Message from President Temte:

Attached is the FY10 Budget Document. It reviews the conditions leading to budget reductions, the processes through which NCTC identified areas for reduction or revenue enhancements, and summaries of personnel and non-personnel reductions and revenue enhancements.

The document is a 17 page MS Word document. Attachments in the document are indicated with numbers in parentheses e.g. (12). Attachments can be accessed electronically by clicking on the attachment you wish to access.

Please understand that there are many areas of ambiguity at this point. The Minnesota State Legislature had not yet determined how it will address the $4.6 billion state deficit. The Governor's approach to the deficit is significantly different from that of the Legislature. Negotiations and compromises will likely delay the conclusion of the legislative session. So, there are several unknowns:

1) How deep will reduction to NCTC's state allocation actually be?
2) How will the federal stimulus funding be distributed to MnSCU institutions?
3) How much stimulus funding will NCTC receive?

This document contains many assumptions. The Cabinet had to set assumptions to be able to move forward. We believe that we have identified reductions to our base budget that will sufficiently address the allocation reductions.

We also look forward with great optimism to identifying the great ideas and new initiatives that will lead to achievement of the college's strategic plan and success for our students.

Thank you all for your patience and your participation in the processes leading to the solutions contained in this document.
Northland Community and Technical College

FY 10 Budget Development Document

Released by

President’s Cabinet

May 1, 2009
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Executive Summary

In the fall of 2008, it became clear that the State of Minnesota would face a severe budget deficit during the FY 2010-2011 biennium. The level of that deficit ($6.4 billion) was clarified in the February forecast from Minnesota Management and Budget. While mitigated by the federal stimulus funding, Minnesota still needed to address a $4.6 billion shortfall.

MnSCU directed Northland Community and Technical College and all other MnSCU institutions to prepare for a 10.7% reduction in its state allocation. For FY 10, this amount is $1.35 million. With consideration of the potential for declining enrollment and a desire to reduce NCTC’s tuition relative to other MnSCU colleges, NCTC set a goal to reduce its base budget by $1.6 million. Through processes set out in January, the college has achieved this goal.

This level of reduction creates a base budget that will be sustainable through the next two biennia, when state economic conditions are projected to be very poor. It creates a small pool of funds that can be reinvested in new programs and initiatives that will enable the success of Northland’s Strategic Plan.

As of the date of this document, much ambiguity remains related to NCTC’s budget for FY 10. The legislature is still in session and there is not a clear picture of the resolution that will be reached among the governor, the House, and the Senate regarding the level of reduction that will be imposed on MnSCU. Additionally, the amount and appropriate utilization of federal stimulus funding has not yet been clarified, although MnSCU institutions have been cautioned to not apply these one-time funds to base reduction mitigation.
Background

Minnesota’s Deficit
On December 4, 2008, the Minnesota budget forecast was released by Minnesota Management and Budget. A $4.8 billion deficit was projected for FY 10. And a $426 million shortfall for the current FY 09 was revealed (1). Minnesota State Colleges and Universities (MnSCU) immediately provided member institutions with information and reactions (2).

In response to this, Governor Tim Pawlenty announced unallotments to state agencies to address the FY 09 shortfall. MnSCU was unallotted $20 million. He further directed all state agencies to prepare a 10% budget reduction option for FY 2010-2011 biennium (3).

MnSCU communicated with member colleges and universities that $16.27 million of the FY 09 unallotments would be distributed to institutions according to the allocation formula. The unallotment to Northland Community and Technical College was $381,000 (4). Vice Chancellor of Finance Laura King wrote the following on December 22: “to the extent possible, the impact of the unallotment should be in the form of base reductions. There should be very limited use of reserves to solve the unallotment. As the system approaches the FY2010-2011 biennium and the state is faced with a shortfall of $4.8 billion, reserves will be a more critical part of budget planning and transition” (5).

All state agencies were directed to prepare a 10% budget reduction scenario. Chancellor James McCormick responded to Tom Hanson, Commissioner of Minnesota Management and Budget on December 19, sharing the likely impacts of the proposed reduction on the system (6). This is the first step of the legislative process that includes the governor’s proposal as well as Senate and House versions. It proposed reductions of 10.7% or $146 million to MnSCU. The Governor’s budget proposal for the FY2010-2011 biennium was released on January 26, 2009. Colleges and universities were provided with “talking points” on January 27 (7).

