



FY24 Tuition Consultation
SFMC
March 22, 2023

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Up Front

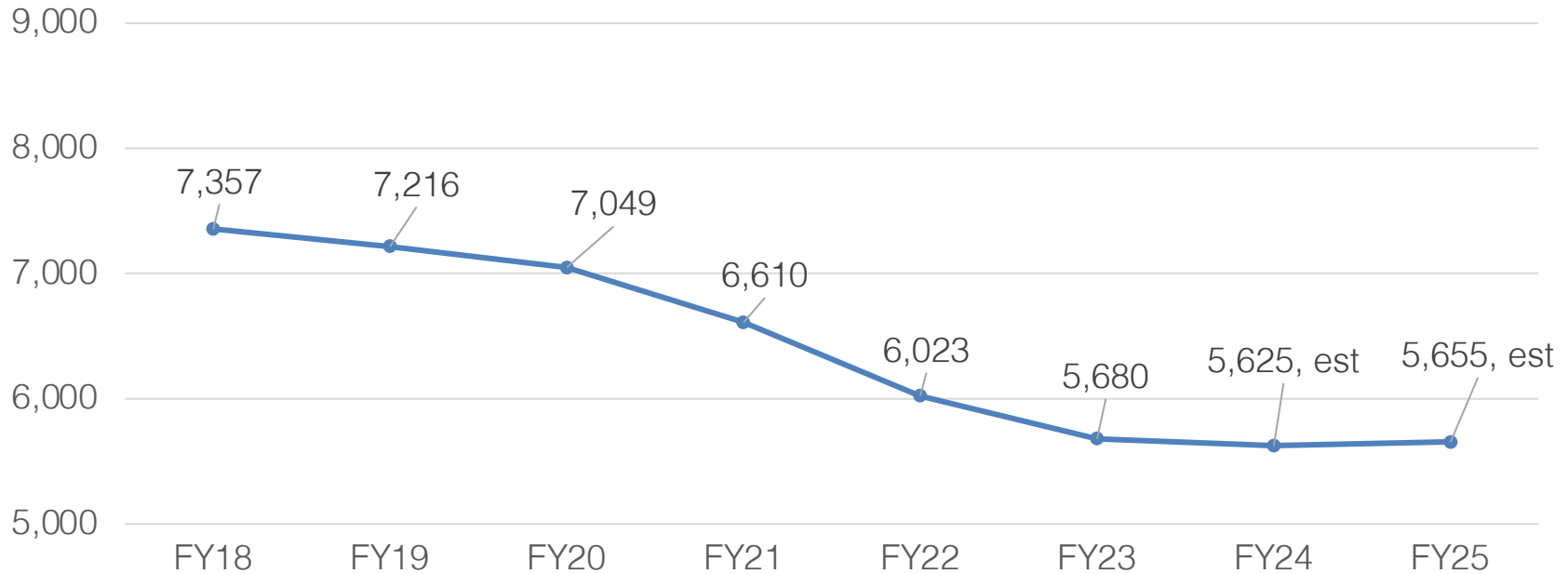
- FY24 University budget deficit ranges from \$4M to \$6.5M
- State budget surplus is LARGE (+\$17.5B)
- Undergrad tuition +3.5%, Graduate +3.9%



Enrollment

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Total FYE (Full Year Equivalent) Enrollment



