

BUDGET SUBMEET & CONFER

March 16, 2021

1:00-2:30 p.m.

Via Zoom

Please note: Budget SubMeet & Confer agendas and supporting documents are located on the Budget Website: <https://admin.mnsu.edu/budgetsubmeet>

Attendees: Rick Straka, Lisa Baures (Co-Chair), Gregg Marg, Sarah Kruse, Charles Lewis, Claudia Pragman, Scott Page, Lynette Engeswick, Matt Clay, Bryan Schneider, Matt Potochnik, Joseph Lehman, Anne Ludvik, Deb Norman, Jane Kolars, Kim Rademaker, Mark Constantine, Mike Peters, Lynn Akey, Aaron Budge, Chris Brown, David Cowan, Matt Cecil, Anna Dahlman, Brian Martensen, Kristine Retherford, Skye Dauer, Brenda Flannery, Steve Smith, Matthew Loayza, Laura Yin, Teri Wallace, Jennifer Veltsos, Sheri Sargent, Chris Veltsos, Andrew Trenne, Arnavee Maltare, and Vickie Hanson

- 1) **Changes/Additions to the Agenda**-No changes to the agenda.
- 2) **Annual Parking Hearing-March 18 (David Cowan) 1:05 p.m. time certain**

Cowan-We are looking at a \$360,000 shortfall this budget year, since we haven't had any activity in the visitor's pay lot which is \$200,000 and our permit sales have been down. That is quite a burden.

Straka-Do you show in here the \$188,000 of reimbursements? Cowan-Yes, that is in Column 4. We did get \$188,000 back, we had refunded the prior spring. Because we had to pay a spring bill that large, that ran our deficit over to \$200,000 from the prior year. Straka-If we would have put that \$188,000 against the \$206,000, we would have had an \$18,000 deficit? Cowan-Yes, that is good news.

Cowan-Column 8 shows an estimate of \$360,000; I think we will be back on track for permit sales. A couple of years ago we had \$835,000 in off-campus permit sales. I think \$775,000 is not unrealistic. The \$340,000 residence hall permits that is usually what we have been able to garner in the past. We even had good luck this year, we did have our residence halls recently full. We are estimating that our pay lot is going to be back in action, estimating \$220,000. We estimate our income will be \$1.685,000 which is a little increase, but we must compare it to a couple of years ago to what a normal year was. There is no permit increase built into this. The Parking and Transportation Advisory Committee recommended against any increase because of so many uncertainties. We are hoping to get some income back to demonstrate lost income over a period. Our spending also went down from \$1.5M eighteen months ago to \$1.438 and we have in place some classified positions that will be moved to other accounts. Busing will be picking up part of my salary and fringe benefits and so far, the Students Allocation Committee has signed off on that, but the Student Senate has yet to make a comment. The permits for next year are the same as this year. We will have something different and the difference is we will not have the lottery. In the coming weeks you are going to see that we are going to be opening windows. You will have a window for the universal gold people, first come, first serve. We know who they are so will know which ones can get in Cardinal permit purchasing system. The next window would be for the rest of the golds and the only significantly new thing is not only the window versus the drawing of the lottery, but we will also be able to sell semester permits up front. If you want a fall semester purple, you will be able to buy a fall semester purple for a pro-rated price. Not true with gold, we want all that up front. The hearing is on Thursday, March 18 from 12-1:30 p.m.

Straka-Odds are good that we will be able to get some lost revenue for you through the CRRSA / second round of CARES Act. The question that is still out there for us, is the Dept. of Ed has not clarified if we

will be able to do lost revenue prior to December 27, I am hopeful we will. If we look at a normal year and then look at what the impact was by not having pay lots and the loss of permits, I am very hopeful that we can seek some restitution through the CRRSSA funding for you. I am comfortable that we will be able to get lost revenue for spring semester and hopefully for fall semester as well. David let us talk offline about prorating for this purpose. The bigger picture is where we have deferred maintenance in the two big lots. Lot 1 (addressed over 4 years) and Lot 16 (will come after that). We are going to have to have long-term plans on how we breakeven in our operations, but that we have some significant surplus in our operations each year so that we can pay for some major deferred maintenance for lot improvements. I know there is a push for keeping parking rates the same, but we have pushed off major repairs in the those lots as long as we can, and we are going to have to deal with a plan that will get those upgraded.

Cowan-Lot 1 improvement (back of the old Gage building that went down) is \$1M, 471 stalls. The payback is four years, \$280,000/year. After that is all done, we will have to get money to start with Lot 16 (Performing Arts lot).