On February 6, MnSCU Finance Division provided information to member colleges and universities regarding the potential impact of the Governor’s budget recommendation. Utilizing the allocation formula for this calculation, Northland’s estimated reduction was $1,354,701 (8).

The February Minnesota budget forecast was released on March 4 (9). This was a complicated forecast in that it now reflected inflow of revenue from the federal stimulus package. The net deficit prediction for FY 2010-2011 was $4.6 billion, after infusion of $1.36 billion of federal funds. The outlook for FY 2012-2013 is equally grim, with a deficit estimated to be $5.1 billion.

On March 16, Vice Chancellor King again advised colleges and universities to take care in utilizing reserves to address budget shortfalls: “Although the FY 2010-2011 biennium might be the “rainy day” that reserves are designed to assist there is also concern that the FY 2012-2013 outlook is similarly pessimistic. I urge that caution be used when spending reserves as the outlook for FY 2012-2013 biennium is unknown” (10).
During the week of March 9 – 13, the Senate budget proposal called for a 7% across-the-board budget cut for each of the next two biennia. The House budget proposal and Governor Pawlenty’s revised budget proposal for FY 2010-2011 were released on March 17. Both recommended a base cut to MnSCU of $161.8 million for FY 2010-2011, with $133 million of federal stimulus funding. MnSCU cautioned its colleges and universities that the federal stimulus money is “one time money to be spent in the next two years.” (11,12)

On March 25, the MnSCU Finance Division asked colleges and universities to share thoughts on how federal stimulus funds should be used, though “final rules concerning how the dollars can be used have not been finalized.” (13) A list of potential uses was provided:

- Displaced worker programs and services
- Recruitment and retention
- Under-represented student services
- Classroom technology
- Program/curriculum development
- Tuition relief
- Facility improvements including deferred maintenance, energy efficiency investment, and renovation projects
- Transitional funding to offset program reductions and/or closures
- Online curriculum development and infrastructure investment
- Investments to improve institutional efficiency
- Restoration of budgets due to FY 09 unallotment

In conversations through presidential conference calls with the Office of the Chancellor at MnSCU and at the Leadership Council meetings, the transitory nature of the federal stimulus money has been strongly emphasized. Utilizing stimulus money for restoration of base funding reductions is not recommended and will merely delay reductions that will be required in FY 2012-2013.

The Minnesota State Legislative session is scheduled to conclude on May 19. Budget issues may not be resolved by this time, requiring an extension. Until the Governor, the Senate, and the House come to accord on the FY 2010-2011 budget, agencies, such as MnSCU and individual colleges such as Northland Community and Technical College, will not have solid figures upon which to base their budgets.

In addition to the operating budget, the Minnesota legislature has also been negotiating a bonding bill for capital improvements. While it is certain that there will be a bonding bill this year, the full extent of it is not known at this time. Northland may receive $ 558,000 in HEAPR (higher education asset preservation and renewal) funding to replace heating and ventilation units at the Thief River Falls campus. In addition, $525,000 for classroom renovation for the Swenson House is included in one of five projects that was vetoed by Governor Pawlenty at the end of the legislative session last year (14, 15).
NCTC’s Response to the FY 09 Unallotment

When the state budget forecast was released on December 4, the NCTC Cabinet prepared “Guidelines for Financial Management – FY 09” and released it to the college community on December 15 (16). The guidelines provided cost-saving measures to reduce the rate of expenditure of FY 09 budgets.

After receiving news of the Governor’s unallotment decision and participating in a conference call with the Office of the Chancellor, President Temte directed the NCTC Cabinet to prepare to identify $400,000 in reductions that could be made in FY 09 (17). The Cabinet met on December 22 and drafted a plan to reduce its expenditures with in the current fiscal year (18).

