, Jennifer Veltsos, Teri Wallace, Chris Veltsos, Arnavee Maltare, Reauna Stiff and Vickie Hanson

1) Changes/Additions to the Agenda

Brian Martensen wants to talk about course fees. It will be added to the agenda as 8a. Course Fees Consultation.

2) CARES Act Spending Update (Rick Straka)

Straka-Our original institutional award was for \$4.544M. We also spent and had that much allocated for student emergency aid. We did spend all \$4.5M in emergency aid. When we did our emergency grants to students we felt it was appropriate that based on the first weekend that we opened up that program we had requested \$162,000 above what we have originally budgeted but felt it was important to allocate those requests as they came in. We did spend out of the institutional side another \$162,000 that was related to emergency grants to students in July. In July we did spring semester room and board refunds. We spent \$2.3M, that showed up on our first quarterly report.

Website: <https://mankato.mnsu.edu/coronavirus/covid-19-resources/federal-cares-act-information/>.

We have added our winter quarter (October-December) and moved forward some fall room and board refunds. An estimate of what the total refunds would be for fall and that was for going completely remote after Thanksgiving for those last two weeks, fall room and board refunds estimated at \$1M and we also did refund the spring 2020 parking lot refunds. The parking fund was looking at \$220K deficit with no way to recover that in the current year. We have approximately \$993,000 left and several expenses that the COVID Funding Return to Learn Team had approved, \$2.5M in this fall. I requested an update on what we spent on a variety of Return to Learn COVID requests from facility upgrades to temporary GMW staffing. We had some academic requests to help with student monitors in rooms to help with mentors. We had a lot of money that we spent to upgrade our flex sync classrooms. We will have plenty of money to spend on that when we are done. We had a year from the time that we were granted those funds to spend them (end of April, beginning of May).

3) CRRSA (December Stimulus Bill) (Rick Straka)

Straka-Here is a summary from the American Association of Community Colleges regarding the CRRSA Act: <https://www.aacc.nche.edu/wp-content/uploads/2020/12/Baime-CRRSA-FAQ-December-2020.pdf>

Of the bill's \$900B price tag, \$81.8B would be provided for education:

Higher Education Emergency Relief Fund (HEERF) \$22.7B:

\$7.5% (\$1.7B) will be distributed to Higher Education Act (HEA); .5% (\$113M) for graduate and other institutions with the greatest need not met by other funding streams; 3% (\$680M) for-profit institutions.

The funds will be allocated by Pell FTE as well as PELL headcount, by non-Pell FTE and non-Pell headcount. 1% exclusively for online Pell FTE and online Pell headcount. The System Office is working on the final allocation. They have not received from the Dept. of Education exactly what this allocation

will be. They are estimating that it could be 60% higher than the \$9M that we received for CARES Act funding. We could be receiving upwards of \$13-\$15M. That is helpful one-time money, but we don't know all the strings and how we will be able to utilize that funds yet. We do know there will be a requirement to use a portion, at least the same dollar amount to students with new funds that was required to provide in student emergency grants under CARES, that was \$4.544, we also spent that additional \$162,000, we will look when we get final details from Higher Ed, but my guess is there will be a pot of this money that will be coming out to students. I don't have timing on when we might expect that, and I don't have detail yet about exactly how we would send that out. We will have to review the rules like we did last spring, when we got the CARES Act money and determine how we will allocate those funds to students. How might institutional funds be used? It's a very broad term at this point. To defray expenses associated with coronavirus, including lost revenue and expenses already incurred. This is broader than the corresponding language in the CARES Act which were limited to perspective student expenses directly related to the disruption of campus. We will have to look at enrollment drops. We are very fortunate right now that we are not in that situation either. CRRSA authorizes institutions to use funds to carry out student support activities authorized by the HEA that might be related to coronavirus. I think this is a very wonderful thing for our institution and I think that this can help support some of the programming that we have been doing that was requested through the COVID funding Return to Learn Team. Some of the activities that we are doing to help support online learning. Perhaps support some of the online tutoring that we have done, some of the help with the courses and the ability to enhance that more. There are a lot of questions still to answer about these funds, but the initial outlook is very positive.