Schneider-I heard rumors that there were not going to be any actual permits to hang on the mirror next year. That this is all going to be controlled through license plates? Is that true? Cowan-Yes, we will not be using plastic permits next year. It will all be done by plate numbers, so when you go in to register you will put in as many plate numbers as you plan to use during the year and you will buy parking privileges for that plate. We will be able to enforce that because we have cameras affixed to several vehicles and we have software in place to recognize your plate number and if you are in the right lot. If you are not, they will ticket you. If there is snow on the license plate, they are telling me that is not doing to be a problem.

Smith-If someone has one permit, but they may drive multiple vehicles, and the system only allows you to put in one driver's license for the permit? Cowan-It will allow you to put in several, it will trigger a citation if two cars are on the same property on the same day/same hour/same minute. We have several students who go in together and buy a gold permit, now if they all tried to tinker with that, they are going to find themselves getting ticketed because Cardinal tracking will only allow one plate, with those privileges, for that minute/hour/day.

Baures-How long is the open window going to be and when? Cowan-The windows are usually two weeks. Universal Gold window is April 1-April 12; Gold window is April 14-April 23 and Student Gold window is April 26-May 7.

Kolars-Will you be sending a link on each of these groups to log in and apply? Cowan-Yes, we don't want to miss the opportunity to apply for this coming year, so we will be notifying them by email. Kolars-You also have a different process for the pay lot this year? Cowan-Yes, they go in and they can either use these kiosks or go on Flowbird app and pay per hour parking. It's still \$4 for the first hour and \$2 after. All the parking meters across campus have been replaced with Flowbird app. The campus has been able over the last ten months to use the Flowbird app successfully.

Rademaker-How are special permit such as the emeriti, foundation board members, the media passes, will those be required to log in and sign up ahead of time? Cowan-There are almost 400 of those that we will be giving them a code that they can use, punch in the code in the kiosk as most park in the visitors pay lot.

Baures-For those times when the people have a gold permit are displaced and are deferred to the visitors pay lot, how is that going to be handled? Cowan-I have not thought of that situation. In the past we have had privileges for gold permit holders if they could not find a place in their normal gold lot for any reason,

they could fallback go into the visitors pay lot. We would obviously have the person's plate number; we should be able to work with Cardinal to make sure those are honored there. We do not want to honor them every day, we want them to park in their normal lot and as the last resort go to the visitors pay lot. Baures-I was thinking of those times when we may be preempted because of moving day, we are asked to park elsewhere? How would that be handled? Cowan-For those large events we will not have enforcement.

Questions in Chat / Responses in italics from Adam Kruger (Campus Security Supervisor):

What's the data privacy plan for all these license plate readings? *All the data is stored in Cardinal (TickeTrak) which was vetted for security before we purchased Version 10 approximately 2 years ago. The LPR system simply scans the plate, checks the data base to make sure this particular vehicle has a permit associated to it and it is parked in the correct lot.*

On a side note, keep in mind that anyone has access to your license plate number at all times when you are in public. Your vehicle sits in parking lots, driveways, along the curb etc. Anyone can take a picture of the license plate if they want or write it down.

Access to the Cardinal system is limited to those that need access. Vehicle registration data is classified as private data. We do use MN vehicle registration data in our system. All of those that can access the system have been trained in the laws regarding the use and dissemination of that data. Not only would the University face sanction if the data is improperly used, but individuals could also face employment sanctions as well as possible criminal charges. That is explained in their training.

How long is the license plate info kept? *It is kept in the TickeTrak data base based on what permissions have been set up as far as storage of that data.*

Is any of that info stored locally or is it sent to a 3rd party vendor? *Cardinal has the data in their database.*

How many will be in the employee Gold group? Will the system handle it and not crash? *Cardinal's system is deployed at Universities that are much bigger than ours and it works great, so I do not believe that the system will crash.*

Will the system allow individual to change their license plate number if they receive a new plate? *This will be handled manually by emailing mnsu-parking@mnsu.edu. The reason for this, is it allows us to make sure that the new plate is being properly linked to the person and then to the permit. If we allow every user to edit this from the portal, they may enter the plate in wrong, put spaces in it etc which can create issues for the LPR system for enforcement purposes.*

What will departments do with their old prepaid pay lot cards that we have for parking for visitors? *Cowan-Departments should turn them in and we can give them a substitute code that they can use for their guest and visitors. That is up to you David if you want to issue refunds for what inventory they have left. Then moving forward, departments can contact me to set up parking codes when they need them. They will be charged at the \$8 for a full day \$5 for a half day. I am able to manage all this data through the Flowbird Weboffice.*

Cowan-The hearing will be on Thursday, March 18 from 12-1:30 p.m.

3) CARES Act/CRRSA Funding Updates – Student Aid Plans

Straka-We put forward three different plans and worked with Student Government leadership.