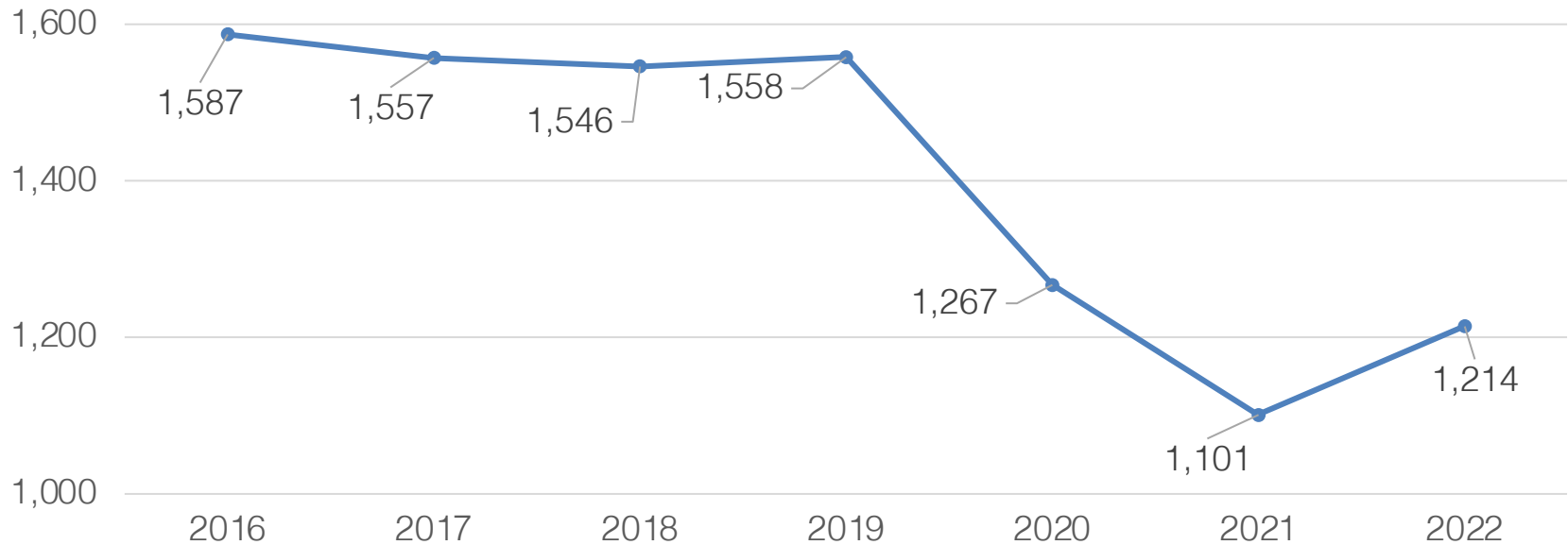
Enrollment Change

FY18 to FY23: -1,677 or -22.7%

FY22 to FY23: -343 FYE or -5.6%

FY23 to FY24: -55 FYE or -1.0%

New Entering Freshman Enrollment

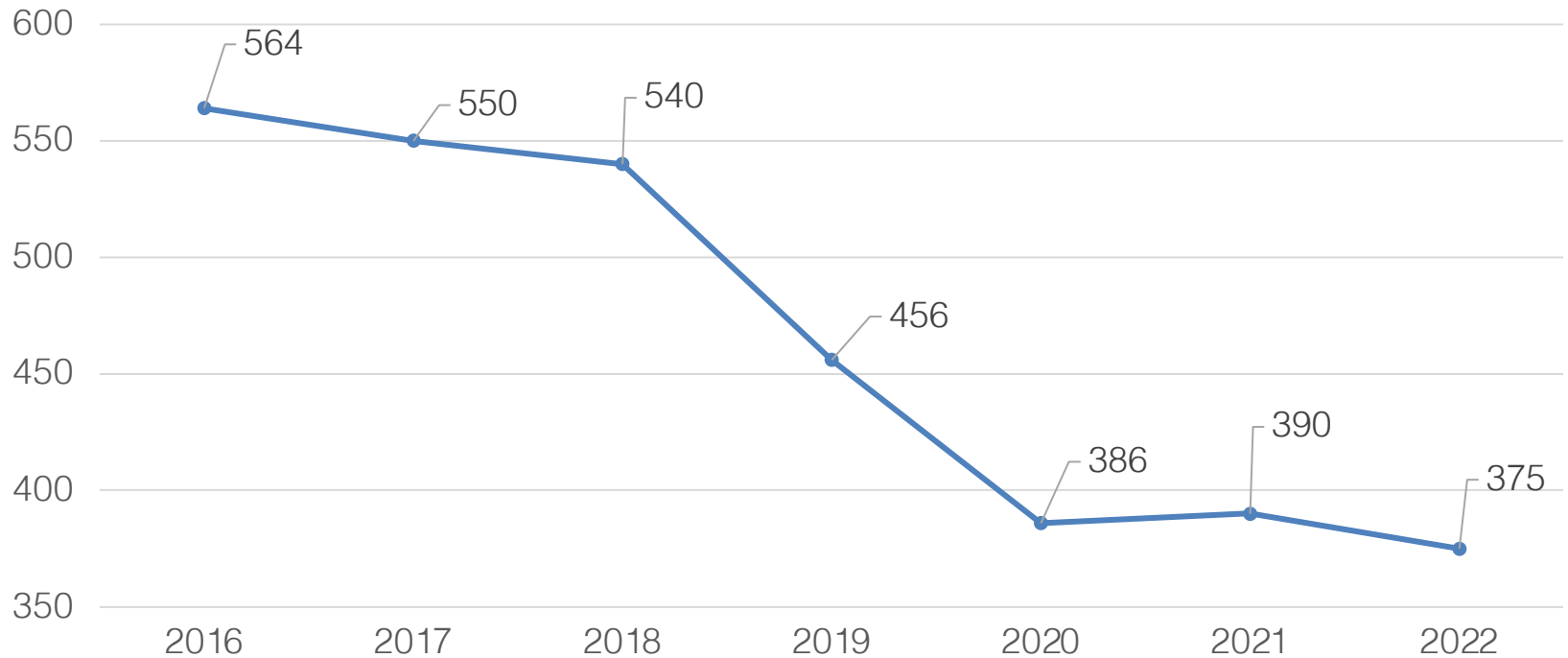


NEF Change

2020 to 2021: -166 or -13.1%

2021 to 2022: +113 or +10.2%

New Entering Transfers Enrollment



Enrollment – Fall 2023 Metrics

- Targets(budget based on):
 - New Entering Freshman: 1,225 (1,214 in 2022)
 - New Entering Transfer: 400 (374 in 2022)

- As of March 6th :
 - Admits tracking up 9%
 - Housing deposits up 13%

Enrollment – Mn State



Full Year Equivalent (FYE)	Spring 2023 vs. Spring 2022
Bemidji State	-4.9%
Metro State	-7.6%
MSU-Mankato	0.8%
MSU-Moorhead	-4.6%
St Cloud State	-5.3%
SW Minn State	-3.2%
Winona State	-5.4%
Riverland CC	-4.3%
Rochester CTC	0.7%
MNState College SE	0.1%



State Budget and Legislative Update

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State Budget



- State budget surplus as of February 2023 is \$17.5 billion
 - Total State budget is about \$54B
 - Largest ever recorded – Typical surplus is \$1B-2B
 - \$1.4B in inflation is included in this forecast (Law change this session)

- \$12.5 billion is one-time, \$5.0 billion is recurring(base)

Legislative Activity - Budget



- House Higher Education Committee
 - Hearing bills related to Mn State System Request
 - Campus by campus deep dive into budgets – Different than the past when funding was discussed at the macro level
- Senate Higher Education Committee
 - First two years college free tuition
- Governor recommended \$175M in funding for Mn State v. request of \$350M
 - Silent on tuition freeze

Mn State Biennial Budget Request



	FY2024	FY2025	Biennium
Student Support \$77M for tuition freeze	\$50	\$75	\$125
Minnesota State Stabilization – 5% Direct campus support	\$40	\$85	\$125
Workforce & Economic Development	\$50	\$50	\$100
Total	\$140	\$210	\$350

(dollars in millions)



FY23/24 Budget Update

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Budget Pressures – General Fund



- Increased scholarship spending to attract the same number of students
 - Non-general fund scholarship sources also drying up

- Enrollment patterns shifting towards higher cost programs
 - Investments made in new programs or expansion of existing
 - Additional costs to keep the same number of students

Budget Pressures – General Fund



- Prior budget reductions not implemented or actual reductions lower than estimates
- Inflation – higher costs spread over a base of fewer students
- Budget dust issues, but they add up:
 - Positions related to program level accreditation
 - Interpreter services
 - Insurance (Liability, Workers Compensation, etc)
 - HR-TSM
 - Next Gen

