



Budget Forum
FY 22 Budget
October 29, 2020

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Presentation Format

- Zoom webinar format
- All lines are muted - Chat function is disabled
- Please submit questions through the Q&A function



This session is being recorded
and will be available on the
WSU budget site

Agenda

- Opening Remarks – President Olson
- COVID-19 Budget Impact
- Enrollment
- FY21 Budget Deficit -\$2.1M
- FY22 Budget Deficit -\$3.2M to -\$8.5M
 - State of Minnesota Budget
- Budget Reduction Process

Opening Remarks



Dr. Scott R. Olson
President



COVID-19 Budget Update

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Federal CARES Act Funding

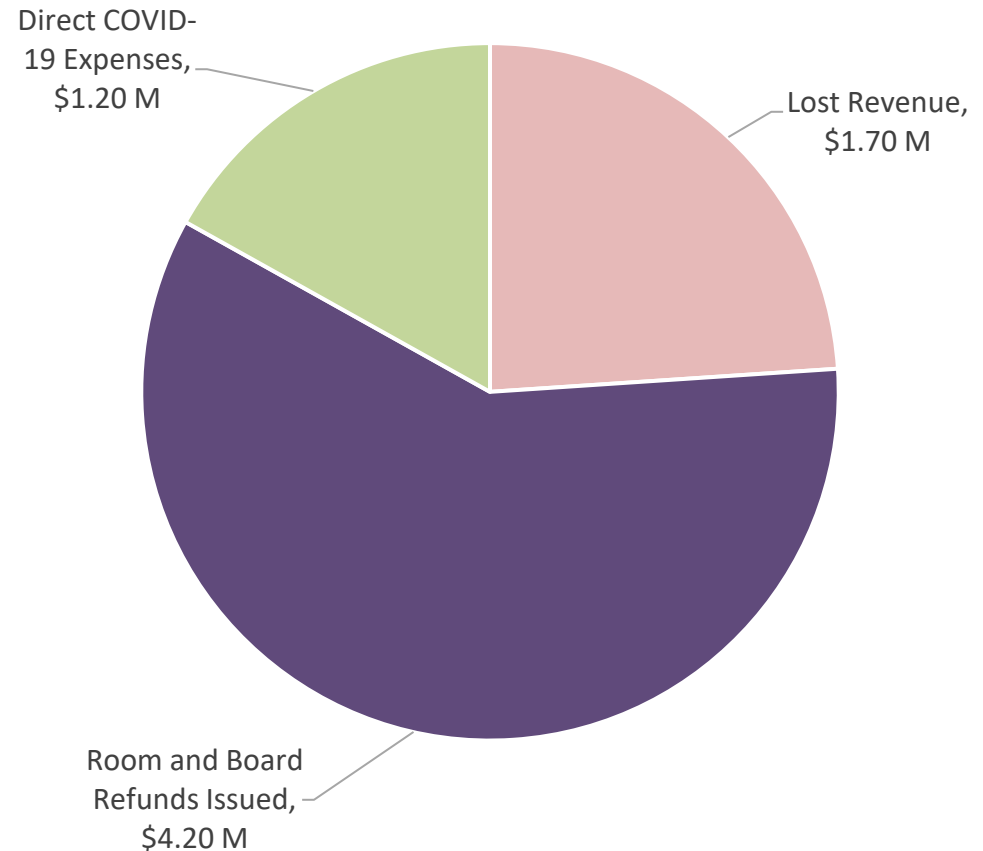
- \$5.7M allocated to WSU
 - 50% for student support (\$2.85M)
 - 50% for institutional support – COVID-19 related expenses (\$2.85M)
- Student Grants
 - Allocated to students during spring semester 2020
- Institutional Support
 - Required to be used for direct COVID-19 expenses
- Potential Future Additional Stimulus?