For those students who are eligible for and received the spring Pell disbursement this current semester, we would be looking at giving \$1,000 in aid to those students. The next category is Pell eligible EFC means they filled out a FAFSA, the estimated family contribution was between 0-\$5,711, but maybe didn't

receive a Pell and a lot of that would be graduate students who are not generally Pell eligible, but we are showing the have an estimated family contribution of life an undergraduate student who would be eligible for Pell, then we would give those students \$800 and then we are looking at non-Pell eligible estimated family contribution between \$5,712 and \$12,000, this would include graduate and undergraduate students, but still have need. Meaning that their estimated family contribution, what aid they received didn't meet the full cost of attendance, so if still some need there, we would look at sending \$625 to those students. It's about \$4M of our \$4.5M, that would leave just under \$.5M for emergency grants. We are hoping to get this plan forwarded, Andrew and Arnav, thank you for the consultation letter and recommending their support of this Option 1. We will send that to the Board and the Chancellor and staff will review the plan and I look forward to us being able to implement this plan in the next couple of weeks. There is one piece that we are trying to figure out and that is last year with CARES Act we could not allow any of that money to go against institutional charges, the CRRSA Act actually allows an opt in for students to say that I owe the university some money, go ahead and apply this to those charges. We are going to have to figure out how we do some type of an opt in because we will have to code the award types separately for those students who opt in from those students who don't so the system knows how to treat the payment. We are hoping to get this aid out by the end of the semester. We will also be coming out with more information about the final how the emergency grant process will work. We believe that what we are putting forward here, does match the intent of the Legislative language in the Department of Ed to say, try to put the aid to the neediest students. I will tell you that leaving 10% of the money in emergency grants does allow us for students to document that they have need that is based on something other than their last two tax returns. Still waiting final determination, but at this time it does not appear doca eligible students and international students will be eligible for these funds.

For the \$10M of institutional aid, which includes lot revenues and other expenses that are pandemic related, we've identified about \$3.3M that we spent this fall to get ready. I have a call out to the Vice Presidents to bring back to Cabinet by the end of this week, what our estimated lost revenue was. Things like parking funds that have been down, where theatre tickets were affected, where athletics ticket sales were affected. Division I hockey sales alone is almost \$1M of lost revenue this year between ticket sales and sponsorships. We will be looking at room and board, and other places that we have lost revenue on campus. Once we have an idea of how much money will be left, we will be proactive saying what other ways can we look at using that money to support students either through additional aid or through supporting student services. The tracking of this money is going to be a monumental task. We will get it done, but we will have to monitor all of this at the transaction level. If we are asking for reimbursement or moving areas of payment in your area, we will be reaching out to you for the individual purchase orders and individual payment transactions because we will have to move all of the expenses transaction by transaction into a federal funds cost center or we will have to make a giant transfer, but next year we will have to provide our auditors with a transaction by transaction lead sheet that shows how much money we've charged against this grant. Its great money, it is a wonderful help for us, and our students, but this will be a little bit of a task to make sure that we can handle this. The original intent of the language seems to be that it was a supplement to the CARES Act, and it talks about pandemic expenses, but the original Trump administration Department of Ed did say they had a reading that we could only use expenses or lost revenue after the bill was signed December 27, 2020. We have been waiting now for 2½ months for clarification on that issue and we don't have it yet. I'm hopeful the Secretary of Education now being confirmed that we will get some guidance soon. That is a lot of money that we are waiting to get the final guidance on what we can do. Most of the stuff we are doing in expenses and lost revenue happened prior to December 27. We spent most of our money last fall and we lost a lot of revenue last fall.

Marg-How are we going to document things like having to have additional lab sections because lab capacity was reduced? Straka-We will be able to pull some data that said how many sections we had to get 400 students through this lab, and we were able to do it in 20 sections, but this year we had to do it in 40 sections. It's going to be down to that level of documentation. Marg-Have the chairs been told that yet? There is a Chairs Workshop next Tuesday and it might be something that could be mentioned there.

Martensen-We did send an email to the Deans saying please start collecting that info with your chairs, so far, we have heard very little.