How might the student grants be used? They may be used for any component of the cost of attendance at the institution or for emergency costs that arise to corona virus, like the institutional funds its broader than the CARES Act, however, it does allow for grants to be used for tuition and related expenses. Last spring we could not pay a student's bill with the CARES Act aid money. All that aid needed to be directed to the student regardless of whether they had a tuition and fee balance. The Dept of Education may play a further role in defining the provisions and exactly how funds may be spent. There still is more clarification to come. Who may receive the grants? Like CARES Act, CRRSA doesn't define students for purposes for who is eligible. So, nothing requires the Dept of Ed to interrupt a student as Title 4 eligible students as they did during the CARES Act, there also appears nothing that would prevent the Dept. of Ed from doing that again. It's critical because the Title 4 definition would prevent undocumented noncredit students and international students from receiving funds. Institutions shall prioritize grants to students with exceptional need such as students who receive Pell grants. We gave an additional allocation to our Pell grant students that went above and beyond the \$295 basic allocation to all students who were eligible in the spring. Unlike the CARES Act, these grants may be awarded to students who are exclusively enrolled in distance education. That is another thing that we will have to work with financial aid. Once we get those definitions, we will have to work with a list of who our eligible students are and then we are going to have to work with Cabinet to determine what kind of a package we will recommend and get those distributions out. CRRSA directs the Dept of Ed to use the Title 4 system to distribute the funds. They are required to distribute the main formula funds within 30 days of enactment to us and those that had a CARES Act application approved need not reapply for the funds. We will see the funds come in through the gov5.com process that we use. The broader uses of funds language that it applies retroactively to unspent CARES Act funds, 50% of the funds must go to student grants. States given more time to expend CARES Act funds, state were given a one-year extension.

This is a broad overview of the program; we really haven't received any more definition or guidance from the Dept of Ed or further guidance from MinnState. Overall this is good money, and it's important for me to state that it is one-time money. This really is not going to help with our long-term budget problem. We still have a \$5M-\$7M structural budget deficit that we are going to have to deal with. What this can help us with is we may not have to turn to our general fund reserve as much or to our general fund to

cover several of the COVID related expenses that we undertook as part of our Return to Learn program this year. We will continue to see what additional uses we may do and how much we look at going to institutional type expenses. How much will go for lost revenue as opposed to refunds. We will have to look into that and see if there is the possibility, will we look at lost ticket revenue for theatre and athletics for the year. Would we be able to look at lost revenue for the parking fund for the year? Look at lost revenue for the dome rental that we were expecting for the year? Those are all things that we don't have determined yet on whether those will be eligible. Several things that I am trying to think about how we can keep our budgets and our reserve levels as whole as possible to cover some of the commitments we've made. Current year we are estimating a \$200,000 deficit in parking and some significant changes to other budgets also for the impacts of COVID on our activities this year.

4) Spring and Fall Enrollment Updates (Rick Straka)

Straka-The final comparison from fall as of December 28, 2020, looking at where we ended in fall, Minnesota State ended up 121 FYE up for fall. That was incredibly good news. Our 2% increase significantly makes us an out layer. Bemidji was down 7% for fall, Moorhead was down 5%, St. Cloud State down 11%, Winona down 9%, Southwest State was even, and Metro was down 2.6%. As a whole the entire MinnState System was down 5.2% in enrollment.

In summer we had also been up about 100 in summer. We were up at the end of the two semesters (summer and fall), 221 FYE ahead of where we were last year. Last year some of that FYE there is some significant growth in our online only programs. The new model in which the tuition from those students goes to pay for the expenses in those programs. We did have an increase in our online only, RN to BSN program as well as a couple of other online programs. Not all of that increase in FYE means that the tuition is going to make its way to help us overall. We are going to have to delineate those sources of credit increase and decrease.

Spring enrollment as of Monday, we are down 9.5 FYE, Bemidji was down 8.6%. We are down in concurrent but that is a timing issue. Mike Altomari assures us that he has every expectation that we will have an increase in our concurrent enrollment that is really a timing issue pandemic related. Moorhead is down 8.5%, St. Cloud is down 14.5%, Winona is down 9.5%, Southwest State is down 2% and Metro is down 4%. The whole System is down 8.8%. Our institution only being down 9.5 FYE which if you double it for two semesters, 20 FYE at this point. Considering where we were talking at last Meet & Confers in early December, we were looking at being down 6-8%, we have recovered incredibly well as an institution. We do have some areas of concern.

Akey-We are continuing to watch every day. It's an institutional effort and everyone from our faculty to our staff to our students that make the enrollment happen. We know we have come off a hard semester, we had some concerns and appreciate starting the spring semester as strong as we are. We are continuing to watch, and we know we have more students in comparison to last fall who did go onto academic warning. So, while they are still enrolled with us, we know we have some work to do there to support those students so that they can stay in good academic standing moving into next fall. We did have some decreases as of right now around our international student enrollments. Our high school enrollment is a bit delayed, while we expect that to come back and continue to watch that closely as well. Certainly, pleased overall, but I think it's more watching some of those nuances and what it means to support our students through this term and to successfully transition them to completion or enrollment next fall.

