

**BOARD OF TRUSTEES  
MINNESOTA STATE COLLEGES AND UNIVERSITIES  
*BOARD ACTION***

SECOND  
READING

**FY 2006 Revenue Fund Fees and Spending Plans**

**BACKGROUND**

The Board of Trustees annually approves fees and finance plans for residence hall and student union programs under the auspices of the Revenue Fund. Minnesota Statutes, Chapter 136F.93 and the Master Resolution governing the Revenue Fund require approval by the Board of Trustees.

**RESIDENCE HALL FEES AND FINANCE PLANS**

The universities provided a set of proposed rates for FY 2006 which also includes financing for the Reinvestment Program. Attachment A (Proposed Room and Board Fees FY 2006) illustrates the rates proposed by the universities. The fee increases for a base double room range from a high of 24.37 percent at St. Cloud State University to a low of 5.00 percent at Bemidji State University. Attachment A also shows a base single room rate; the fees for the differing room types do not always increase at identical rates, usually due to marketing. In addition to the base room fee and the base board fee, there is a line item for "Other Room Fees" which includes supplementary fees such as phones, cable television, and hall social fees. The utility fees tend to fluctuate from year to year as rate increases one year cause universities to look for better and cheaper providers for the next year. The MSU Moorhead "Other Room Fee" shows an 81.72 percent increase which is the result of the introduction of a \$150 annual computer fee to fund the computer rooms and services in the residence halls. The "Other Board Fees" are mandatory flex dollars required as part of the board plan that students can use as cash to eat in retail food operations on campus. Attachment A-1 (Room and Board Rate Comparisons) is a comparison of university rates with other similar institutions in the region.

Attachment B (Residence Hall Finance Plans FY 2006) is a summary of finance plans for the residence hall programs. In the finance plans, under Expenditures, the line labeled "R&R Contribution" indicates the amount transferring from operations into the R&R Program, not the amount actually spent on R&R. The last two lines of the expenditure section illustrate how a university is planning on funding the fourth year of the Reinvestment Program, either with cash derived from increased fees, labeled "Deferred Maintenance", or with bond proceeds labeled "Debt Service". MSU, Mankato is planning a \$1.2 million plumbing and electrical rehabilitation / replacement project in Crawford A, B, and C wings. This project will be funded with monies from the Reinvestment Program and the R&R program and is an excellent example of how the universities are utilizing these different funds to not only cure deficiencies, but combine funds to upgrade entire systems in the process.

Near the bottom of the page is also a line indicating the level of operating reserves. Revenue Fund Guidelines require three to six months of reserves. Some universities accumulate higher reserves to use for deferred maintenance reduction.

## **STUDENT UNION FACILITY FEES AND FINANCE PLANS**

The Facility Fee supports the basic operation of the student unions, including core operations that relate to the building, but not the actual programs offered in the building. Examples of core operations are a director and supporting staff, custodial and maintenance staff and associated equipment, supplies, and other expenses such as debt service, insurance, and repairs and renewal. The “programming” provided through the student unions is supported by the Activity Fee on each campus and is not part of the Revenue Fund. Examples of items covered by the Activity Fee are student government, student clubs and organizations, recreation and club sports. The Board approves only the Facility Fee.

Facility Fees are charged on a per credit hour basis, and vary by university. Attachment C describes the specific assessments. The exception is MSU Moorhead where the student government has guaranteed a specific level of funding, so the actual fee fluctuates with enrollment. The Board approves the maximum fee that a student may be charged in a year. For FY 06 the increases range from a low of 1 percent at MSU Moorhead to a high of 7 percent at St. Cloud. Even with this increase, St. Cloud still has the lowest fee. This year the Board is also being asked to approve an increase in the ceiling of the Facility Fee from \$260 per year to \$280 to allow Southwest Minnesota State University to increase their annual fee from \$260 to \$271.20.

