Budget and Planning for 2010
President’s Briefing
9/17/08

Current Situation

- As we plan for the 2010 budget year (the next academic year), we are already dealing with a projected $3.2 M budget deficit. (This deficit has increased a bit due to decreases in enrollment forecasts.) This deficit is the result of two factors.
  - First, we had used some one-time money to address the FY09 deficit. This year we need to find the ongoing funds for that reduction.
  - Second, the combination of projected increases in fixed costs (e.g., fuel, negotiated compensation increases) exceeds the projected increases in revenue when considering a 4% tuition increase and a flat state appropriation. (Note that tuition and the state appropriation constitute the majority of our revenue.)
- The state has a significant revenue shortfall. This shortfall may have a negative impact on the potential state appropriation.
- Our enrollment was relatively stable but did not grow. This will mean a decrease in our portion of the state appropriation.
  - Enrollment in most of the other MNSCU institutions grew as a result of growth near the cities. This means that our share of the state appropriation, which is based in large part on our share of the state’s students, will decrease. Given demographic trends in our region and state, we suspect that this trend will continue.

Budget Plans

- In order to protect people and programs, we have initiated a freeze on most hires.
  - Exceptions include positions funded by student fees (e.g., residence halls, food service, some technology), Foundation fundraising positions, and positions related to enrollment management, which can increase revenue.
  - A very few (e.g., two or three) faculty positions may be searched. These exceptions will be fully explained and are intended to minimize impact of vacancies on student credit generation and degree completion.
- We are in the process of developing a 2010 budget planning webpage. It will be linked from the current Budget and Planning page and linked to other pages. On that page, we will post a Frequently Asked Questions page, a place to suggest ways to increase revenue or decrease expenses, and updates on our planning process.

Future Plans

- The demographic and budget trends over the past few years suggest a need to critically examine our university’s market niche and future directions.
- This fall semester, we will complete revisions of a statement of identity of the university.
- Later in the fall and through the spring, we will conduct a visioning process.
  - The first phase will include exploration and critical examination of various trends and contexts, for example
    - demographic and other trends of the region,
    - potential markets and competition,
    - our own enrollment, retention, and graduation trends.
  - The second phase will include a community wide discussion of what this university should look like 5 and 10 years from now.
  - The result of this process will be a vision for the university into the future that will have broad support and will lay the foundation for a strategic planning process in FY2011.
Why MSUM will Survive and Thrive and What You Can Do to Help

- As I mentioned in my opening remarks of the semester, the economy plays a significant role in the fiscal picture of public higher education. Our current challenges are similar to other institutions in Minnesota, Wisconsin, and many other states. However, we are stronger than many of those institutions.
- We will survive and thrive because we are a very strong, student-centered university. As described in the MSUM identity piece (http://web.mnstate.edu/president/msumidentity.htm), which is a work in progress, we excel in the areas that count -- faculty, students, alumni, and community. Together, we will work to better communicate the importance and value of this university to both internal and external audiences.
- Everyone has a role to play in addressing the current budget challenges and in planning for a thriving future. Please submit suggestions for ways to decrease expenditures or increase revenues (see the suggestion link under the 2010 budget at http://web.mnstate.edu/president/StrategicPlanning/StrategicPlanning.htm). In addition, we will be having a series of meetings this year relating to the university’s vision for the future. I hope that you will be able to attend and participate. If you cannot attend, please send me your suggestions and input at szymanski@mnstate.edu.
- I believe that MSUM has a very exciting and positive future ahead. I look forward to working with you to create that future.