Straka-My thank you to everyone. This has been an institutional wide effort, and Lynn is leading us to try to move from being passively engaged with our students to being more actively engaged with our students to reaching out to try to show our students that we care. We do believe that is a niche that we have and something as a value of our institution that is showed in a recent update, we had actually a review from an outside marketing group about doing a review of what people think of our brand and

institution. It is a strength right now compared to some of our peers, I do think we are making great strides.

Baures-What is the increase of students that have been placed on academic warning and probation?

Jennifer Veltsos-If you recall in fall 2019, we changed the academic standing policy into this new tiered model for the first 60 credits. We saw a significant decrease in the number of warnings and suspensions when that went into effect. We did not see the bump in spring 2020 that worst case scenario person in me expected. Numbers did go up in both categories in the fall, but they are still lower than they were under the old academic standing policy. We did see a bump of concern is the number of zero, zero-year term stats. That is students who earned a zero GPA and a zero-credit completion for the fall 2020 semester. There is something happening, and I don't know enough yet about what might be causing that. The just of what I saw in the data was it was either normal or horrible. There wasn't much middle ground in between those two. I was pleased with the numbers I saw. If you want specific figures it was just over 700 warnings, 147 suspensions and appeals for reinstatement about 25% of the students suspended applied for early reinstatement. About two-thirds of them were able to document the kind of extenuating circumstances or the work with University Advising that would qualify them for early reinstatement.

Warnings: Fall 2018 = 737, Fall 2019 = 595, Fall 2020 = 704

Akey-One of the aspects that we are cuing in on and as you noted, either students did o.k. but below of what they needed to do, or they really struggled. From the struggled end then what that means as far as what their performance will need to be this semester to enable them to continue to progress. It's a pretty significant lift. That is where University Advising Center is really kicking in to see what they can do to wrap around these students that have reported a lot of student engagement, but there is still a lot of work to be done on the part of our students to successfully overcome a pretty devastating academic first term. Straka-Think of the math involved for somebody who has a zero percent completion and needs to get to 66% to two-thirds. In order to get to two-thirds you need 50% more than you failed. If you failed 12 credits and got zero percent completion, they would need to take 18 and get 18 if it's got one semester to two semesters. That is a big leap.

5) 2021-2022 Budget Process Update and Webpage (Rick Straka)

Straka-At Meet & Confers this week we will be giving an update on the FY22 budget process. Hope to come out with a more formal calendar of when we expect to make decisions and what that process will entail. That is important enough information that we thought we owed that to shared governance to make those initial discussions and initial plans that we would present them at the Meet & Confers on Thursday. We've been working with Lisa and some of the Budget Executive Committee to try to get a FY22 budget process website put together. Lots of great input on what we can put on there. Steve Smith and I are continuing to work and also work with Gary Urban in our area to get something up, hopefully soon and make that page live. Our goal there would be to have a one-stop shop for many of the budget related topics and documentation that are related to the budget data that we are using and the budget process. We hope to be able to make an announcement coming up soon about a one-stop place.

We are still looking at \$5-\$7M and \$3M related to just what happened in this current biennium and FY20 and FY21. Earlier this year we talked, and we had a slight decrease in appropriation this year. We instituted our full cost of inflation. We had a cash flow in the two years, the System estimated was around \$30M structural deficit coming out. We are trying to guess what is going to happen as we go into next year, though we are not looking at a \$4.4B problem anymore, there still is \$1.3B problem for the next biennium. Any hope that we might get an increase in our funding, even though the System is asking for an increase in funding, higher ed has tended to be part of the solution on the spending side when the state budget has been in trouble, I would expect that to happen again. Thank you to the Faculty Association who talked about taking a one-year moratorium on across the board increases to salary, that will help a

little. If everything else stays the same and just that change between \$800,000 and \$1M that would be. I've also talked with Gregg about this, it's a little like a poker hand, we went all in and laid our hand on the table already and the other two players which is how much tuition should we increase and how much should state funding apply, the other two players at the table haven't shown their hand yet. I can't tell you exactly whether it will have an end effect on what is happening. Remember we are two-thirds tuition and one-third state appropriation. Even if state appropriation were level, a 3% increase in our tuition would only support a 2% increase in spending. If we have a decrease in our spending, that means that as we look at a 3% increase in tuition, that would be able to support even less in inflation. Hold onto your hats, this is going to be an incredibly contentious legislative session and I'm saying that before I factor in the national, political scene right now. I have no idea what the fallout of our national political environment might have on our state legislature.