COVID-19 Budget Impact

\$7.1M COVID-19 Impact to Budget

All figures in millions

- **Direct COVID-19 Expenses**
 - Testing
 - Staffing (Health Service, Facilities)
 - Cleaning Supplies
 - Technology
- **Lost Revenue**
 - Summer Camps
 - Bookstore Sales
 - Chartwells Commissions
 - Child Care Center
- **Refunds**
 - Room and Board



Other COVID-19 Budget Changes



- **Reduced travel** – Saves budget, but costs students educational and life experiences and faculty/staff professional development opportunities
- **Utility usage decreased** – Fewer F2F classes and on campus employees, utility usage is down 15%
- **Auxiliary income depressed** – Impacts ability to fund student scholarships
- **Student revenue supported programs negatively impacted**
 - Residence Life and Food Service
 - Health Service
 - Integrated Wellness Center
 - Student Union
 - Athletics

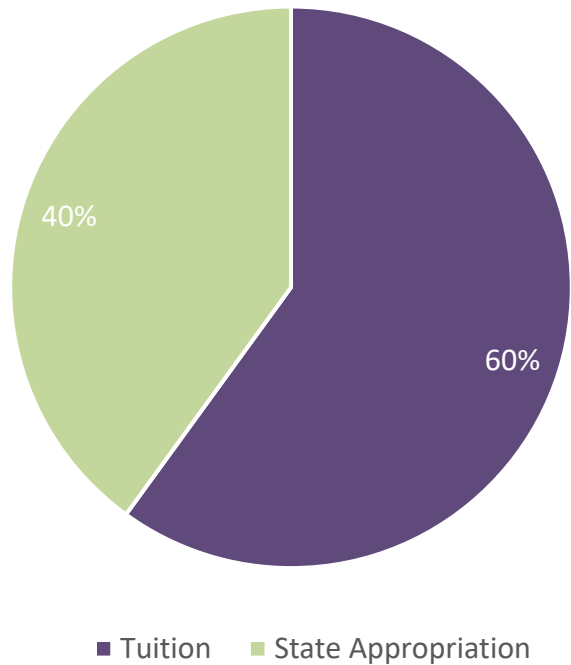


Enrollment

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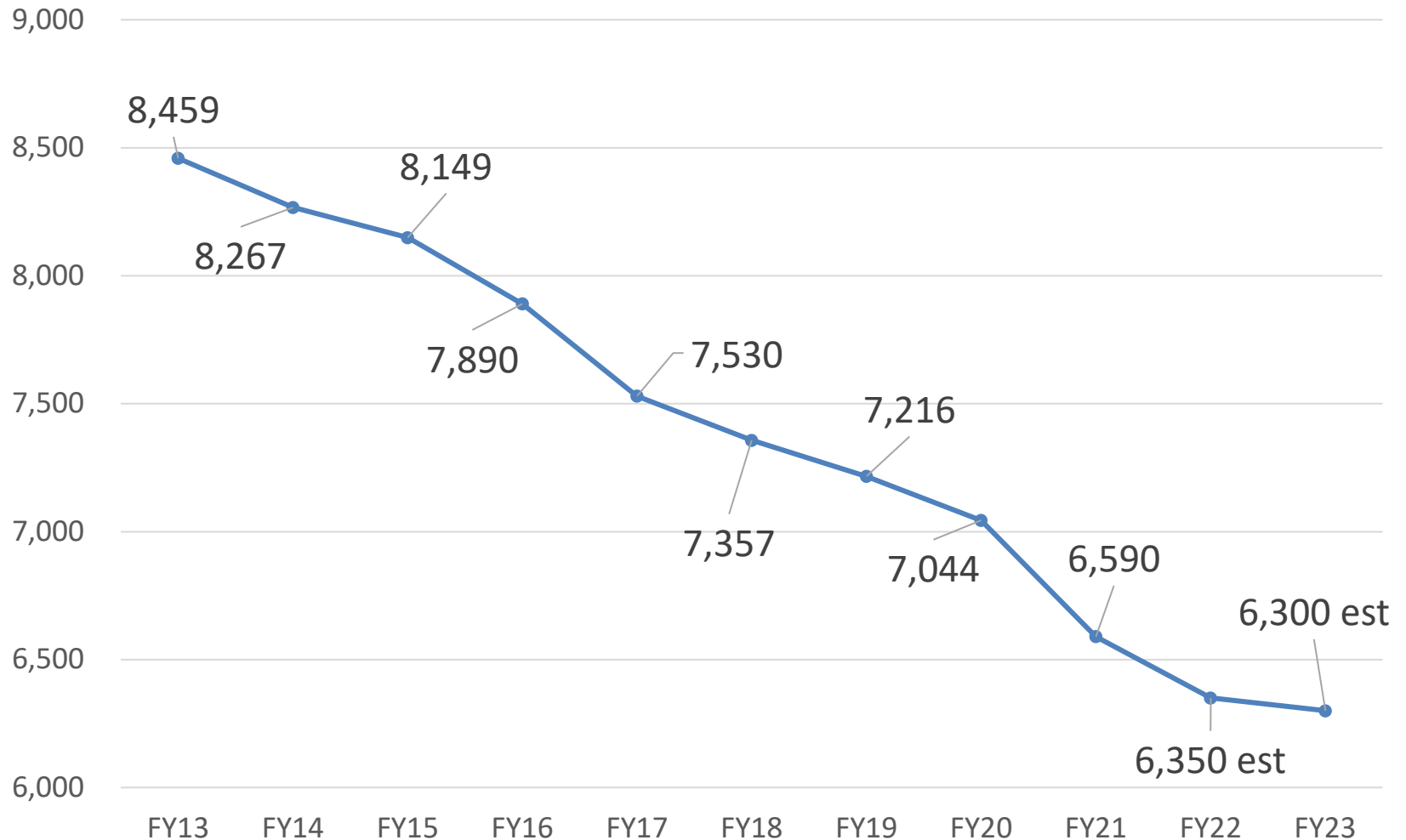
Enrollment is Critical to Our Success