Increased Competition for Students



- Competitive marketplace for students requires more scholarship funding
 - Presidential Scholarship Program - Primary source of freshman scholarships
 - Combination of scholarship expenses increasing and declining other revenue sources from items such as vending, bookstore, commission, interest income, etc
 - Removing the ACT score allowed the number of eligible NEF to receive the scholarship increased from 40+% to 90+%
 - General fund scholarship expenditures(all students) have increased from \$750k in FY20 to \$2,764k in FY23

- Scholarship Expenditures on New-Entering Freshmen

	FY20	FY21	FY22	FY23
Scholarship \$	\$1,628,578	\$1,545,300	\$2,087,083	\$2,574,115
NEF Size	1,558	1,267	1,101	1,214
\$ per NEF	\$1,045	\$1,544	\$1,895	\$2,120

Shifting Programmatic Enrollment Patterns



College FYE%	2019	2023	Change
Nursing	16.9%	22.8%	+5.9%
Education	13.5%	14.7%	+1.2%
Business	11.9%	10.1%	-1.8%
Science & Engr	22.8%	20.7%	-2.1%
Liberal Arts	34.1%	30.9%	-3.2%
Total	100%	100%	

UD Cost per FYE	FY22	FYE
Nursing	\$12,561	447
Business Admin	\$8,556	250
History	\$7,146	34
Psychology	\$7,095	127
Education	\$5,246	435

Spending More for the Same Students



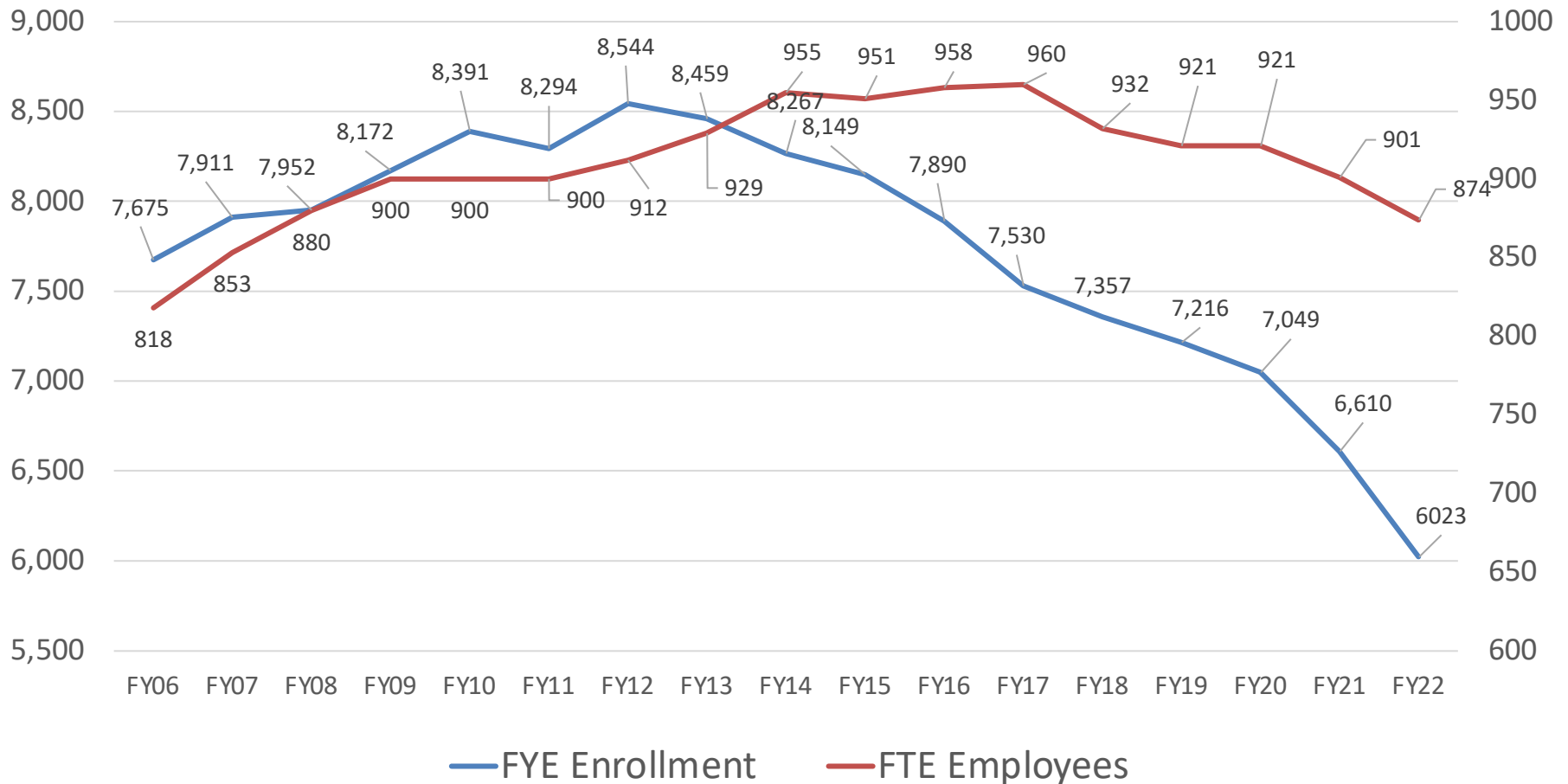
- Increased spending on new or expanded programs with lower overall University enrollment
 - Total investment of around \$3M with enrollment declining from 7,000 in FY20 to 5,600 in FY23
 - Departments performed as expected
 - University commits to achieving its mission and regional employment needs with impacts on our budget