6) Minimum Wage Adjustment for Student Workers (Steve Smith)

<https://admin.mnsu.edu/finance-and-administration/departments/business-services/student-payroll/student-employee-pay-classifications/2021/>

Smith-About four years ago, the state put into statute a potential for an automatic increase to the minimum wage every year. The way it works every August the state looks at specific inflationary index indicator and from that they determine what the increase in the minimum wage should be. Our minimum wage had been at \$10.00 an hour and the state dictated the new minimum wage effective January 1, 2021 would be \$10.08 an hour. We've updated the payrates for student employee job classifications for that increase. We have also updated increases to the other standardized job classifications at approximately the same rate of increase. We put the pay rate increases into effect December 23 because that was the first day of the pay period that includes January 1.

7) Indirect Cost Workgroup Update (Steve Smith)

Smith-Every five years we review the procedure for Facility and Administrative Cost, also known as Indirect Cost rates and those funds get used. What this relates to university seeks external funding from all sorts of different federal, state and private sources. A lot of those grants have provisions that allow the university to charge a little bit of overhead for administering the grant. They general a pool of funds that comes back to the university, then the indirect cost procedure dictates how those funds are used and allocated. The current procedure calls for a review of the procedure every 5 years. We were initially slated to do that review last year, but then we can into COVID, and we pushed that aside to this year. Earlier this fall we asked for volunteers to serve on this subgroup that would review this procedure. We have five volunteers so far: Sarah Kruse, Mike Peters, Anne Ludvig, Mike Wells and David Sharlin and me. I believe we will invite Teri Wallace and Brian Martensen to those discussions also. We will be setting up a meeting soon where we can go through that procedure, explain how its been working and be open for hearing if there is a need for changing the procedure.

8) FY22 Institutional Equipment Budget Update (Rick Straka)

Straka-Cabinet put this on the agenda to talk. The concept needs to be as we go through the process of balancing our structural budget, are we going to be able to have institutional equipment allocation again next year. This year we knew we were going to have a deficit budget that we were running, so one of the tools we used that's kind of a bridge budget tool, was to not have institutional equipment. I really am not comfortable doing that too many years in a row, because once you fall too far behind, we are in trouble. Yet on the other hand, we don't have a full plan yet of how we are going to structure our next biennium and which of those reductions we might be able to see that we would be able to recognize early next year and where we might need bridge strategies again to implement some of the decisions that are made later this semester about how we balance our overall budget. I wanted to let you know that is an item we are going to have to talk about. But should we consider moving forward with the process regardless of whether we are going to ultimately release the funds? Should we go through the process so that we are ready to release funds if we decide that our budget is in a position to do so instead of holding that whole process back, would we want to move forward?

Martensen-We put out our standard call that we would have done late December for institutional equipment and R&R just to make sure we had it, not knowing the status. We are not making any assumptions, but certainly we want to know our priorities and what is being asked for out there regardless of how much goes forward.

Straka-Is anyone opposed to moving forward with the idea? The only other point of view I can see someone having is that we wouldn't want to set people up for disappointment to go through the work and then not allocate anything. There was no opposition from the group on moving forward.

As part of this overall budget and this year to pay for the tuition freeze for this year, the System Office did tap into the leveraged equipment funds and did not send out the allocation for leveraged equipment funds. This year in addition to the \$1M of regular equipment funds, we also did not have access to the \$.5M of leveraged equipment funds that we have been receiving.

In funding NextGen I believe it's starting in 2024, the System Office is going to need to find some money out of the System Office, reallocate funds to pay for the increased cost of NextGen. Leveraged equipment is on the table along with the other set asides and specials. We do see significant pressure with equipment, we will see some pressure with not having leveraged equipment.

a. Course Fees Consultation (Brian Martensen)

Straka-Something related to this, we are talking about what we call course fees, within Board Procedure 5.1.1 talks about those charges that we add to students courses that maybe for the personal property of a student, have an educational personal value beyond the classroom, also service charges. These two parts are what we are talking about.