Reductions focused on unexpended equipment budgets; Swenson House maintenance, coordination, and promotions; administratively-held reserves, travel, and reductions in unexpended non-personnel budgets. Additionally, the Cabinet reduced budgets in specific initiative areas funded separately by MnSCU. These included IT-Enterprise funds, Awards for Excellence, and Access and Opportunity funding for underrepresented students. In December, this approach was informally sanctioned by MnSCU personnel; in March, MnSCU clarified that initiative funding must be spent for the purpose intended and unexpended funds would be retrieved by MnSCU. At this point, NCTC fiscal services did an analysis of unencumbered and unspent budgets. It is likely that by slowing spending further, NCTC can emerge from FY 09 with a balanced budget.
Preparing NCTC’s FY 10 Budget

The process of identifying budget reductions and planning for the FY 2010-2011 biennium began on January 7, 2009. In a series of eight meetings with various groups of employees, President Temte outlined the severity of the challenge, the process through which the budget would be developed, the assumptions underlying the process, and the opportunities that employees had for input.

Goals

- Develop a balanced budget for FY 10, as required by state statute
- Make, document and communicate data-based decisions
- Involve NCTC constituents to the extent possible; provide avenues for input
- Anticipate future state budget conditions; develop reductions that are deep enough to enable reinvestment in strategic initiatives.
- Plan the investment of federal stimulus funding to enable achievement of strategic goals

Assumptions

The following points were shared with all employees in January (19):

- Planning for the Future Development of Northland Community and Technical College must not be lost in the negative climate of the state and national financial crises.
- We will continue the Visioning/Planning Journey that commenced in 2008. Our budget decisions will be guided by that work. Across-the-board cuts are not consistent with the goals of the visioning process. The goals that have emerged from the input from faculty, staff, students, and community advisory committees are:
  - Inspire Student Success
  - Cultivate High Quality Programs, Services and Employees
  - Revolutionize Enrollment Growth Strategies to Sustain Vibrant Learning Communities
- Budget planning will proceed along two tracks:
  - Integrated Planning and Budgeting Calendar that gathers input regarding
    - New Initiatives/College Improvements
    - Equipment
    - Increases to Program/Department Budget (non-personnel)
    - New or Expanded Positions (Personnel)
  - Budget Reduction Development Calendar that gathers input for revenue enhancement and budget reductions
- Actual level of reduction will not be known for several months. I will be affected by:
  - February State Budget Forecast
  - Governor’s Action to address FY 09 $426 million deficit
    - Reductions in Aid to Local Governments January 2009 payments
    - Across the board reductions to all agencies
  - Legislative Action in developing FY 10-11 Biennial Budget
    - Cuts in spending, i.e. reduced funding to publicly-funded institutions and agencies
    - Increases in revenue, i.e. increases to taxes and fees
- Structure of the FY10-11 State Budget, i.e. where in the state budget reductions are applied
- Governor’s priorities are veterans and military, K-12 education, and public safety
  - MnSCU Board Action (potential)
    - Allowable tuition increases
    - Removal of barriers to budget balancing. From the November 19 Board of Trustees meeting: “The Board of Trustees is committed to providing the System’s colleges and universities with the ability to generate sufficient financial resources to provide a quality and competitive education to the learners of today. The Board of Trustees will seek the removal of all possible legal and policy barriers that hamper that goal.”
- Declaration of Financial Exigency - Deficit must reach statutorily defined levels before such action is permitted
  - Reductions to Office of the Chancellor
  - Reductions to Reserves
  - NCTC Actions to reduce spending in current year to create carry-over from FY09 to FY10
- We will prepare for these levels of reduction to state allocation:
  - $500,000
  - $1,000,000
  - $1,200,000
  - $1,400,000
  - $1,600,000
- There are no “sacred cows.”

**Process – Budget Reduction**
A calendar for budget reduction development was distributed to all college employees, outlining the process of developing the FY 10 budget (20). The key elements included:

- December
  - Develop processes and guidelines
  - Share Information
- January
  - Inform college community of college reduction processes
  - Implement FY 09 reductions due to unallotment
  - Open “Idea Forum” in Virtual Office for input on FY 10 reductions
- February-March
  - Open comment period in Virtual Office for reaction to “Idea Forum”
  - Finance Committee considers “Idea Forum” submissions
  - Continuing communication through SGC, AFSCME Advisory Council, MAPE/MMA Advisory Council, all college meetings
- March
  - Finance Committee presents recommendations to Cabinet
- April
  - Cabinet Work-days for Budget Development
  - First draft of FY 10 budget prepared by Cabinet
- May
  - Release of the budget draft
  - Period for review and comment
  - Revision of budget by Cabinet upon consideration of review and comment
  - Begin Implementation of reductions

