

College and University Operating Budgets and Financial Recovery Plans Update



Presented to the Finance and Facilities Committee
Board of Trustees
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Minnesota State Colleges and Universities

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Minnesota
STATE COLLEGES
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FY2016 Operating Budget Outlook Stable

- Enrollment update
 - *Enrollment slightly below June projections*
 - *System tuition revenue adjusted down approximately one percent*
- Compensation update
 - *Compensation costs estimates are slightly higher than projected, driven by 6.9 percent insurance cost increase*
 - *All classified labor contracts and two of three faculty contracts are settled*

Overall, FY2016 colleges and university budgets forecasting adjustments of less than one percent

Fund Balance Analysis

- Fund balance change- estimated
 - *Fund balances maintained by colleges and universities estimated down slightly in fiscal year 2015 by \$3 million to \$459 million*
 - *Twenty colleges and universities added to fund balance and seventeen reduced fund balance*

Overall, fund balances provide support for HLC – CFI calculations and one time revenues for emergencies

Financial Recovery Plan Update

- *Progress being made on financial health measurements and strategies*
- *Enrollment continuing challenge for some colleges and universities*
- *Use of fund balances and low fund balances for others*

Oversight and Monitoring

- *Enrollment tracked weekly for all colleges and universities*
- *Revised operating budgets requested for colleges and universities operating under FRP and those with lower than projected enrollment*
- *Meetings with most at-risk universities and colleges*

Discussion Questions

- Is the committee comfortable that management is providing the appropriate level of financial oversight at both the system level and the individual college and university level?
- Are we monitoring the right metrics to assess short-term, intermediate term, and long term financial risks? Are there other measures we should consider?