Martensen-What we often refer to as course fees it is referring to these two charges. The basic idea is the course carries a fee and there is some additional documentation from the System Office that gives some examples and guidance that we follow. Largely when a department puts in a new fee, that comes to me and Debra Norman and we look at it. What we are doing to making sure it aligns with these rules. These rules are restrictive and there are certain kinds of charges that are just flat out not allowed. If it aligns with the rules, there are sometimes when we think, well it technically does but it's not a great idea, we will talk with the Dean or department if there is another way to do this. We don't do a lot of interfering if it is technically allowed, we are probably going to allow it. There is also the issue of tracking when the money is spent. Sometimes they have their own account, so it is very easy to track and sometimes it is dumped in with other things in the same account and that leads to some issue. We also look at continuing fees, every semester we ask this is what you charged last time, this is what you said it was for, we verify that you are still doing that. Most are pretty good. The Student Government did approach us and ask for a consultation on several things. Online differential and course fees. We were talking about ways to improve the process. One idea that came up was to have a committee to do this vetting. The idea would be when new fees would be proposed to have the committee look at it, to have student and faculty input and then to vet the back-end accounting. To make sure that money was spent in alignment with the way it was originally intended. The proposal was that one option is to form a brand-new committee and the other option was being a budget issue, would this make sense for Budget SubMeet to have a subgroup do this? Probably talking one meeting a semester, maybe two meetings a semester if there is some follow-up information requested or an end of year reporting need. It's not a huge time commitment, but like the way we do institutional equipment where we have a subgroup of Budget SubMeet go off and do it and report back to this group as needed. That was the theory, but the idea was we do have two members of Student Government that sit on Budget SubMeet so it would make sense for them to have a student voice and to have a couple faculty and a couple deans to look at course fees. Not only is it allowed within the rules, but what is that consultation, is it something that makes sense to pass along to students as a cost? We want to have transparency and consultation is our goal. I'm asking if Budget SubMeet is an

appropriate place to have a subgroup? I wanted to introduce the idea today for feedback and the hope would be the next time we have Budget SubMeet that we could come with a formal proposal for a charge for what this group would do. My main question at this stage, does it make sense that this is the body that can take that on as opposed to forming a separate group? I think all six academic colleges have some kind of course fee.

Straka-Rooted in policy, its Board Policy 2.3, student involvement in decision making is where it very clear that where students are involved, we need to get the students involved in the consultation. There is also an expectation within 5.1.1 itself, that the tuition and fee board policy and procedure, there is an expectation of student consultation. We have that consultation in place for the tech fee, athletic fees, student activity fees, CSU Student Union fee, all those places we have formal feedback areas. Student Government, Andrew and Arnavee did come to administration and say, we would like to have instead of this just being presented once as an overall concept in March, that they would like to have some kind of a process in place to discuss course fees as we move forward. We should have something that fits in place both with our values as well as board policy that we would give student voice to this process. I'm not hearing any objection of moving forward about how we create a process to make sure that students' voices are heard as it relates these course fees, but board policy defines the personal property fees or the service charge fees or assessment fees. A lot of times they are flow-through costs. I'm going to say that my view of the room, I don't see anyone in opposition to moving forward and creating a process for student voice here.

9) Rumors/Other Agenda Items

Straka-One question I've heard a lot, we are in orange plus right now. We are looking this the week like we did before Thanksgiving. When might we take a look at reviewing that if numbers continue to trend, which is a good trend, Cabinet will be reviewing on an ongoing basis what the case load is, what the recommendation and guidance is from MDH is, what the recommendation and guidance from MinnState is as well as whether there would be any other executive orders at looking forward at when we might start transitioning back and looking more like we looked in October on campus than what we look like as we headed into Thanksgiving. The Cabinet is having those discussions, we are consistently getting guidance and advice from both MDH and the System Office. It's not like we would send a message out Friday saying it is all going to change on Monday. We would hope as we have throughout the process here that we would give the campus some time to react as we consider changes to that overall COVID level.

Akey-We are in an orange status pattern for now. We are receiving some directions and guidance that suggest that we move back more closely to yellow or go to yellow. But right now, we prefer to be a bit more conservative as we are going into the semester and we are welcoming back all our students. As you mentioned are going to wait and see how these first few weeks of the semester plays out for us before we jump further. The largest area of activity right now is on the vaccination front and learning what that might mean, how that might be carried out. There was a lull in communication or action as we went through the holidays and even at the start of this week, very little had been released. That communication is starting to kick back up now and the Return to Learn Committee meets this afternoon and we will get some further briefings on what we believe might be the next steps as far as planning, preparation and what that might look like for our campus.

Straka-Good news, the CRRSA Act, which is going to be giving us some new money. That is great news for our students that there will be some more aid coming to our students. I look forward to the details related to that. There will be more support for our institutional budget and those things that we have done to help that will address the impacts of the pandemic. I look forward to the final allowable uses are to those funds. I hope we can continue to figure out how we can support students, academically as we move through this highly unusual time and unusual year and a half that we are in with our students and this online environment. I think that is positive news as we move forward. Our enrollment is positive news

again and my thanks to everyone involved who has worked so hard to make sure that we can continue to help our students reach and attain their educational goals.

The meeting was adjourned.