- Revenue cost sharing
 - As an incentive program, the University allows certain departments to share in the surplus(25/75 models) from certain activities (New programs, expanded programs, Summer Session)
 - Program also allows hiring as needed to meet student demand (see above)
 - Review/eliminate the allocation of profits when University budget overall is not balanced

Employees and Enrollment



From FY18 (5 yrs ago)
 Enrollment ↓ 18% Employees ↓ 6%



Where are we? – FY23 Budget

- Budget deficit in FY23 (\$4M+?) will have to be solved with fund balance and COVID funds
 - Fall estimate was around \$1.5M before factoring in items such as increased scholarship spending, enrollment changes, inflation, other budget items
- Fund balance is already slightly below the 20% Mn State threshold
 - Mn State is watching and monitoring
 - Once budget is balanced, will have to rebuild this fund balance above 20%
- **We need as much carryforward as possible**
 - Carryforward comes from salary savings due to unfilled positions, unspent operating budgets, etc
 - Annually about \$2M is realized from carryforward (hopefully higher this year)

Where are we? – FY24 Budget



- **Probable \$4M to \$6.5M budget deficit for FY24**
 - Gen Fund budget is about \$100M
- Items that could help this number:
 - Legislative support above request
 - Increase in enrollment
 - Contract settlements less than 4%
 - Inflation cools off dramatically
- Items that could hurt this number:
 - Legislative support moves to a tuition freeze (limited new campus support \$)
 - Decrease in enrollment
 - Contract settlements higher than 4%

Where are we? – FY24 Budget



- Collective bargaining units will begin negotiations in the upcoming months related to a new contract covering FY24/25
- Inflation remains high but has come down – CPI +6.0% YoY (Feb 23)
 - Peak had been 9.1% in June 2022
 - Highest CPI rate in 40 years
 - On campus felt through large increases to energy costs, food prices, travel and personnel costs
 - Departments that are seeing larger(10%+) inflation amounts:
 - Athletics
 - Library
 - Food Service
 - Facilities

Where are we? – FY24 Budget

- Admits and housing deposits still trending higher
 - Admits + 9% YoY (1,225 NEF x +9% = 1,300 NEF?)
 - Housing Deposits +13% YoY
- BESI offerings have not proven as effective
 - Incentive program would require System Office approval
- Tuition and Fees increases are limited
 - Tuition is +3.5% (either funded by Legislature or passed on to students)
 - Other fees are coming in at 0 to +3.5%
 - Room and Board
 - Board +8% (Chartwells)
 - Room 0% (In order to remain competitive with the local market)