4) **American Rescue Plan Act/HEERF 3 Estimated Amounts**

<https://www.acenet.edu/Documents/ARP-HEERF3-Nonprofit-Institutions.pdf>

Straka-Our share at Mankato is \$25,760,000, we will have an additional \$12,880,000 in student aid to distribute and we will have an additional \$12,880,000 in pandemic related spending in front of us. There are very few written guidelines out there yet about exactly what this money will mean. Possible technology to ready us and keep our campus safe as we move forward and things that we have done or may do to continue the zoom and FlexSync technology that we may look at. Would we expand that into smaller classrooms, into meeting zoom rooms, so that's where we have meetings? Will there be allowance for capital improvements for HVAC systems where we might need to increase air flow? I don't think we have an issue with that our campus has been very safe this year. We will look at all the things that are allowed under those guidelines and hopefully will get guidance on the second round of money and figure out what exactly we can do with that and then we can prep for what do we do with this third round of money. We will have a year from the time that we are granted that award to spend it, just like we will have a year from late January when we got awards for the CRRSA money to spend that money. That is a preliminary amount, but they were right on with the CRRSA money with what their expectations were.

Let's work together on how we would handle soft money areas which postpone grants or other revenues coming in, that should be a lost revenue issue and what we can do to move staff over to federal funds related to that. What we don't have right now is great guidance on what they want for auditing and what they are going to expect for a level of detail. When I had to do the annual HEERF reporting for the CARES Act money that we spent in 2020, there were some surprises in the level of detail that they wanted in those reports and thank you to Jerry Oman, Jan Marble and Twyla Tinney, to the residential life staff, everyone who helped gather the amount of information we had to provide and the amount of detail. They wanted every type of expense we had, and we had to break it out by undergraduate versus graduate student, part-time versus full-time, Pell eligible versus non-Pell eligible. I just got an email this morning from the Department of Ed that our report we put in February didn't have any data qualities edits so they accepted our report.

Straka-Matt as you are looking and working with your new institution there is hopes there that we can be a little more forward looking and strategic with some of the Round 3 money? Cecil, we will see when we get the guidance, but apparently there is the ability with this third round to be more strategic, particularly equipping your campus for whatever the next crisis could be or changes that you've made during this pandemic. Straka-I appreciate you bringing in that perspective you got from someone else, as there has been so little talk or guidance about the third round, its good to look at it through a different lens.

The CRRSA aid will get out, we don't have any guidance on the American Recovery Plan student aid and what time period that is expected to cover. Yes, we will get the \$4.5M of CRRSA Act aid. Our plan is to get that processed before the end of this semester. Trenne-If we can't get the money out before the end of this semester, this summer, next fall for the American Rescue Plan? Straka-It was just signed and there is absolutely no guidance. I really don't have any information for you about the expectation of the American Rescue Plan and whether that is meant for current semester students or moving forward.

5) **Budget Reduction Plan Presented at Meet and Confer**

Cecil-As we did this work, we were trying to avoid disruptions to personnel as much as possible and we sought as many creative solutions as we could through digging through the budgets, working through various scenarios. What we came up with makes good sense for the campus, avoid retrenchment completely, there is the possibility of a layoff or two among classified staff, although based on what we are seeing from BESIs so far, I think we may be able to minimize those disruptions as well. Basically, put it into three categories.

Departures/Canceled Searches/Administration/Misc.	
Planned Departures CAH, Library	\$160,000
Replaced Nursing Line Salvage	26,000
Canceled Searches CSET, COE, COB	377,000
Administration Additional Cut	150,000
Duty Days/One Grad Assistant	<u>50,000</u>
Total in Category	\$763,000

(Planned departures, salvage when you replace a position and the salary goes down, there are salaries dollars that should get reclaimed; some canceled search (some real pain in here), the reality of this is we felt it was more prudent and appropriate to cancel some searches rather than consider retrenchment in this plan. In most cases we have been able to backfill with fixed term positions in those. One-year positions that will allow us to get our footing while we figure out what is next in those areas; the additional cut to administration, we cut \$358,000 out of administration during this current fiscal year, there is an additional \$150,000 cut in the plan for a total of \$508,000.)

Funding Source Change	
AHN Faculty in Nursing (differential funded, return of base)	\$131,000
AHN Fixed-Term (differential funded, return of base)	86,000
COE Ed Leadership Salaries (metro funded, return of base)	327,500
SBS Adjuncts (online differential funded, return of base)	117,000
Academic Affairs Summer Giveback	<u>100,000</u>
Total in Category	\$761,500

(We also found some situations where we have positions that could be moved to different funding sources, we are trying to cut base dollars here, which are those tuition and state allocation dollars. If we can move things off of base and reclaim base, that can be a cut. That is what we did in several areas AHN, COE, SBS we found some positions that made sense to be funded off various kinds of differential, mostly these are graduate tuition differentials to fund those positions. Normally we net about \$3.7M from summer for Academic Affairs, that would go down to \$3.6M next year. Why \$100,000? Because that is one retrenchment.)