The recommendations of the Finance Committee were submitted to the Cabinet on March 25 (21). The committee was composed of six MSCF, two AFSCME, two MAPE, and one MMA member. The committee met a total of nine times and considered the 165 consolidated ideas that had been submitted in the “Idea Forum” on Virtual Office. The committee did not make any specific recommendations regarding personnel or programs. It did focus on several other ideas to both cut expenditures and enhance revenues.

**Process – Integrated Planning and Budgeting**
At the same time, the FY 10 Integrated Planning and Budgeting process was opened in Virtual Office to solicit college ideas for areas in which budget enhancements were needed (22). In its third year, this is the process through which requests for funding for new or expanded personnel, new initiatives, equipment, or increases to program/departamental nonpersonnel budgets are submitted electronically.

**Process – Investing the Federal Stimulus Funding**
The April 10 faculty In-Service day was focused on developing strategies for investing federal stimulus funding in ways that would bring the NCTC strategic plan to life. Faculty members on each campus worked together to identify and describe ideas that might be appropriate for the stimulus funds. Ideas were gathered from other employees as well. A process for prioritizing and selecting ideas for implementation will be developed (23, 24, 25).

**Cabinet Deliberations**
The Cabinet had several full-day work sessions. In preparation for the first meeting, President Temte communicated with members that they needed to prepare for the first of several work sessions by summarizing the deepest reductions each could imaging taking in their supervised areas (26).

March 27
- Reviewed plan of work (27)
- Reviewed assumptions
  - Reduce budget by $1.6 million
  - Federal stimulus funds cannot be used to restore base funding
  - Confidentiality is essential
- Reviewed agenda and purpose of each Cabinet work day
- Agreed to focus decision-making on changes that will enable goals of the strategic plan goals
• Received report from Swenson House feasibility work group that has been working to determine if the facility can be dedicated to a purpose that would lead to self-sufficiency (28).
• Each Cabinet member presented possible reductions, with group discussion following.

April 3
• Presentation on relationship among base reductions, federal stimulus funding, allocation (29)
• Reviewed impacts of Cabinet member proposals from March 27.
• Made revisions to and decisions regarding proposals.
• Reviewed and made decisions on Finance Committee recommendations.
• Determined the need to add a fourth Cabinet budget work day on April 17.

April 13
• Reviewed and made decisions on proposals submitted as part of the Integrated Planning and Budgeting process.
• Reviewed information on general fund budget scenario FY 2010 dated 4/13/09. This scenario revealed the possibility of an even deeper deficit for NCTC for FY10.
• Reviewed ideas gathered from April 10 faculty In-Service focused on Strategies for Investing Federal Stimulus Funding.
• Assigned items from “Idea Forum” for closure by Cabinet members – each idea will have a response indicating if the idea was implemented, considered, or not acted upon with rationale
• Interacted with representatives of Minnesota Department of Employment and Economic Development (DEED) and the Northwest Private Industry Council (PIC) on ideas for collaboration regarding the federal stimulus funding
• Discussed and decided on timelines and manner for release of budget decisions.

April 17
• Reviewed proposed reductions
• Reviewed Challenges
  o faculty response to release credit reduction proposal
  o OLA auditors’ preliminary report
  o timelines for action
  o infrastructure improvements
  o expectations, training, accountability
• Plan for Marketing
• Stimulus / Strategic Plan Ideas – reviewed ideas from faculty In-Service on May 10; planned for Student Services and Administrative Services input
• Determined the need for a fifth Cabinet budget work day on April 27.

April 27
• Reviewed and affirmed decisions contained in FY10 budget document
Summary of Reductions and Revenue Enhancements

Finance Committee Recommendations
Specific actions regarding the recommendations of the Finance Committee are presented in Document 21. The total of reductions for FY10 recommended by the committee was $201,000 and the total from revenue generating ideas was $44,355.