Proposed Student Union Facility Fees are shown in Attachment C (Proposed Student Union Facility Fees FY 2006) and finance plans in Attachment D (Student Union Finance Plans FY 2006). The finance plans show the same breakdown of reinvestment funding as do the residence hall plans described above. As in the residence hall program, several universities have accumulated reserves to fund facility projects. Bemidji State University is planning on eliminating some of their deficiencies; Southwest Minnesota State University is intending to furnish and equip the renovated student union; and Winona State University is proceeding with a \$2.5 million remodeling and expansion of their student union, Kryzsko Commons.

## **PARKING RAMP FEES AND FINANCE PLAN**

The Parking Ramp located at Minneapolis Community and Technical College transferred into the Revenue Fund under the authority of Metropolitan State University (Board approval January 2003), and so these fees must also be approved by the Board of Trustees. Attachment E (Parking Ramp Finance Plans FY2006) shows the finance plan and proposed fees for FY 2006. This is a very conservative finance plan and the university is anticipating that with the full consolidation at the MCTC site there will be an increase in volume. In addition, they are also evaluating the possibility of leasing some spaces overnight.

## **REVENUE FUND FINANCE PLAN**

A consolidated finance plan for the Revenue Fund is shown in Attachment F (Projected Finance Plans and Fund Balances, Combined). There has been a decrease in the Fund Balance due to the execution of the bonding projects and the subsequent reduction of the proceeds.

## **REVENUE FUND FACILITIES REINVESTMENT PROGRAM**

FY 2006 will be the fourth year of the Reinvestment Program that was adopted by the Board in October 2001. The intent of the program is to maximize available resources to achieve the greatest improvements and reduce the deficiency backlog within the Fund’s facilities. Each institution was charged with developing a financially viable long-range improvement plan to meet

this goal. While increased expenditures are being planned for FY 06, the overall pace of the program is not moving as originally intended. As a result, the staffs at the Office of the Chancellor and the universities are working to adjust the program. A full update will be provided the Board in June.

In conjunction with the Facilities Reinvestment Program, several universities are planning for future Revenue Bond proceeds to fund projects. Proposals will be brought to the Board in June. Minnesota State University Moorhead is planning a \$18 million food service renovation and Wellness Center project funded in part by Revenue Bonds. The design contract for this project is anticipated to cost approximately \$1.6 million. Winona State University is planning a \$25 million student housing project with Revenue Fund Bond proceeds; the design contract is estimated at approximately \$2 million.

### **CONTRACTS OVER ONE MILLION DOLLARS**

Board policy 5.14 requires Board of Trustee approval of all contracts over one million dollars. In connection with the FY2006 Revenue Fund spending plan, the following contracts are anticipated:

- Minnesota State University, Mankato      \$1.2M (Construction)      2006 RF operating budget  
Crawford Residence Hall plumbing and electrical rehabilitation/replacement
- Minnesota State University Moorhead      \$1.6M (Design)      2003 RF bond proceeds  
Food service and wellness design contract
- Winona State University      \$2.5M (Construction)      2006 RF operating budget  
Kryzsko Commons Student Union remodeling and expansion
- Winona State University      \$2.0M (Design)      2003 RF bond proceeds  
Student housing design contract

### **STUDENT CONSULTATION PROCESS**

A matrix for student consultation is provided in Attachment G. As can be seen on the attachment, consultation is still on-going at some of the universities. Some of the responses that have been received indicate that the process was difficult in part because the students felt that the timeline was too compressed. Also, the Revenue Fund Advisory Committee at its last meeting made a request to move the approval of Revenue Fund Fees to a May first reading. Staff is working with university administrators regarding this proposal.

### **RECOMMENDED COMMITTEE ACTION:**

The Facilities/Finance Committee recommends the Board of Trustees adopt the following motion:

### **RECOMMENDED MOTION:**

The Board of Trustees approves the FY2006 finance plans and associated fees for residence hall/dining services, student unions, and parking facilities of the Revenue Fund. The Board of Trustees also approves the increase in the ceiling of the Facility Fee from \$260 to \$280.

The Board of Trustees further approves contacts over one million dollars as noted herein.

*Date Presented to the Board: April 20, 2005*