Reorganization (College of Arts, Humanities & Social Sciences)	
Classified reduction (BESIs, attrition, possibly layoffs)	\$260,000
Vacant Development Officer	112,500
Duty Days	14,776
Misc.	10,000
Year 2 Savings (Additional reorganization)	<u>275,000</u>
Total in Category	\$672,276

(We would not consider this if it did not make good sense for our programs to collaborate more, there is a lot of opportunity here between these two colleges to put together various types of innovations that will serve our students better, will elevate the general education on our campus and will be more efficient as well. Remember colleges are management structures, they are not identities. Your identity is your department. We are looking at a way to reorganize so we gave it a name in our planning, College of Arts, Humanities & Social Sciences, but we do not know what it will be called. This includes some immediate reductions. The classified budget for those two colleges is \$1.2M currently, those are the support people for departments. We have many very small departments in those two colleges with three, four, even six faculty members and in some cases those departments are co-located with other departments with six or seven faculty members and their own administrative assistant. We want to look closely of ways that we could reduce the classified budgets there by \$260,000. These are salary plus benefits. The current vacant ASF development officer position in the division of Advancement is \$112,500. We have five colleges; we should have five development officers. I will say that given the importance of private funding and the future of every institution; this is one we will want to restore as quickly as we possibly can. More development officers out doing their work, means more private dollars coming into our institution. I put that right up at the top of the list of things I would like to restore if we get, for example, more BESIs than we expect. There are some duty days that we are able to find for non-chair duties, some misc. dollars and then we are asking for additional reorganization savings next year. This is work that we have asked the faculty and staff and students in the college to do to find an additional \$275,000 for a total of \$672,276. People have said, how in the world could you find that much in just those two colleges? Those two colleges have a combined budget of \$22M. We are talking about less

than 1% of the budget. Having been a Dean of one of those colleges, there is that much churn every year, with people departing and different kinds of attrition possibilities there, that money will be something that they are able to find. We hope that part of that is that they find additional efficiencies and ways to work together. We've generally found that while there is a lot of concern, with the idea of combining colleges, there is also some excitement among faculty who can see the possibilities for collaboration there. We will work through all our shared governance processes throughout this, involve the Planning SubMeet in this conversation and work with the FA leadership as well as we move forward. This is the right thing to do and it is not a new idea, it's been an idea that has been out there on our campus for many years. We think this is a good time to do it and if we can save almost \$700,000 which is about seven faculty positions. That total of those categories before BESIs comes to \$2.2M. We already completed some cuts for this biennium, \$2.8M. (27 faculty lines have been reduced as we have not hired behind someone who left. There are other faculty lines where we have added in strategic areas. It's not a net minus 27; it's probably a net minus 21. It's a pretty significant cut anyway you look at it. There is real pain behind these cuts. We are not retrenching, but this isn't an accounting trick. It is real money that we are cutting out of budgets that is going to make a difference going forward and we are going to have to do a lot of work behind this to make sure that things are taken care of and that people have what they need to be successful.)

Total before BESIs	\$2,196,776
Completed cuts for this biennium	\$2,800,000
Total of FY21, FY22, FY23 cuts	\$4,996,776

This is the plan. We are not being super specific yet because we are still working with these departments on canceled searches. We just started figuring out the reorganization, we've only met with the Deans, we are meeting with the leadership of both colleges this week and next week to start a process there. We want to involve as many people as we can in those conversations. It is a big shift and a big change, but we think it is the right change for a lot of reasons.

Baures-I know that these estimates are tentative, they are estimates. When do you think you might have a little bit firmer picture of when the budget reduction plan will firm up? Cecil-There is a lot up in the air. Certainly, all the work that the Legislature is doing right now has to be accounted for, we need to know where tuition lands, there is a lot still out there, plus we are waiting on BESIs. We may still do an additional targeted BESI. There is a lot that still needs to come down, a lot of conversations that have to happen. What I can tell you is we will get those savings; this is not an option we have to hit this \$5M number. We must hit that \$3M by July 1 and we certainly want to hit that \$5M going forward. Tomorrow we get a new President, and the Board of Trustees has told us that we must start off that President with a balanced budget. That is behind a lot of this work. There is still a lot up in the air, these are the general categories where we would look. We will not be going to retrenchment at this time. Martensen-Keep in mind there is never a static moment in time. Even for replaced positions we really do not know until the replacement comes in, and what they negotiate. Cecil-Things move all the time with budgets and that is again while I am not particularly concerned about that number for the reorganization given the size of the budget of those two combined colleges, I think they will be able to find that third of a percent over the next year.