Where are we? – FY24 Budget



- Replacement of every position is reviewed by Cabinet
 - Currently about 20 vacant positions
 - Administrators and Directors will be asked to evaluate every position for replacement with a goal of generating budget savings
- At present time, no layoffs of existing personnel or reduction in operating budget
 - We will continue to monitor the budget situation as it relates to staffing
- Following conclusion of Legislative session this spring
 - Deep dive into the FY24/25 budget
 - Rollout budget strategy to campus start of Fall Semester 2023



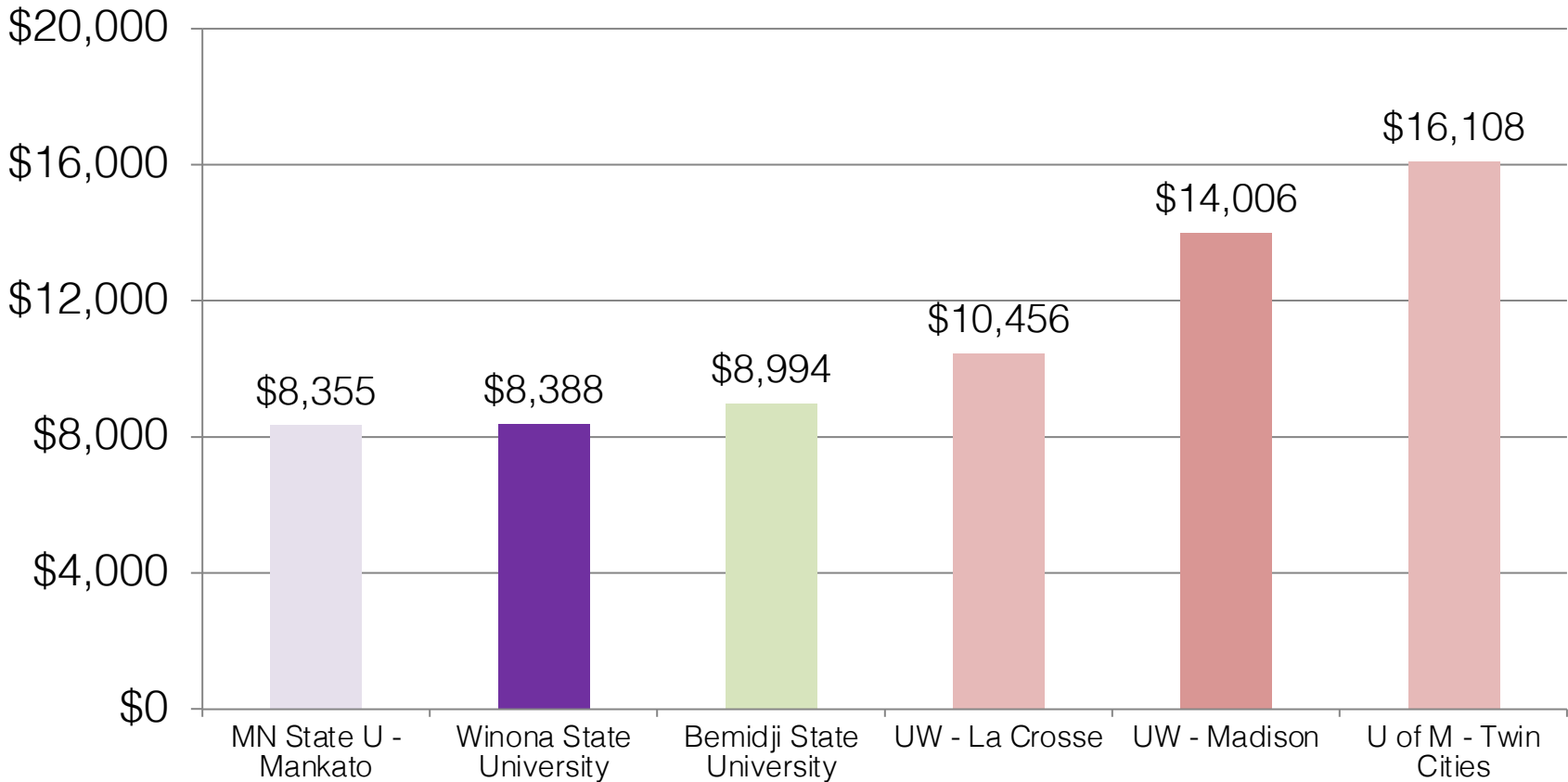
FY24 Tuition Proposal

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Tuition Costs at Selected Institutions – FY23