General Fund Budget Composition

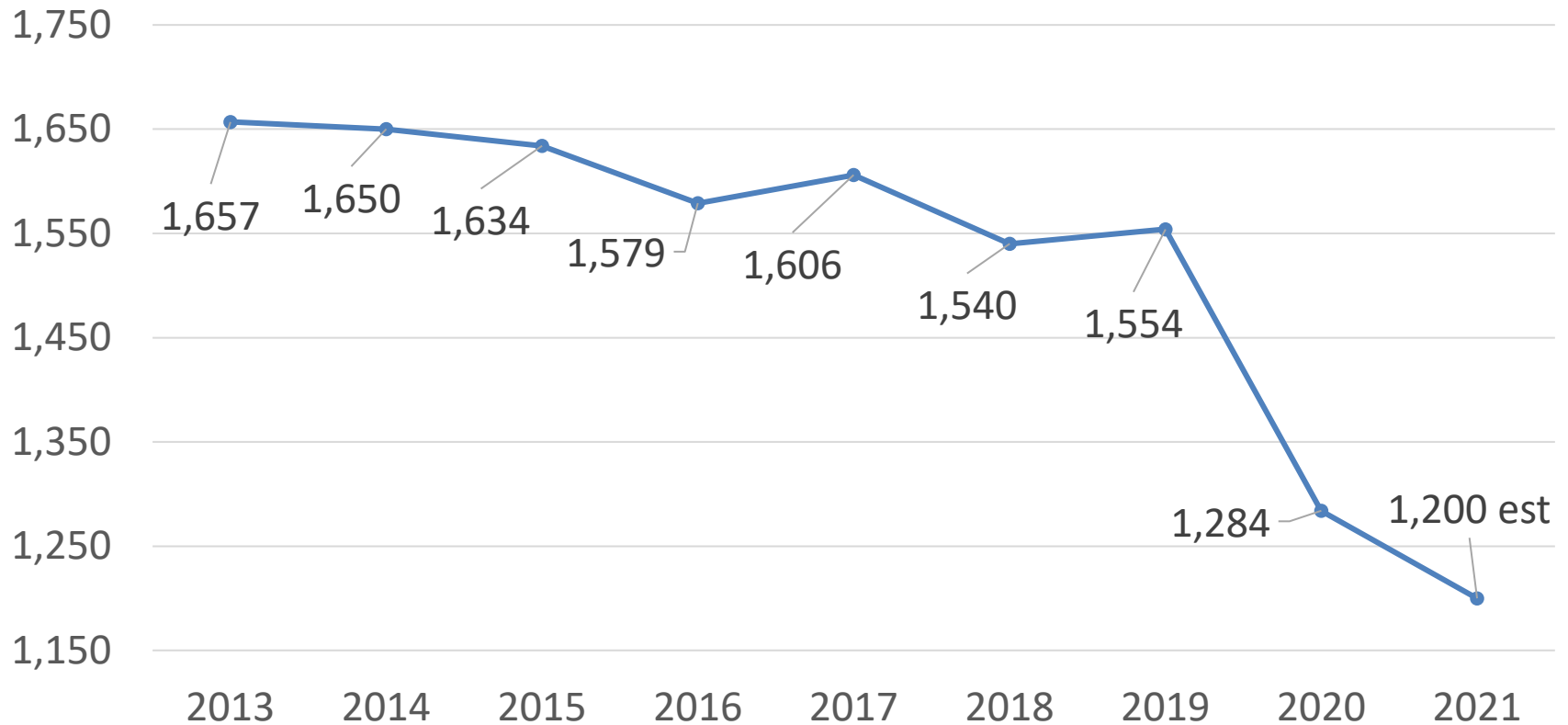


- MnState state appropriation allocation model is heavily dependent on enrollment
- Actual enrollment impact on budget is probably closer to 85-90%