Straka-Why is it that we do not have anything static? Here is the system that we live under, our Legislature meets every other year to set our operating budgets and the biennial budget. They are meeting right now, and they are scheduled constitutionally to finish the middle of May for our budget that starts July 1. They will set appropriation at that point in time, they may have bills that will limit and set what we can do with tuition at that time, or our Board of Trustees will likely meet in May to talk about tuition, but the way this session is laying out it could go longer, let us say we set tuition in June for our budget year that begins July 1. Historically we settle our bargaining agreements somewhere between 4 to 10 to 14 months after the biennium begins. Then there are two budget forecasts a year, November, and February. Now we settle contracts next September, then we are already waiting for what is the next November. There is rarely a time-period of three to four months where there isn't something that could affect the budget. The difficult part we have if we must get to that point where we look at retrenchment, or we look at layoffs, and ASF permanent people, we are looking a year to two years out is when we must make decisions. Look how many things happen in our budget process in our state and the world we live in that happen between those times. At some point we have to say this is our best guess, our best projection of where we think it is going to be and that is what lead to \$3M for this current biennium and \$2M for next biennium. I cannot tell you exactly whether we are going to have higher compensation costs and higher tuition and appropriation, or whether those all will be lower. It will be a balance of what is our inflation, what can we do politically with tuition and what will happen with state appropriation.

6) **Online Differential Tuition – Proposal to Roll into Base Tuition**

As we have gone through the pandemic to remote, we have historically a \$36.25 online tuition differential charge for those courses that previous to the pandemic were offered online. Now we moved to everything online, so what we did is we did not upcharge every single class with that \$36.25, we went with historically what courses had been taught online, had been charged that online differential and we moved forward with it. This is an issue, not only locally. I appreciate Andrew bringing us your concerns. Since you took office this has been one of your top priorities. It has also been a priority and issue in the Senate. We do have Senators who have raised concerns. Last year the System had to put in specific reporting into how we are using online differential. Metro and Moorhead may be a little bit out front, but I can tell you all of the universities were talking a little bit about what should we do. We think the online differentials is a really hard thing to explain when freshmen get here, and they think they see the banded tuition and then they sign up for an online course and they get a bill that is \$115 more. We decided to look at what would it cost if we were to consider rolling our online tuition differential? Right now, it is about \$2.9M a year we generate through the tuition differential. About \$400,000 of that or \$4.50 of the \$36.25 is just a charge or assessment to the System for Minnesota Online and it pays for a number of things that benefit all the students regardless of whether they are online or not. It pays for D2L and some other services, the instructional learning system that most students use. We looked at the banded rate of \$3,807.80, if I looked at 3% or 2.9%; it is about \$114; $\$36.25 \times 3 = \108 . Students who take 3 online credits would pay about \$5 more; students taking 4 or more online credits would pay less tuition than they pay now. Andrew has asked us, and Matt and I have said we will look at that \$2.9M that we are generating in online differential and see if we can knock that down a little bit and see if we can get a value so that even every student who took a 3 credit course would actually pay a little bit less in tuition under our new proposal if we were to roll that \$36.25 into our base tuition rate. Then working with the students, I will come back with a more detailed proposal after we do a more in-depth look at the \$2.9M that we raise right now, estimate what our charges will be going forward with the System. I wanted to run that concept by you. In comparison when Metro is doing this, it is an 11% increase in their base tuition because they have a much higher online differential and more of their courses were charged that differential. Moorhead is looking at an 8.6% increase to their base banded rate. Again, because they have a higher online tuition differential than we do, and they may have more courses. We are looking at about a 3% increase to our tuition or a little less, 2.5% to 2.9% we would roll into our base and then we would eliminate the online tuition differential. It would be more transparent, I think it would be easier to our students, there would not be the surprise charges and there would not be an expectation of the student who did not choose to take the course online, but that was how it was offered being charged an additional \$108 for the privilege of taking it online. That is something we are looking at moving forward. We think it also brings some parity that all students would pay the same rates regardless of the way the course is offered, and we think that is really in line with some of the concerns that the Legislatures had. What we are asking the students to consider, and might we consider that let us go in and before our 3% tuition increase that we would have, we would roll this in. Again, any students who have been charged for online differential in the past, this would have no affect or slightly decrease their cost.

Trenne-I am glad to have this and am supportive. People do not realize it's a per credit fee and the students have no choice on our classes; whatever will be more affordable for our students, I'm onboard with and I appreciate the quick movement on this issue.

Straka-Any other questions or comments about moving forward with this proposal to take to the Board this spring? Likely we will be joined by Moorhead and Metro State. I think there may be some discussion at other state universities as well about doing this. I think the two-year schools are likely a year behind us in this discussion.

