

Budget Advisory Group  
Minutes  
November 17, 2009, 12:45 p.m. – 1:45 p.m.  
Atwood Memorial Center, Cascade Room

Attendees: Corie Beckermann, Diana Burlison, Jo Flanders, Todd DeVriese, Linda Donnay, Dan Gregory, Frank Harrold, Miles Heckendorn, Mark Jaede, Sarah Larson, Karen Lindgren, Steve Ludwig, Devinder Malhotra, Lu Meemkin, Amos Olagunju, Wanda Overland, Dan Pedersen, Mahmoud Saffari, Leslie Valdes, and Margaret Vos

I. Preliminary MnSCU Budget Criteria for FY 11

It was reviewed that in October, the Minnesota Management & Budget (MMB) announced there was a state budget shortfall in the first quarter. Following that announcement the Minnesota State Colleges and Universities Chief Financial Officers (CFFO's) were advised to plan FY 11 budgets anticipating Governor Pawlenty will increase the previous unallotments by 50%. This amount would represent the largest unallotment Governor Pawlenty could take without threatening the loss of federal stimulus American Recovery and Reinvestment Act (ARRA) funds that were used to provide 2% tuition buy down for students and \$2.8 million to St. Cloud State University's (SCSU's) FY 10 operating budget. There is a lawsuit in effect regarding the unallotment which is causing additional uncertainty until that is resolved.

The FY 11 budget announced at the fall convocation included a \$5.2 million unallotment by Governor Pawlenty. That unallotment would have resulted in a projected \$3.8 million deficit if no other action would be taken. The projected additional 50% unallotment would increase SCSU's deficit by \$2.6-3 million resulting in a projected \$6-7 million deficit. This same information is being shared with bargaining units.

It was shared that the MMB will announce another budget forecast in late November. It is expected the status of SCSU's budget, based on the forecast, will be disseminated at spring convocation and/or Town Hall meetings in January, 2010. Due to the \$2.8 million received from the ARRA, the FY 10 budget is close to balanced, so the focus will now be on FY 11.

An attendee questioned if it is the intention to follow the budgeting process that was developed last year. Steve Ludwig conveyed that he recommends it.

It was announced that with the exception of one single element, the 2% carry forward issues have come to conclusions. When that issue is resolved, the carry forwards will be made. The decision was made to honor the 2% carry forward guideline despite extreme times. Other requests were also carefully considered. Per the established policy, areas that overspent will not receive the 2% carry forward.

II. Reserve Requirements/Goals

The Minnesota State Colleges and Universities Procedure 5.10.1 regarding reserve requirements was distributed. It was shared that the policy requires colleges and universities to reserve 5% -

7% in the general fund. SCSU is in the practice of maintaining a 5% reserve (approximately \$7 million currently).

An attendee noted that the policy allows the reserve percentage to be modified at the discretion of the president. It was explained that SCSU will receive fewer dollars from the state than has been received since the late 1990's. Per legislation, tuition increases are capped at 5%, which limits how revenue can be generated. The state has been pursuing short term loans in order to balance the budget. With the long term issues higher education is facing and greater state deficits than in the past, using the reserves would drain the resources without making adjustments at a broader, longer term level.

The Annual Financial Report for the years ended June 30, 2009 and 2008 along with the Financial Trends and Highlights are posted on the SCSU budget web page at: [http://www.stcloudstate.edu/adminaffairs/financial\\_reports.asp](http://www.stcloudstate.edu/adminaffairs/financial_reports.asp). The Fiscal Year 2010 expenses and revenue reports are posted at: <http://www.stcloudstate.edu/adminaffairs/budget/default.asp>. Attendees were encouraged to look at the financial statements prepared by SCSU for the auditors. It was noted that they are in draft form until they are approved by the Minnesota State Colleges and Universities Board of Trustees.

### III. Budgeting and Indirect Costs – Seminar with Larry Goldstein of Campus Strategies

It was shared that [Larry Goldstein](#), founder of Campus Strategies, LLC, will offer presentations to SCSU administrators and managers on December 3 & 4, 2009. Topics will include: Establishing and administering budgets, assigning responsibility for revenue and expenses management, an overview of the management process, and linking strategic planning to the budget. The meeting locations and times for each group will be publicized.

Upon the question being asked, it was clarified that the LEAN training on campus is primarily about improving the administrative processes outside of academic enterprises which is different than the topics Larry Goldstein will address.

It was announced the next meeting will be held December 8, 2009. The tentatively scheduled meetings on December 1, 2009, and December 15, 2009, are cancelled.

Future topics:

Program and Market Based Tuition Reporting Procedures  
Assessing Programmatic Fiscal Issues

Next Meeting:

Tuesday, December 8, 2009, 12:45 p.m. – 1:45 p.m., Atwood Memorial Center, Glacier Room