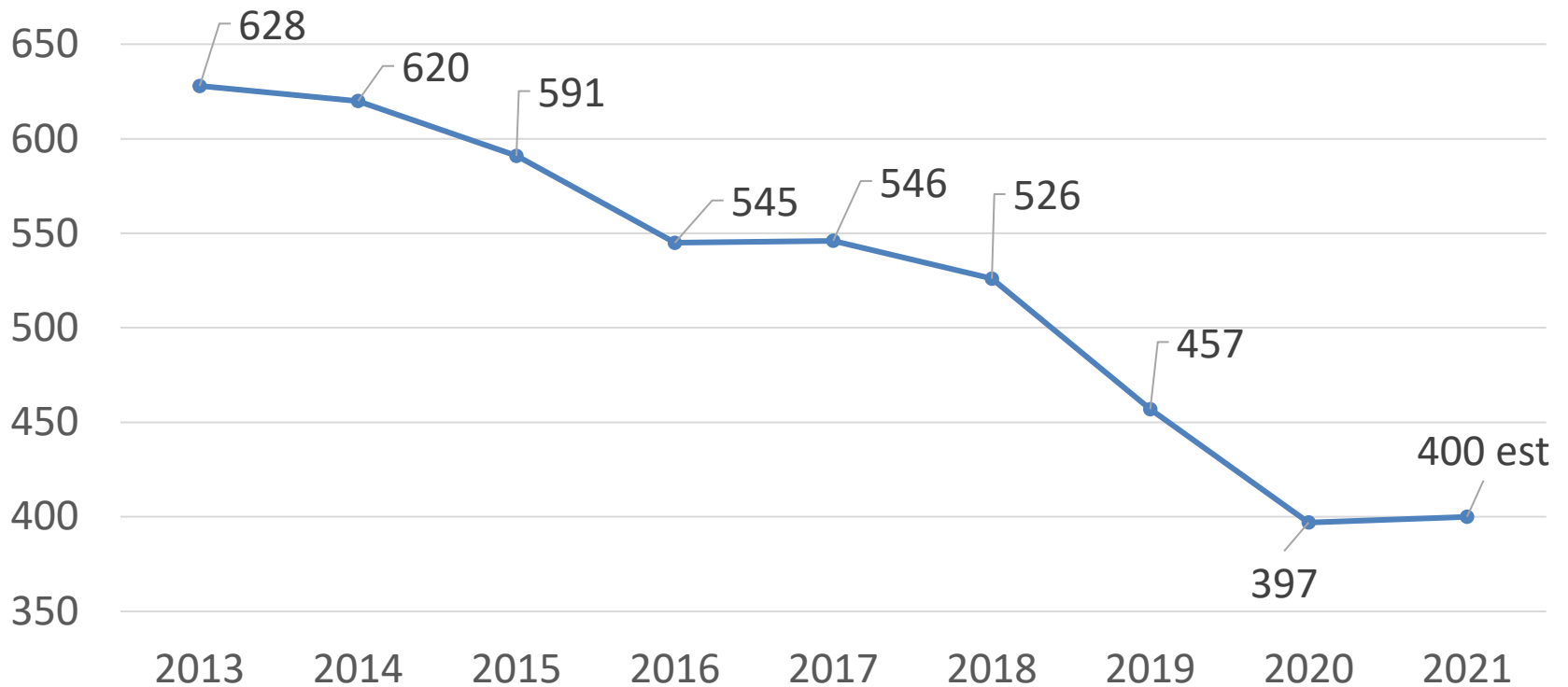
FYE (Full Year Equivalent) Enrollment



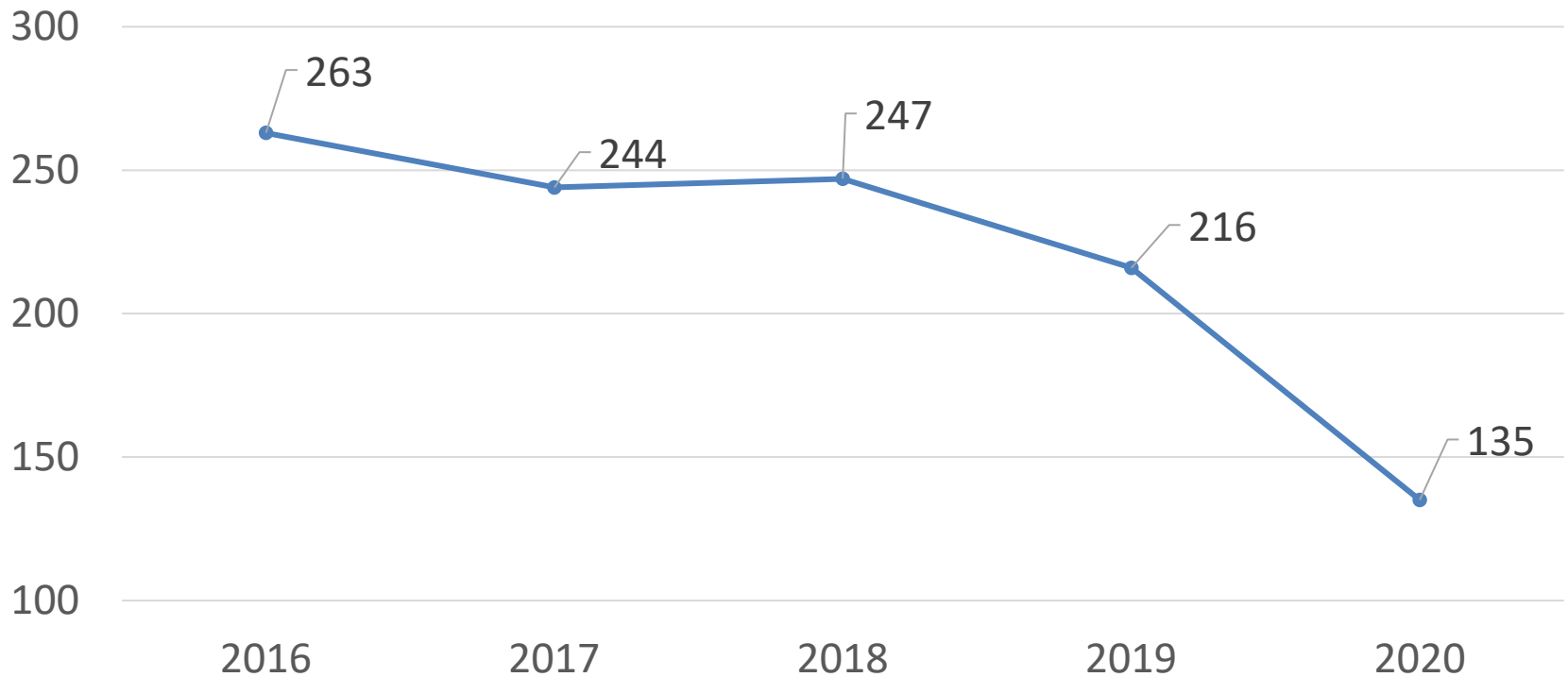
New Entering Freshman



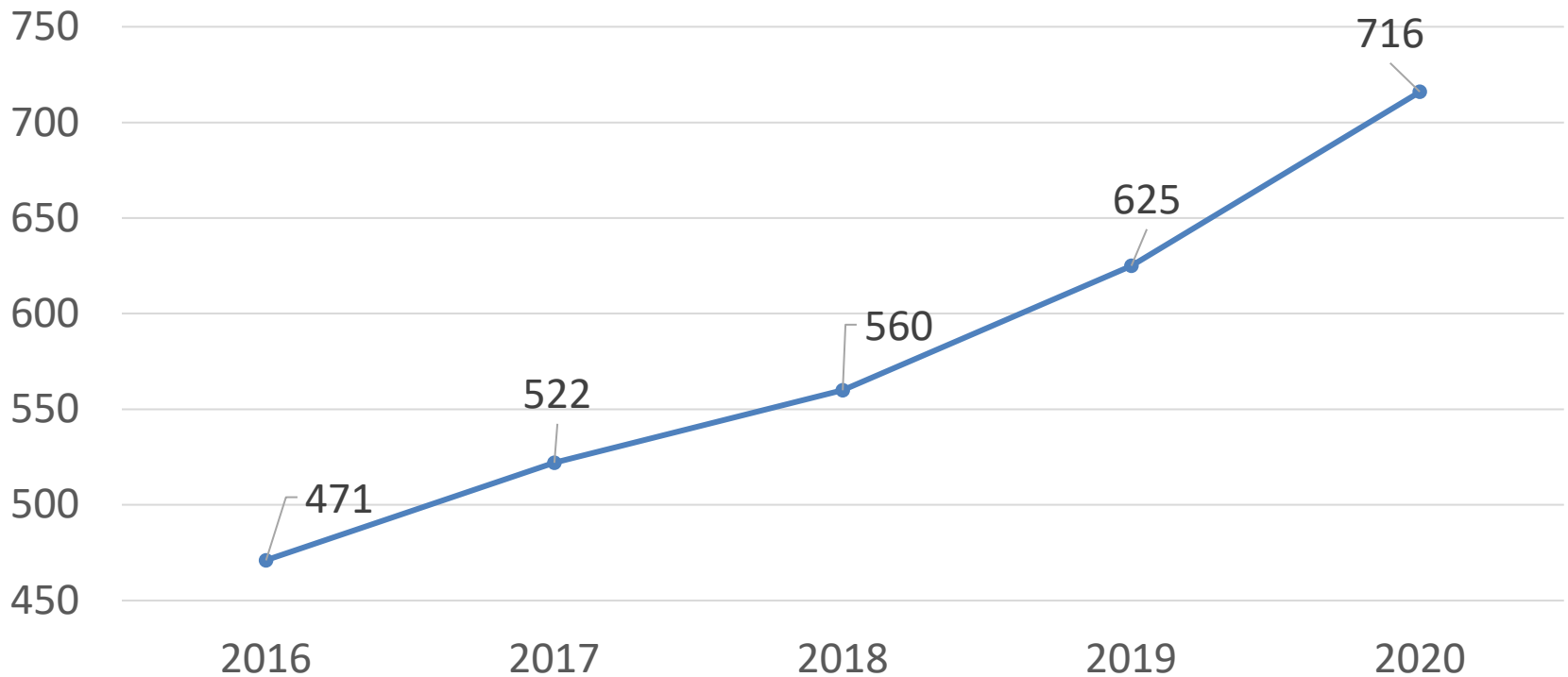
New Entering Transfers



New International Students



New Graduate Students



Enrollment – Mn State

Full Year Equivalent (FYE)	FY19	FY20	FY21	FY22 (proj)	4 Year Change
Bemidji State	4,214	4,067	3,608	3,705	-12.1%
Metro State	5,937	5,827	5,722	5,665	-4.6%
MSU-Mankato	13,256	13,202	13,450	13,450	+1.5%
MSU-Moorhead	5,258	5,166	4,915	4,795	-8.8%
St Cloud State	10,428	9,547	8,518	8,364	-19.8%
SW Minn State	3,565	3,365	3,363	3,361	-5.7%
Winona State	7,216	7,049	6,590	6,350	-12.0%
Riverland CC	2,066	2,164	2,060	2,100	+1.6%
Rochester CTC	3,498	3,363	3,437	3,437	-1.7%
MNState College SE	1,145	1,157	1,035	1,035	-9.6%

MnState systemwide enrollment is -5.4% from FY20 to FY21
(2Yr -5.9%, 4Yr -4.5%)



FY21 Budget Update 2020-2021 Academic Year

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FY21 - Fiscal Updates

- Fall enrollment came in short of expectations
 - Freshman class of 1,284 vs. target of 1,550
 - Current FYE est for FY21: 6,590 vs. prior est of 6,850 (Decrease of 260 FYE)
 - **Decrease of \$2.1M in tuition revenue**
- Budget imbalance will be solved thru one-time methods in FY21
 - Salary savings from vacant positions
 - No carryforward from FY21 to FY22
 - **Added to base budget deficit in FY22 budget planning**
- Budget adjustments in other funds will be required
- What happens in the Spring of 2021?