Closure on “Idea Forum” Submittals
Many additional ideas were submitted by employees through the online “Idea Forum.” A comprehensive list of these ideas is presented in Document 30. They have been segregated into ideas related to Academic Affairs, Student Services, and Administrative Services. Cabinet members associated with each of these areas have prepared brief responses to each of the ideas. Though many were not specifically recommended by the Finance Committee, they may warrant further consideration.

Personnel Reductions
The specific positions that will be reduced or eliminated will not be identified in this document. Some personnel reductions will be achieved by not filling vacancies created as a result of retirement or resignation. There is still too much ambiguity related to the final budget amounts that NCTC will receive through state allocation, tuition, and federal stimulus sources. Also, any reduction in force requires meetings with representatives of the unions with which affected employees are affiliated. These meetings will be scheduled for the week of May 18, with meetings with affected individuals following.

Presented here are tentative levels of reduction that will affect each employee group for FY 10:

<table>
<thead>
<tr>
<th>Bargaining Unit</th>
<th>Personnel Reductions (FTE)</th>
<th>Reduction due to Retirement/Resignation/Unfilled (FTE)</th>
<th>Total (FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration/MMA</td>
<td>1.00</td>
<td>Dean of Academic Effectiveness (unfilled – not counted in total)</td>
<td>1.00</td>
</tr>
<tr>
<td>MSCF</td>
<td>1.75</td>
<td>9.13 (efficiencies in class schedules)</td>
<td>10.88</td>
</tr>
<tr>
<td>MAPE</td>
<td>2.00</td>
<td>1.00</td>
<td>3.00</td>
</tr>
<tr>
<td>AFSCME/Comm. Plan</td>
<td>1.00</td>
<td>1.00</td>
<td>2.00</td>
</tr>
</tbody>
</table>

MnSCU has used an average salary and benefits figure of $66,000 for non-faculty positions and an average salary and benefits figure of $75,000 for faculty positions. Applying these same averages to the reductions presented above, NCTC will realize savings of $396,000 for non-faculty FTE and $1,212,000 for faculty FTE. Together, the net personnel reductions will be approximately $1,446,513.

Earlier this spring, employees were asked to submit requests for voluntary reductions if they were interested in reducing their current work schedule to assist with efforts to balance the budget. Requests from eleven employees have been approved which will result in personnel savings of $15,732.13 for FY10.
Questions have been raised about proportionality of reductions among employee groups. What is required by state statute is that, for every state agency there is proportionality in reductions between management employees and all other employees combined. This measure will apply to MnSCU as a whole. Individual institutions must make decisions based on their own conditions.

At NCTC, the Cabinet has closely reviewed its workforce relative to other MnSCU institutions. NCTC’s ratio of student FYE to faculty FTE is the second lowest among 30 MnSCU colleges at 14.94. Alternatively, the ratio between student FYE and FTE of all other staff is 20th of 30 MnSCU colleges (31, 32, 33). As of May 1, identified reductions represent the following percentages of each employee group:

<table>
<thead>
<tr>
<th>Bargaining Unit</th>
<th>Reduction</th>
<th>Percent Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration/MMA</td>
<td>1 of 22 FTE</td>
<td>4.5%</td>
</tr>
<tr>
<td>MSCF</td>
<td>10.88 of 187.89 FTE</td>
<td>5.7%</td>
</tr>
<tr>
<td>MAPE</td>
<td>3 of 34.75 FTE</td>
<td>8.6%</td>
</tr>
<tr>
<td>AFSCME/Comm. Plan</td>
<td>2 of 51.83 FTE</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

The Administration has set a goal of having a 17:1 student FYE to faculty FTE ratio by the start of the FY 11 fiscal year. This level would move NCTC’s ratio to the upper level of the bottom third of MnSCU colleges, provided that none of the other colleges change from the current level. To achieve this level, NCTC will either have to grow its enrollment substantially or further reduce the level of faculty FTE. This information was communicated to faculty members in a memo from President Temte on April 20 (34).

