**Context Notes**

The following paragraphs present a brief synopsis of the information guiding our planning.

1. Current budget planning figures are our best estimate at the time. We expect further refinement throughout the next few months as a result of
   - The Governor’s revised budget
   - Increased clarity on the stimulus
   - Action by the Legislature and the Board of Trustees
   - Actions related to early separation incentives

2. Any stimulus money will be one time funds and therefore cannot be used to cover ongoing expenses.

3. Tax revenues fund the appropriation portion of our budget. Because they depend on the condition of the economy during the taxable year, they tend to lag behind the economic recovery by about a year. Thus it is no surprise that the forecast for the 2012-2013 biennium is not good.

4. Given the above conditions, the following principles guide our current planning.
   - We must consider a 4-year rather than a 2-year planning cycle.
   - Considering that we could have a sizeable budget cut for the 2012-2013 biennium we must
     - Preserve reserves
     - Spend money wisely on reversing our 5-year decline and building tuition revenue. Tuition accounts for approximately ½ of our overall base budget. Currently, a 1% increase in student credit hour generation translates into approximately $.34M.
   - With the exception of revenue fund and enrollment management for growth, hiring will be very limited during the next four years. Therefore, units will need to consider reorganization in order to operate with their current staffing levels.

5. The increase in tuition revenue from the new tuition and fee structure, if approved, has been estimated on the very conservative side. Additional such revenue will be used to fund efforts to further increase enrollment.

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**Four Year Budget Plan**

**Goals of Budget Plan**

- Reduce $9.2M deficit
Preserve reserves and increase from 3% to 5% by 2011.

- Increase enrollment by at least 2% by 2010 with an additional 4% by 2012. The goal is to have a total of at least $5M between reserves (one time) and increased tuition revenue (ongoing) by 2012 in order to prevent another round of program reductions or closures.

**Elements of the Plan**
The following elements describe what has already been accomplished and what must be accomplished by July 1st in order to start the first year of the new biennium (FY 2010) with a balanced budget for the general fund. Costs for layoffs and early separation incentives will extend into the next year. However, they will be covered with one time funds.

- **Already Accomplished or In the Works**
  - Base Reductions to Date
    - Frozen positions $1.34M
    - Operating $.15
    - Fuel and Utilities $.3
    - Scholarships $.3 (moved to another source)
    - MSUM work plan initiatives $.55
    - Rents $.15
    - Alcohol Course $.18
    - Unallotment $.89
    - Miscellaneous other $.03
  - Revenue Increase from new Tuition and Fee Structure and 4% tuition increase (pending Board Approval) >$1M

- **Planned Reductions**
  - Early Separation Incentives ~$1M to $1.5M
  - Program Closures and Reductions and Other Personnel Reductions ~$2.5M to $3M
  - Voluntary Salary Reductions ~$.3 to $.5M

- **Use of One Time Stimulus Dollars**
  - Tails for early separation incentives
  - Tails for layoffs
  - Targeted efforts to increase enrollment

Total change for Fiscal Year
2010 $9.2M