FY22 Budget Update 2021-2022 Academic Year

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FY22 - Fiscal Updates

- **Cabinet lowered estimates** for Fall 2021 enrollment due to uncertainty
 - Fall 2021 freshman class of 1,200 vs. 1,284 in Fall 2020
 - Fall 2021 transfer target of 400 vs. 397 in Fall 2020
 - Current total FYE Est FY22 6,350 vs. prior total FYE est of 6,750
 - Decrease of 400 FYE
- **IFO has announced a 0% ATB for FY22** (ASF, AFSCME, MAPE and MMA negotiations yet to begin)

State of Minnesota Budget Situation

- Budget deficit of \$4.7B for FY22/23– estimated in May
- State reserves are at \$2.45B
- No un-allotment for FY21
- Upcoming economic forecasts will guide Legislature
 - November economic forecast will update budget (1st week in Dec)
 - February economic forecast
- State budget required to be balanced (Unlike Federal budget)
- Election – November 3rd

Mn State Biennial Budget Request

- \$120M(+3%) budget request for FY22/23
 - \$75M for campus inflation
 - \$45M for equity and affordability to support critical student needs
 - Mental Health Needs
 - Career and Technical Education
 - Open Educational Resources
 - New Scholarship Programs
- Final approval at November Board of Trustees meeting

Mn State Guidance on Budget Factors

- Tuition increase from 0% to 3%
- State Appropriation change +3% to -9%
- Employer cost of health insurance +5.32% (+ from COVID-19?)