Retherford-Does that mean that the online differential dollars that are distributed back to the colleges that source of funding will go away? Straka-What we will look at doing is rolling a portion of that or most of

that back into the base budget and you would get a base budget moving forward. Retherford-We support a lot of our online courses from the previous years' revenue. Cecil-One of the nice things is they will be non-restricted dollars, you would have a lot more flexibility about how you would use those dollars. Straka-We would look at how they have been used and allocate back out to people those dollars would then become part of the base budget moving forward.

Engeswick-As chair of a department, I say it is a nightmare for coding all the courses with the different codes and coding errors net major student anger, so I highly support this to get rid of the bad well that the unintentional clicks created this year. It was like a sudoku game trying to figure out which was the right code, so admins really should get our kudos for how hard they worked and then worked with the Registrar's Office because it was a nightmare. Straka-Agreed, without great guidance and ever-changing guidance of how to do that. I appreciate the comments about, yes, it will make it more efficient in course set up and tuition table setups, it will be more transparent to students about what the cost will be. I want to make sure we are talking about these courses as part of the general fund budget. We are not talking right now about the four stand alone online programs that are targeted specifically, they have differential rates for their tuition, not a \$36.25, but a separate differential rate. I want to differentiate between those courses that our current on-campus students take versus the four programs that we have set aside and said you need to be self-supporting that your tuition will cover your cost. As we move forward it is likely that flex sync is part of our future and I think it has great opportunities for us. That we may see the majority of students in the classroom, but if we can give this flex ability to offer and meet students where they are and have this kind of a mixed class moving forward, I do think there is some real opportunities for us to separate ourselves from other institutions and to serve our students the best we can. The more we can simplify this process and the costing and coding of it, it becomes more efficient.

7) **Call for FY22 Institutional Equipment Review**

Smith-University's annual general fund budget has a line item of \$1M that is set aside for a spending category, Institutional Equipment. This is defined as a tangible item worth a unit price of \$5,000 and an estimated useful life of at least three years. It is often used for classroom furniture, technology, equipment upgrades. Each year each division of the university will submit a request to be allocated this money. We get requests that might total \$2-\$3M a year and we only have \$1M available to spend. Each year we ask a subgroup of this committee to get together and review all those requests and make a recommendation to this group and Cabinet on how to spend \$1M. Due to the university's ongoing structural budget deficit and the general unknowns in our budget that Rick mentioned that Cabinet may still choose not to fund the requests for FY22, or they may put in a request to partially fund requests or they could make a recommendation to fund all up to \$1M. That is unknown at this time.

We still find value in going through the process of doing the review of the requests and making the recommendations so that we have that available when the time comes for Cabinet to decide on that. We are looking for volunteers to serve on that committee. If you are interested in serving as a volunteer, you can send me an email and cc Vickie Hanson that you are interested in serving on that group.

Straka-The Cabinet is interested, we know it is difficult and we have gone without the institutional equipment for a year and we know that freezing it for more than a year or two, creates some real deferred equipment issues out in the departments. Our goal is we are hopeful that we put forward a budget proposal that restores that \$1M institutional equipment line item for FY22, 23 and beyond. Clearly, we have to be prepared to react if something happens, but we are very hopeful that we have proposed a budget right now that would include that. We do think it is important to gather the information and understand what the equipment needs are out in the university. It is important for us to go through this process. As of right now we are very hopeful with the budget plan that we have laid, that the \$1M would be there to make allocations for institutional equipment next year.

Smith-One thing that is unique in this cycle of reviewing these requests, is that with the CRRSA money and the Recovery money, certain items we may be buying might be related to the pandemic. Either we

have already bought them or are considering buying them. We must be mindful of those items that might be eligible for CRRSA or Recovery Fund money versus using the institutional equipment budget. We are going to have to keep one eye on what might qualify in those other categories too.

8) February Forecast/Legislative Updates

<https://mn.gov/mmb-stat/000/az/forecast/2021/budget-and-economic-forecast/february-forecast-2021-presentation.pdf>

Straka-\$1.6B is the balance projected for FY22-23 in the February forecast. Here is the difference between a deficit balance and forecast. With a deficit forecast, you must raise the money to get back to zero. The whole amount of the deficit, they must solve. If it is a projected surplus, what is included in that is the budget reserve of \$491M here carried forward from the previous budget. They are saying we are going to carryforward the \$940M, we have \$491M that they are required to use, so structurally revenue minus spending for the next biennium only \$260M of that is structurally available. A lot of it is the amount that the state has in saving accounts, they might have some one-time money, but the structural ongoing revenue and spending is \$260M.