Annual Undergraduate Tuition – Full Time Student



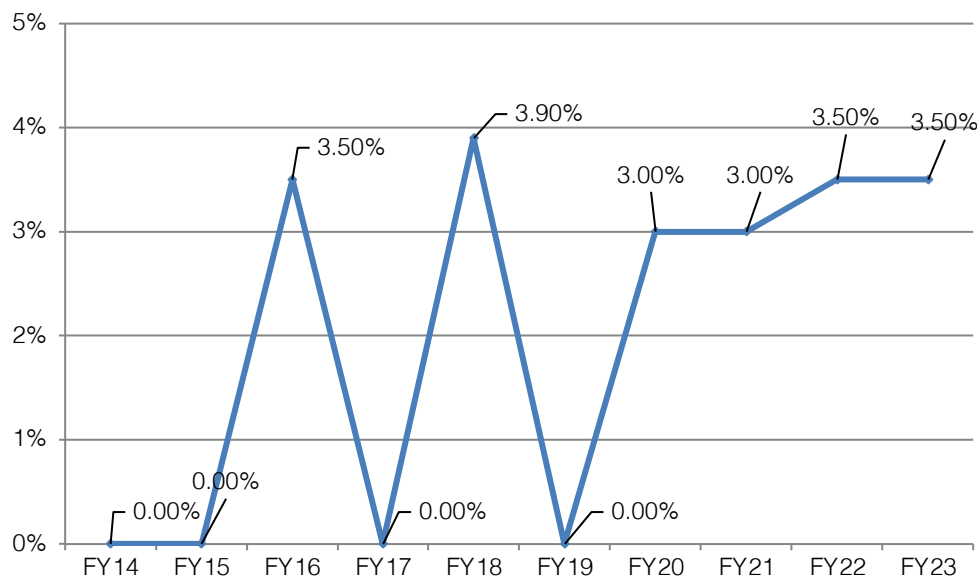
History – Tuition and Budget Reductions



•Tuition Increases

- FY14 – 0%
- FY15 – 0%
- FY16 – 3.5%
- FY17 – 0%
- FY18 – 3.9%
- FY19 – 0%
- FY20 – 3%
- FY21 – 3% (0% Fall)
- FY22 – 3.5%
- FY23 – 3.5%

- 5 Year Average (FY19-23) – 2.6%
- 10 Year Average (FY14-23) – 2.04%



Budget Reductions	
FY10	-\$1.8M
FY12	-\$2.5M
FY15	-\$1.5M
FY18	-\$4.0M
FY19	-\$5.9M
FY21	-\$6.0M
FY22	-\$5.3M
FY23	-\$4.5M

FY24 Tuition Proposal



- Tuition increase of 3.5% Undergraduate and 3.9% Graduate

MN Undergraduate	FY23 Board Approved	FY24 Amount of Increase	FY24 est. (Proposed)
Per Credit	\$277.40	\$9.71	\$287.11
Banded (Semester)	\$4,193.75	\$146.78	\$4,340.53
Banded (Annual)	\$8,387.50	\$293.56	\$8,681.06
MN Graduate	FY23 Board Approved	FY24 Amount of Increase	FY24 est. (Proposed)
Per Credit	\$462.55	\$18.04	\$480.59

- New Differential Tuition Request
 - Strategic Communications – Graduate, Online Program
 - \$50 per credit (Faculty with industry exp and DEI focus, marketing, student success and research symposium)

Looking Ahead



- Legislative Session Begins – January 3, 2023
- State Economic Forecast – End of February
- WSU Budget Forum – March 15, 2023
- Legislature Adjourns – May 22, 2023
- Budget and tuition/fees action @ May/June Board of Trustees
- Future budget communications



Thank You!

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