Non-Personnel Reductions by Functional Area

The following is a general overview of non-personnel reductions that have been identified for each of the functional areas of the college but is not an accounting document:

<table>
<thead>
<tr>
<th>Reduction</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-personnel</td>
<td>30,000</td>
<td>$5,000 from each dean; $20,000 from VP</td>
</tr>
<tr>
<td>FBM reductions</td>
<td>23,000</td>
<td>office rent, non-personnel reduction</td>
</tr>
<tr>
<td>EGF Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Savings</td>
<td>15,000</td>
<td>Estimate only</td>
</tr>
<tr>
<td>R&amp;R spending</td>
<td>5,000</td>
<td>Can reduce for 1-2 years because bonding project has allowed for catch-up</td>
</tr>
<tr>
<td>TRF Facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy savings – MEC</td>
<td>6,000</td>
<td>First year savings, subsequent will be $15,000/yr</td>
</tr>
<tr>
<td>MEC expenses</td>
<td>3,500</td>
<td>Negotiating with affected parties</td>
</tr>
<tr>
<td>Mothball space at airport</td>
<td>25,500</td>
<td>Utilities $20,000, maintenance $5,500</td>
</tr>
<tr>
<td>Energy saving lighting at airport</td>
<td>741</td>
<td>Recognized if $3,850 invested of stimulus funds</td>
</tr>
<tr>
<td>Reduce lease cost for aviation site (storage sheds)</td>
<td>3,000</td>
<td>Negotiating with TRF</td>
</tr>
<tr>
<td>Occupancy sensors</td>
<td>3,700</td>
<td>Recognized if $12,500 invested of stimulus funds</td>
</tr>
</tbody>
</table>
Utility savings 6,000 Resealing, climate control, etc
Reduction to general fund (5%) 14,992

**Business Office**
Non-personnel reduction (5%) 1,500

**Human Resources/Payroll**
Non-personnel reductions 12,500 Temporary reduction ($7,000) because personnel searches for FY10 are not anticipated

**NCTC Foundation**
Non-personnel & salary transfer 11,000 Foundation reimbursement to general fund

**Student Services**
Athletic Trainer Part of overall faculty credit reduction-reassigned
Student life coordination Part of overall faculty credit reduction-reassigned
Student Senate Part of overall faculty credit reduction-reassigned
Non-personnel reductions – 35,080 enrollment management, registration, financial aid, deans’ offices, learning support, placement

**Technology/Marketing/Radio**
Shift of personnel funding 27,000 Reduce percentage of personnel paid from general fund; shift to student tech fee
Convert to print-on-demand and on-line catalog, handbook, planner 11,000 Savings of $23,000 in alternate years

**NON-PERSONNEL REDUCTIONS TOTAL** $234,513

**Revenue Enhancements**
The following is a general overview of revenue enhancements that have been identified for the college:

<table>
<thead>
<tr>
<th>Revenue Enhancement</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Affairs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase online class caps</td>
<td>80,000</td>
<td>Presumes no loss or shift of enrollment</td>
</tr>
<tr>
<td>FBM grants</td>
<td>77,700</td>
<td></td>
</tr>
<tr>
<td><strong>COI/Aviation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differential tuition for aviation</td>
<td>30,000</td>
<td>$3,000 per student/program</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiate a transcript fee</td>
<td>17,500</td>
<td>Based on $5/transcript; 3,500 per year</td>
</tr>
<tr>
<td><strong>Finance Committee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charge for office personal appliances</td>
<td>1,125</td>
<td>$10 - $25 each/year</td>
</tr>
<tr>
<td><strong>REVENUE ENHANCEMENT TOTAL</strong></td>
<td>$206,325</td>
<td></td>
</tr>
</tbody>
</table>

These reductions and revenue enhancements will result in a balanced budget if four underlying assumptions hold: NCTC’s state allocation is reduced by $1.6 million, the average faculty salary and benefits figure is $75,000, the average non-faculty salary and benefits figure is $66,000, and the identified revenue sources are accurate.
Summary of Possible Additions to the FY 10 Budget

Integrated Planning and Budgeting Process
Academic Affairs, Student Services, and Administrative Services each reviewed submissions to the online Integrated Planning and Budgeting database open in Virtual office during January and February. The four areas where funding requests could be submitted were new initiatives/college improvements, equipment, increases to program or department non-personnel budget, and new/expanded positions. Each area prioritized requests. Prioritized requests were reviewed by the Cabinet on April 13 (35). At this time, requested instructional equipment was approved. However, at the April 16, 2009, Shared Governance Council, faculty representation requested that instructional equipment funding be exchanged for a one year delay in implementation of reductions of release credit assignments.