Long-term budget outlook; forecast revenues of \$50.9B, projected spending \$50.6B, \$260M. Here is the political issue we run into, the public perception right now is the state is in a wash of money and they have all kinds of money to spend. That is going to put pressure on any revenue increases. The Governor in his spending plan had some significant revenue increases. The Senate has said, not, those are no goes. The Governor had recommended some significant increase in spending including to MinnState, it looked at a 2.5% increase in appropriation each of the two years and in a biennial mode it got us 2.5% and an additional 2.5% in the second year, but in order to get to the Governor's budget, there is revenue increases that he is asking for that the Republican Senate has said that isn't going to happen. The other thing that happens, public perception as well as student perception about tuition affordability. If there is a big figure out there that says there is \$1.6B surplus, it is going to be very difficult to say that we want significant tuition increases. What we are hearing right now is we can expect some language, especially from the Senate, that will deal with tuition. Do not know whether that will say frozen tuition or just put a cap on tuition, but we are expecting some language. On the other hand, we have compensation that we are starting to hear the 10-year bond markets heating up, inflation starting to heat up, we have got a big meeting this week to talk about are we going to start to look at allowable inflation and are we going to start to get away from a zero-interest rate model to help with the economy, but actually try to raise interest rates? I think there is labor market expectations that are going to put pressure on our compensation. It is going to be a difficult session in my mind. Just like in the national political scene right now, our state political scene is volatile. We have two sides that do not agree as much. Former Governor, Arnie Carlson once said, it used to be that the two parties in Minnesota agreed where they needed to get, they just did not know which path they were going to take to get there. I am not so sure our two parties are exactly agreeing on where Minnesota should be. It is a difficult time period for us politically. The next couple of weeks, lot of bills will come out that will maybe be political shots across the bow, and they are just there to state a political position but what is really going to happen is when we get to April and committees meet and they start setting spending targets and revenue targets. Then in April we will start to have a better idea where we are going, and it will be in May when we get to Conference Committee. I really do not see this House and this Senate in Minnesota offering very similar omnibus bills. Conference Committee with the Governor's staff will be an interesting year.

Yes, it is good news, and it is much better than a \$1.3B deficit. But it is not \$1.6B of money that the Legislature has to spend, there is very little in the FY22-23 budget right now given this forecast. There is not a lot of wiggle room for them to either cut taxes or to increase spending.

9) **Dashboard Discussion**

Straka-Matt you have had a lot of listening sessions about the dashboard. You and Brian have done a good job of talking about 1.0, 1.1 and maybe looking in the future at 2.0, more data release. I wish we would have more time to discuss that today.

Baures-I know there will be future dashboards reiterations coming out and was wondering if you had a tentative timeline for doing so? Martensen-We have internally Version 1.1 and then longer away would be 2.0 or even 3.0. The idea is to bring out 1.1 in April and that version will have some changes from the feedback we have heard, some additional information that people seem to want and some substantial changes in how we do some calculations based on some of that feedback as well as some changes we have been wanting to make but didn't have time. We have more substantial changes going forward that would be Version 2.0. We are thinking that would be released sometime in the next year. The big debate we are having now is we will talk with Planning SubMeet and figure out the degree they want some of these tools folded into the Strategic Budgeting Process and whether the tools in their current form work for that process or whether they would need additional changes, that would be Version 2.0. In our dream world, Version 3.0 would be something more of a calculator, a scenario planning tool where you might say, if I had these changes, if I made these staffing changes, what might be the effects on my financials or other aspects? That would be a long-term project. This semester yet you will get the next version of this which will have some changes and some context. The ability to look how you compare to what is the average for this category at the university level, how might I compare to other programs, etc.

Baures-Would you also include, on the academic strategic budget page you do have an explanation of the dashboard. As you make changes going forward to the dashboard, will that explanation also be revised?

Martensen-Yes, obviously we are listening for where we thought our explanations were clear, but some people might not have thought they were perfect, so we have been trying to listen to where we see points of confusion and try to clarify explanations there as well trying to keep them as simple as possible.

Baures-I know you mentioned the fact that you were talking about or discussing how you are calculating some of the data points. Will there be an explanation for how those data points are calculated in the future? Martensen-As we make changes, we want this very much like a software product, the website we expect to have a change log that documents what has changed, and we were hoping to put some upcoming plan changes. Yes, if we are changing how something is computed, the idea would be to explain what is being computed as best as possible.

Straka-The things that we will be talking about at Joint Budget Planning & Assessment and Strategic Budget Planning and the Dashboard is where do we go with the financial viability. Both the indicators that are within the current Strategic Budget Planning that are laid out there. The financial viability they are looking at whether that is at a program level, which we do not capture well in the accounting system right now. We capture things at the department level. As we move forward those are good areas for us to discuss is how do we get at all of us a way to look at financial viability that we can all understand and agree on.

10) **Rumors/Other Agenda Items**

The meeting was adjourned.