Topics

- Budget & Fiscal Sustainability
- Space Planning/Renovations
- Office Moves

**Budget**

As we have previously discussed, Minnesota has a budget deficit of over $5B. It is more when adjusted for inflation. Following is a summary of what is expected at this time.

- For next year, FY 11, our total general fund budget is projected to be $64.7M with $25.7M coming from the state allocation and the remaining from tuition. The percentage covered by the state is 40%, down from 48% in FY 2009.
- It is virtually certain that we will have a significant cut in our state appropriation coming into the 2012 biennium. We are projecting from $3.5M to $7M depending on how much of the deficit is addressed by budget cuts and how much is addressed by additional revenue.
- We can handle the lower end of the range without layoffs. However, if the cut goes to the upper end of the range, we will need to eliminate our temporary positions. Given the budget uncertainty, we have used temporary positions to serve as a buffer protecting our long-term employees from layoffs.
- Please be very cautious about spending. We are far from out of the woods yet for 2012.
- It appears that the Minnesota economy will be much slower in recovery than was first expected. We expect a continued decrease of state appropriations for at least the coming 10 years. The decrease coming into 2012 will be severe and further decreases are likely to be more gradual.
- Tuition increases cannot fully substitute for loss of appropriation without compromising access and affordability. Further, it is expected that the Trustees will continue to regulate the rate of increase.
- Following are some figures to keep in mind as we brainstorm fiscal sustainability.
  - Personnel costs (salary and fringe) are 80% of our general fund budget.
  - A 1% increase in tuition = $379,000.
  - A 1% contractual increase (salary and fringe) = $510,000

**Fiscal Sustainability**

At its simplest, fiscal sustainability is creating the set of policies and practices that will assure that our revenue (tuition, state allocation, other) is used to produce sufficient new revenue to enable continued achievement of our mission in the future decade and beyond. This will enable us to preserve this special place for future generations.

As we plan for fiscal sustainability, it helps to think of our university as a business.

- Our primary product is student learning.
- Faculty members are in direct production of the product.
- Admissions and marketing are the sales force.
- Student affairs and academic affairs provide direct support of production.
- Physical plant and administrative offices provide the infrastructure for production.
- The president and cabinet provide the direction and oversight.
- Customer service (retention) is everyone’s responsibility.
Given the probability of decreased state funding and caps on tuition increases, we need to focus on two fronts: return on investment of current revenue and the creation of new sources of revenue.

*Return on Investment of Current Revenue*

- What is a reasonable goal for the total institutional academic cost recovery ratio?
- What additional processes should be examined through Educational Lean to improve efficiency, quality, and customer service?
- What current policies or practices detract from fiscal sustainability?

*Creation of New Sources of Revenue*

In thinking of new sources of revenue, we need to think about at least a few questions. The following is a start. We welcome ideas. Please feel free to email me or to drop by during office hours.

- What can replace lost state funding without diluting our brand (faculty-student engaged learning) and straying from our mission? (See Collins, “How the Great Fall”).
- Once we fill gaping holes, what percentage of each new tuition dollar should go to production (i.e., faculty), and what percentages should go to other parts of the business?
- For new ventures, how can we create business models that support themselves, provide additional revenue to replace state infrastructure funding, and are win-win solutions for the administration and unions?

*Space Planning/Renovations and Office Moves*

The following space renovation and office move projects are funded by capital project, HEAPR, and/or one-time funds. Some projects are complete, others are underway, and others are in the planning stages.

**OW 214 (former Payroll Office)**
Payroll re-located to OW 106 Business Office; Fall 2009
Affirmative Action (Barb Seiler) re-located to CMU
Human Resources moved in May 2010

**OW 210 (former Human Resources)**
used as “swing” space
Diane Solinger, Ginny Bair, Ashley Atteberry, Iris Gill, Connie Forbord, and Jo Berg

**OW 205/206 (Academic & Student Affairs suite)**
1st phase remodeling (perimeter offices); complete August 2010
Diane Solinger, Ginny Bair, & Ashley Atteberry will move back and Admissions staff will temporarily move into OW 210 (former Human Resources)
2nd phase remodeling (reception area) will occur later

**CMU 111 (CMU storage area across the hall from Career Services by the NW building entrance)**
complete Summer 2010
Career Services student specialists

**CMU 114 (S half; formerly Career Services)**
Multicultural Affairs
Donna Brown & Jered Pigeon
Barb Seiler & Fran Zimmerman until January 2011

Jody Steile’s office will remain in the Native American Center in Holmquist
CMU 222 (former Multicultural Affairs space)
Office of Student Activities – Sandy Schob, JoDee Anderson
Leadership & Organizations – Becky Boyle Jones
Office of First Year Programs – Veronica Michael

CMU 229 (former Student Activities office)
International Student Affairs – Janet Hohenstein and Ludmi Herath
temporary location; will join Multicultural Affairs in CMU 114 when Career Services moves to Flora Frick after 3rd phase remodeling is complete (est. Fall 2011)

BR 250 (Dean of Arts & Humanities suite)
Study Abroad – Janet Haak
temporary location; will move to Flora Frick when 2nd phase remodeling is complete (est. Spring 2011)

FF 153 (former International Student Affairs)
1st phase Flora Frick remodeling; complete August 2010
Dean, University College – Denise Gorsline
Dean, Graduate Studies & Summer – Richard Adler
OAS Principal – Karla Wenger

OW 215 (current Graduate Studies office)
Veteran’s Affairs – Dave Bellefeuille
temporary location; will move to Flora Frick after 3rd phase Flora Frick remodeling is complete; Fall 2011

1st floor Library (current Graphic Arts/Photography) and Weld basement (current Instructional Media)
Darel Paulson & Jody Bendel will re-locate to Weld basement
Bob Schieffer, Mark Sanderson, & Andy Johnson will re-locate to 1st floor Library

FF 154 & 156 (current Printing Services & Publications offices)
Derek Lien, Kristi Monson, & Leslie Knudson will move to Weld basement and be co-located with Graphic Arts/Photography
Jerry Nygard is expected to move to CMU

2nd phase Flora Frick remodeling; complete Spring 2011
area remodeled for ARO, Disability Services, & Study Abroad

FF 151 (current ARO)
3rd phase Flora Frick remodeling; complete Fall 2011
area remodeled for Career Services & Veteran’s Affairs

Bookstore
Campus Post Office will be moving to the current art & supply area; designed to have 24-hour access; August 2010
full remodel expected to be complete Summer 2011

current Campus Post Office space
Dragon Stop & Café Connection will merge into this space; Spring 2011
current Café Connection area will be used for additional seating
current Dragon Stop will become the storefront for the remodeled Bookstore
**Other projects:**
Library window replacement and SW entry is substantially complete.
Campus concrete work along sidewalk spine is complete.
KH 2nd floor classroom renovations (KH 215, 216, 217, and 218) are in progress and will be completed before Fall Semester.
Lommen Hall capital project is on schedule for substantial completion by January 2011.

**Future projects:**
Negotiations continue for the purchase of the Newman Center.
Counseling Center staff will remain in BR 260 until Hendrix Health Center is able to be remodeled; co-location of staff is still the intention.

Residence halls are full! Approximately 20-40 students will be housed on 3rd floor Holmquist at the beginning of Fall Semester. Go Dragons!