Stimulus Funding / Strategic Plan Initiatives
Ideas for initiatives that will bring the NCTC Strategic Plan to life and for use of federal stimulus funding are being solicited and evaluated. Ideas developed during the April 10 faculty In-Service have been distributed to faculty members and will be discussed at faculty meeting at both campuses and at the May 7 Shared Governance Council. The Student Services and Administrative Services groups are also working to develop strategies that will contribute to the strategic plan and guide expenditure of the federal stimulus funding.

The following proposals for funding have been reviewed by the Cabinet:

- Curriculum development specialist to research new program possibilities, program feasibility, and funding sources
- Resource development specialist to research grant sources and to develop grant proposals
- Instructional designer to work with online faculty and other faculty who use technology
- Institutional researcher to coordinate all reporting, research, and internal information
- Consultants to assist the college to enhance quality and services in developmental education, assistance to students for whom English is not the first language
- Continuous improvement in infrastructure processes
- Programming time to develop or adapt applications that would improve efficiencies
- College Lab Assistants
- Consultant to evaluate work assigned to faculty through release credits
- Student advocacy, success planning, orientation programs
- Employee mentoring and training; clarification of expectations
- Marketing – development of a comprehensive plan and assignment of appropriate resources
- Enhancing advising processes to improve rates of retention, graduation, and transfer
- Software investments: TaskStream, Web site content management system, enrollment management system, RightNow, Strategic plan tracking

On April 17, “Spending Plans for the Federal Stimulus Funds” were distributed to MnSCU’s Chief Finance Officers (36). Discussions related to enhancements will be discussed throughout the summer. Reports to the college community will occur during the fall In-Service.
Summary of Bonding Bill as it Relates to NCTC

Through a detailed and lengthy process, the Minnesota State College and Universities System has identified and prioritized projects eligible for funding through the state’s capital projects bonding bill. Normally, the bonding bill is established in even years for the subsequent biennium. This year, in part because of the availability of federal stimulus funding for “shovel ready” projects, the legislature is likely to approve a bonding bill for projects in FY 10.

Higher Education Asset Preservation and Repair (HEAPR)
This category of projects invests in the preservation and repair of state-owned facilities. Among eligible project categories are electrical, HVAC, roof, external, internal/ADA, tuck pointing, elevator, and safety. Two projects at the Thief River Falls campus were submitted for HEAPR funding. $558,000 was requested for replacement of heating vent units in Architectural Drafting. $180,000 was requested to reroute electrical conduit. As of May 1, it is very likely that the heating vent project will be funded. This work will start as soon as the funds are released.

Capital Projects
Five projects were approved by the Legislature in the 2008 bonding bill but were later vetoed by the Governor. Design is complete, and they are ready for bid. Both the Senate and the House have included the five projects in the current bonding bill.

One of the projects is entitled “Classroom renovations, seven campuses.” Among these is a proposal to renovate the Swenson House in Thief River Falls from a residential facility to a commercial facility capable of hosting large groups. Since this proposal was developed in 2006, a great deal of consideration has been given to the continued and future use of the house by the college. Although several possibilities are being considered, including discontinuing use of the facility by the college, it appears that the $525,000 for this renovation may be available to the college for other purposes related to facility renovation or repair. More information on this will be available upon conclusion of the legislative session.
Budget & Enrollment Projections

Assumptions

- NCTC will have a base allocation reduction of between 7% (Senate proposal) and 10.7% (Governor’s and House proposal)
- NCTC will receive separate funding for special initiatives that are priorities of the Board of Trustees or the Minnesota State Legislature
- NCTC will receive federal stimulus funding which
  - may be directed toward tuition relief
  - may be available for spending in specialized categories that will be reportable to the federal government
  - should not be used to mitigate base reductions

Enrollment

- It is not anticipated that NCTC enrollment will grow in the next fiscal year because
  - unemployment in region remains well below state and national average
  - demographics of area indicate a downward trend
- Budget will be built on assumption of 2,640 paying FYE. For FY09, the budget was built on 2,670 paying FYE; this level was not achieved.
- Strategic actions to grow enrollment will be enacted in FY 10 with anticipated impact on FY 11 enrollments.