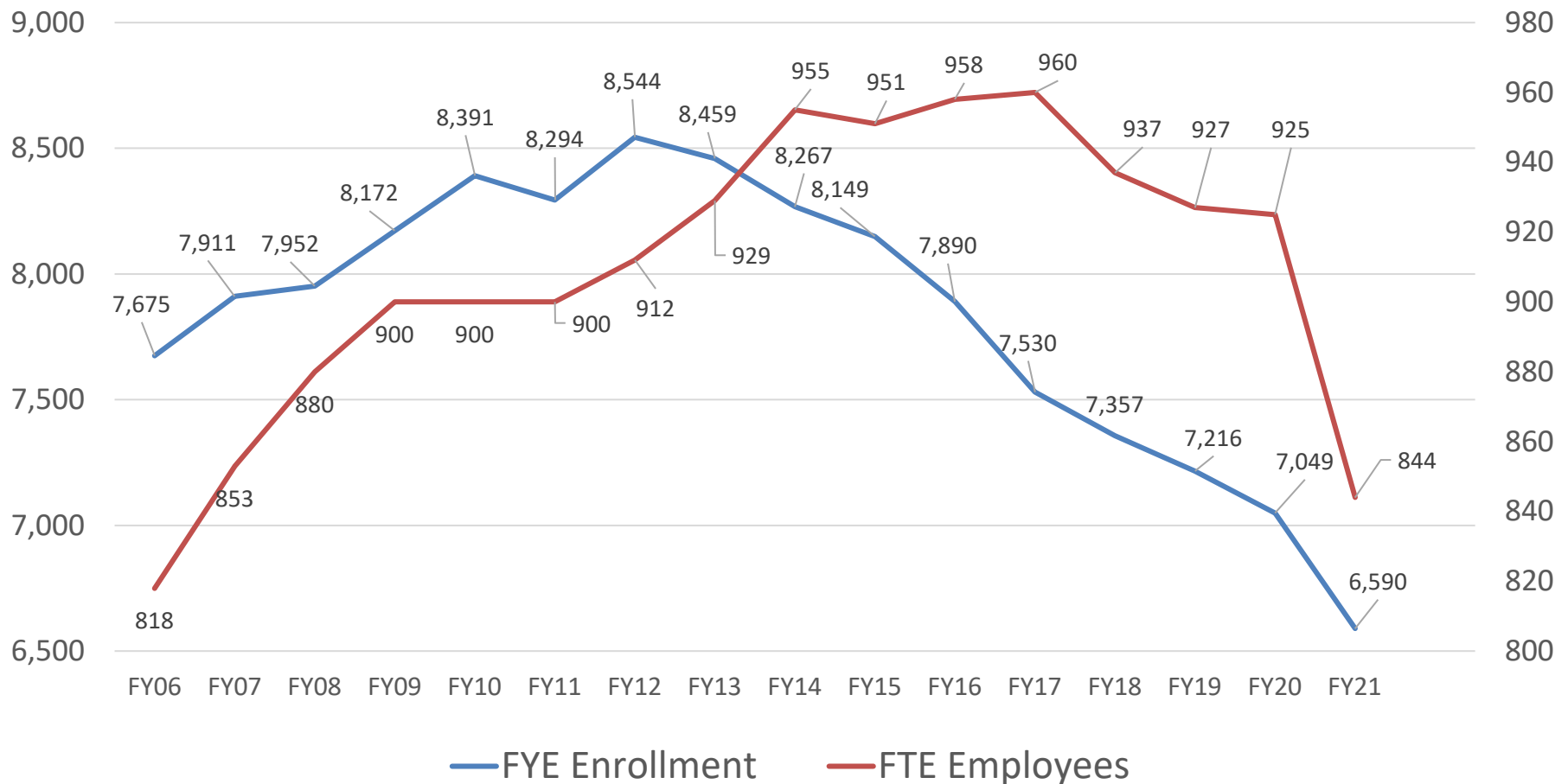
FY22 – Present and Future Concerns



- High school graduates decline is at our doorstep
- Enrollment patterns changed permanently due to COVID-19?
- How long will our altered reality(COVID-19) exist?
- Will we return to business as usual? (What is the new normal?)
- Real structural change is needed
 - 4th major budget reduction in the last 5 years

Employees and Enrollment

Enrollment ↓ 23% Employees ↓ 12% (from peak)



FY22 Budget Scenarios (as of 10/29/20)

		Scenario A	Scenario B	Scenario C
A	State Appropriation Change	-\$3.0M (-9%)	-\$1.65M (-5%)	\$900,000 (+3%)
B	Tuition Rate Change	\$1.6M (3%)	\$800,000 (1.5%)	\$0 (0%)
C	Total Revenue Change	-\$1.4M	-\$850,000	\$900,000
D	Salary/Fringe Settlements (IFO 0%)	\$1M (3%)	\$650,000 (2%)	\$300,000 (1%)
E	Inflation	\$200,000	\$200,000	\$200,000
F	Total Expense Change	\$1.2M	\$850,000	\$500,000
G	Tuition Loss: Enrollment Change	-\$3.8M(-7%)	-\$1.9M (-3.6%)	-\$1.5M (-2.8%)
H	FY21 Budget Status (-260 FYE from budget plan)	\$-2.1M	\$-2.1M	\$-2.1M
I	Total Other/Enrollment Change	-\$5.9M	-\$4.0M	-\$3.6M
J	FY22 Budget Status	-\$8.5M	-\$5.7M	-\$3.2M



Budget Reduction Process

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Budget Reduction Process - Overview



- Strategic approach using available data
- \$8.5M, \$5.7M and \$3.2M budget reduction scenarios will be considered
- Communication with:
 - Finance and Facilities Committee
 - Bargaining Units Meet and Confer
 - Campus Budget Emails and Budget Forums
- Budget planning review to take place from November thru February
- Goal to have final budget reduction package on or before March 1, 2021
- GOAL: Reductions in place by July 1, 2021

Current Budget Actions

- Decision made to NOT unilaterally cancel all searches
- Every Cabinet member will be deliberate in deciding if and how positions would be replaced
- ***As is current practice, all positions must be reviewed and approved by Cabinet and will be highly scrutinized***

Finance and Facilities Committee



- 21 Person All-University Committee
 - 6 IFO – V Leighton, N Williams, P Paulson, C Schreiber, G Michlitsch, S Herron
 - 3 ASF – T Rahim, K Ziegler, M Bambenek
 - 1 AFSCME – M Ezdon
 - 1 MAPE – P Omdal
 - 1 MMA – P Malotka
 - 2 COA – P Miene, J Locust
 - 2 Students – G Wagner, D Christensen
 - VP of Finance and Administration – S Ellinghuysen
 - Asst VP for Facilities Management – J Goblirsch
 - Ex-Officio – Facilities Projects: T Matthees, Registrar: T Schmidt , Budget Director: S Matthees
- Develop principles
- Review data
- Respond to and make recommendations

Upcoming Dates

- Budget Forum – October
 - Update Budget Website
 - Activate Budget Suggestion Box
- Budget Planning Review – November to February
- Student Fee Management Committee – January to April
- Budget Reduction Decisions – February/March
- Budget Forums – February/March
- Mn State Board of Trustees – May and June



Thank You!

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