



## **Budget Open Forum**

**February 12, 2015**

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# Key Financial Pressures on the University Budget

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

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

NOTE: \$4M is 2.7% of \$150M Gen Fund Budget



# FY15 Deficit is Base

- ◆ **This deficit is prior to any FY16 impacts**
  - Further enrollment Decline?
  - Legislative Impacts (Tuition Freeze?)
  - Change in MnSCU Allocation Percent Share?
  - Inflation Projections?



# Budget Planning Variables

- ♦ **Academic Year Tuition is Approx. \$90M**
  - 1% Tuition Rate Increase = \$900,000
  - 100 FYE Change = \$710,000
- ♦ **Appropriation is Approx. \$48M**
  - 1% Change is Approx. \$500,000
- ♦ **Compensation Budget is Approx. \$110M**
  - 1% Change is Approx. \$1.1M



# May 2014 Planning Scenarios Related to FY15 Base Budget

| May 2014<br>Planning<br>Scenarios |  |  | Scenario 1<br>Level<br>Enrollments | Scenario 2<br>3% Enrollment<br>Decline | Scenario 3<br>2 %<br>Enrollment<br>Increase |
|-----------------------------------|--|--|------------------------------------|----------------------------------------|---------------------------------------------|
|                                   |  |  |                                    |                                        |                                             |
| Change in Base From FY13 to FY15  |  |  | (\$1,016,985)                      | (\$3,716,985)                          | \$783,015                                   |

Note: Only Variable Change in Scenarios is Enrollment/Tuition Revenues.



MINNESOTA STATE UNIVERSITY MANKATO

# Newer UG Cohorts Declining

|          | Fall 2010 | Fall 2011 | Fall 2012 | Fall 2013 | Fall 2014 |
|----------|-----------|-----------|-----------|-----------|-----------|
| NEF      | 2,359     | 2,467     | 2,264     | 2,380     | 2,253     |
| Transfer | 1,130     | 1,149     | 1,076     | 1,028     | 1,040     |
| Total    | 3,489     | 3,616     | 3,340     | 3,408     | 3,293     |
| Change   |           | 127       | (276)     | 68        | (115)     |



# Enrollment Trends

|           | FY12   | FY13   | FY14   | FY15   | Change<br>From<br>FY13 |
|-----------|--------|--------|--------|--------|------------------------|
| UG FYE    | 11,973 | 11,809 | 11,681 | 11,442 | (367)                  |
| GR FYE    | 1,309  | 1,261  | 1,295  | 1,346  | 85                     |
| ACAD YR   | 13,282 | 13,070 | 12,976 | 12,788 | (282)                  |
| SUMMER    | 1,161  | 1,124  | 1,204  | 1,122  | (2)                    |
| Total FYE | 14,443 | 14,194 | 14,180 | 13,910 | (284)                  |

# Tuition Revenue Impact

|                       |                      |
|-----------------------|----------------------|
| FYE LOSS from FY13    | -282                 |
|                       |                      |
| X Ave Tuition per FYE | 7,100                |
|                       |                      |
| Base Tuition Loss     | <u>(\$2,002,200)</u> |



# MnSCU Enrollment Trends

| MnSCU State University Student Enrollment Trends (FY2012 - FY2015) |               |               |               |                            |                              |                   |
|--------------------------------------------------------------------|---------------|---------------|---------------|----------------------------|------------------------------|-------------------|
| Data as of 1.14.2015                                               |               |               |               |                            |                              |                   |
| Institution                                                        | FY2012<br>FYE | FY2013<br>FYE | FY2014<br>FYE | Projected<br>FY2015<br>FYE | Change from FY2012 to FY2015 |                   |
|                                                                    |               |               |               |                            | Total Change<br>Amt          | Total Change<br>% |
| Bemidji State University                                           | 4,634         | 4,347         | 4,296         | 4,265                      | (369)                        | -8.0%             |
| Metropolitan State University                                      | 6,086         | 6,266         | 6,192         | 6,068                      | (18)                         | -0.3%             |
| Minnesota State University Moorhead                                | 6,574         | 6,167         | 5,987         | 5,677                      | (897)                        | -13.6%            |
| <b>Minnesota State University, Mankato</b>                         | <b>14,443</b> | <b>14,194</b> | <b>14,180</b> | <b>13,910</b>              | <b>(533)</b>                 | <b>-3.7%</b>      |
| Southwest Minnesota State University                               | 3,681         | 3,769         | 3,679         | 3,602                      | (79)                         | -2.1%             |
| St. Cloud State University                                         | 13,938        | 13,053        | 12,381        | 11,829                     | (2,109)                      | -15.1%            |
| Winona State University                                            | 8,544         | 8,459         | 8,267         | 8,255                      | (289)                        | -3.4%             |
| <b>Total</b>                                                       | <b>57,900</b> | <b>56,255</b> | <b>54,982</b> | <b>53,606</b>              | <b>(4,294)</b>               | <b>-7.8%</b>      |



# Allocation Percent Share Loss

- ♦ Minnesota State University, Mankato percent share of the MnSCU Allocation Model is declining
- ♦ Loss of Percent Share From FY14 to FY15

(\$700,000)



# **Evolving Changes in Inflation Scenario Planning**

- ◆ **Inflation Plan for FY14-15 at Spring 2013**
  - Annual Inflation of 2.65% for FY14 and FY15 at BOT
- ◆ **Inflation Plan for FY14-15 in Spring 2014**
  - Annual Inflation at 3.25%, Health at 6.5%
- ◆ **Final Inflation Figures**
  - Exceeded 3.25%
- ◆ **Inflation in June/July of 2013 Effective for July 2011 - June 2013 exceeded planning by \$500,000**



# Bridge/Short Term Budget Options

- ♦ Hiring freeze (Essential only replacements)
- ♦ Equipment freeze
- ♦ Travel Restrictions (excluding contract professional travel)
- ♦ Non-emergency supplies freeze or supply budget unallotment
- ♦ Moratorium on department/division funded facility renovations
- ♦ Additional reviews of any purchases > TBD dollar level
- ♦ Other Options?



# Base Budget Balancing Options

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



# Base Budget Options cont'd

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



# **FY15-16 Budget Timeline**

- ♦ **Budget Plans from Divisions – March 2015**
- ♦ **Draft Cabinet Budget Decisions – April 2015**
- ♦ **Consultation on Budget Plans – April/May 2015**
- ♦ **Final Budget Decisions – May 2015**





# Discussion



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