Tuition goals

- NCTC has the second highest tuition among the MnSCU colleges; only Northwest Technical College has a higher tuition. It is the intention of the college to work toward having a tuition that is nearer the mean of MnSCU colleges.
- It is the intention of the college that students will not pay more in tuition in FY 10 than they did in FY 09.
- NCTC’s tuition intentions may be modified, depending on the manner in which federal stimulus funds are distributed to MnSCU institutions.

Budget Projections

On April 17, Dennis Paesler presented a “General Fund Budget Scenario FY 2010” to the Cabinet (37). This scenario, based on the assumption of the worst possible base allocation reduction, predicts a budget for FY 10 that may still be out of balance. If this scenario becomes reality, NCTC will have to identify further reductions and may need to utilize funding in college reserves. If, however, the allocation reduction is not as severe, the $1.6 million in reductions that have been identified will result in a balanced budget for FY 10.
List of Attachments:

1) Nov. 2008 MMB Highlights
2) 12/24/08 Email - Minnesota faces a $4.8 billion shortfall for the upcoming biennium; Talking Points 12-4-08
3) 12/19/08 Unallotment talking points and statement from MnSCU
4) Unallotment to NCTC $381,000
5) 12/22/08 Memo from Laura King Re: FY09 System Unallotment
6) 12/19/08 Letter to Commissioner Hanson from Chancellor McCormick
7) 1/27/09 Talking Points on Gov. budget Proposal for FY10-11
8) 2/6/09 Memo from Karen Kedrowski Re: Potential Impact of Gov. Budget Recommendation
9) Feb. 2009 MMB Highlights
10) 3/16/09 Memo from Laura King Re: Requests to Use Reserves
11) 3/18/09 Updated Talking Points
12) 3/20/09 Legislative Update (Friends Action Network)
13) 3/26/09 Memo from Dennis Paesler to Cabinet Re: Use of Federal Stimulus Funds
14) 3/30/09 MnSCU 2009 Higher Education Asset Preservation and Renewal (HEAPR) $30 million
15) Governor’s veto on $525,000 classroom renovation projects
16) Guidelines for Financial Management FY09 – drafted by President Temte
17) Summary: Leadership Council Conference Call/OOC – Prep for 12/22/08 Cabinet meeting
18) 12/22/08 Cabinet Meeting – FY09 Budget Reduction Proposals
19) Assumptions: Budget Reduction and Development FY10
21) Recommendations from Finance Committee from Idea Forum – 3/25/09
22) FY10 Integrated Planning and Budgeting Calendar
23) April 10, 2009 Faculty In-Service – Developing Meaningful Strategies for Investing the Fed. Stimulus funding; Bringing our Strategic Plan to Life – statement from President Temte
24) April 10, 2009 – Categories for Stimulus funding and Strategic Plan ideas
25) Compilation of ideas produced by faculty & other groups on Stimulus funding and Strat. Plan ideas
26) 3/27/09 Preparation for Cabinet Budget Planning Day (3/27)
27) Cabinet Agenda – Budget FY10 – Planning document for March 27-April 13 Cabinet meetings
28) Swenson House Feasibility Study (40 pgs)
29) Scenarios for Base Allocation Reduction, Base Reinvestment, and Fed. Stimulus Funding
30) Comprehensive list of ideas submitted via the Idea Forum
31) MnSCU spreadsheet – Potential Impact of Gov. FY10-11 Recommendations-Various ratios
32) Staff to Student FYE Ratios – comparisons by bargaining units – Peer Colleges
33) NCTC Workforce by Union Affiliation
34) 4/20/09 Memo from Pres. Temte to faculty re: budget discussions/release credits
35) FY10 Integrated Budget Planning – Priority Worksheet by divisions
36) 4/17/09 Spending Plans for Federal Stimulus Funds – distributed to CFO’s
37) General Fund Budget Scenario FY10 – 4/13/09