



Thursday, August 20, 2009

# **FY 2010 BUDGET – AND BEYOND**

## **GENERAL FUND EMPHASIS**

# FY 2010 BUDGET – AND BEYOND

## ✕ AGENDA:

- + Introduction

- + FY 2010 Budget

  - ✕ Budget Development Plan

  - ✕ 2010 Budget Highlights

  - ✕ Funds

  - ✕ General Fund

    - ★ Budget Assumptions

    - ★ Revenue and Expense Budgets

    - ★ Meeting our Current Challenges

    - ★ State of Minnesota Financial Forecast

  - ✕ Long-Term Financial Projection

- + Conclusion

# VISION & MISSION

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- ✖ **Vision:** Ridgewater College will be a dynamic educational leader exemplifying innovation and excellence within a student-centered learning environment.
- ✖ **Mission:** Ridgewater College provides quality educational opportunities for diverse student learners in an inclusive, supportive and accessible environment.



# OUR PROFILE

## TO BETTER UNDERSTAND OUR FINANCES

- ✗ 5,500 students served annually
- ✗ Total 2008 college-wide expenses = \$37.8 million
- ✗ 450 employees – FT and PT
- ✗ More than 100 programs of study
- ✗ 700,000 square feet of facilities on two campuses
- ✗ >600 different accounting cost centers
- ✗ Many intercollegiate sports -10 teams, 200 participants.
- ✗ Dozens of student activities and clubs
- ✗ **1,013 graduates in 2009!**

# 2009 COLLEGE ACHIEVEMENTS

## ✕ Just a few examples:

- + Successful HLC reaccreditation visit
- + Expanded ELL offerings
- + Completed planning and began construction of Phase I Capital Project.
- + Continued STEEM efforts
- + Mobile Sim Vehicle and Program launched
- + Foundation Student Scholarships increased by 12%.
- + HLC Accreditation received for offering Online degrees.
- + New Budget Document
- + AND MANY MORE!

# RIDGEWATER FINANCIAL REPORTING

- ✖ Budget Document – New for FY 2010
- ✖ Financial Trends & Highlights Report– Began in FY 2008.
- ✖ Annual Financial Report – Complete version started in FY 2009.
- ✖ Financial Reporting Web page on College Intranet Website is under construction at:  
<https://www.ridgewater.edu/sites/staff/Pages/RidgewaterCollegeFinancialTrends.aspx>



# FY 2010 BUDGET DEVELOPMENT PLAN

ID	Task Name	Start	Finish	Resource Names	Completed	Q1 09			Q2 09			Q3 09
						Jan	Feb	Mar	Apr	May	Jun	Jul
1	Develop college budget process, principals, assumptions and timeline	1/20/2009	2/20/2009	Bob, Dan, Doug, Betty	x							
2	Payroll Budget Development	1/20/2009	4/3/2009	Bob, Denise, Deans, Dan								
3	Preliminary analysis and planning for tuition, fees, etc.	1/26/2009	2/13/2009	Bob, Dan, Doug, Betty	x							
4	Complete Preliminary Revenue Projection	2/9/2009	2/27/2009	Bob, Dan, Doug, Betty	x							
5	Review enrollment trends and project FY's 09, 10 and 11 FYE's, Bob forward to MnSCU by deadline.	2/13/2009	2/26/2009	Mary, Betty, Doug, Bob								
6	Forward draft budget schedule to Betty & Deans to gather feedback, make adjustments	2/27/2009	2/27/2009	Bob, Dan, Betty, Deans								
7	Email Budget Development documents to Administrative Council	2/26/2009	2/26/2009	Bob	x							
8	Updates and discussion at FSGC, Student EOY, and other meet & confer meetings.	2/25/2009	5/15/2009	Doug, Betty, Bob								
9	Deans and other Administrators meet with CC mgrs to determine preliminary budget estimates.	2/27/2009	4/3/2009	Deans, other Administrators, CC managers								
10	Regular communications with College Community through the Bulletin, emails and meetings	2/26/2009	6/12/2009	Doug, Bob, Betty								
11	Complete preliminary Revenue Projection based on updated enrollment projection.	2/27/2009	2/27/2009	Bob								
12	Budget 101 meetings	3/24/2009	3/26/2009	Bob								
13	Personnel and Non-Personnel budgets are due from Administrators	4/3/2009	4/3/2009	Administrators								
14	Recap budget data and establish proposed balanced budget.	4/13/2009	4/24/2009	Bob, Dan								
15	Review proposed budget with President's Cabinet and finalize budget	4/27/2009	5/1/2009	Bob, Doug, Betty								
16	Compare current proposed budget with legislative actions and MnSCU direction and make any necessary adjustments	5/4/2009	5/22/2009	Doug, Betty, Bob, Dan								
17	Complete and communicate preliminary College Budget Document	5/4/2009	5/15/2009	Bob, Dan								
18	Review proposed budget and long-term projections with Admin Council, FSGC, Student EOY and Leadership Council	5/4/2009	5/22/2009	Bob, Doug, Betty								
19	Finalize budget based on final legislative activity and MnSCU direction.	5/26/2009	6/12/2009	Bob, Dan, Kip, Gary								
20	Enter budget into ISRS	6/15/2009	7/16/2009	Dan, Business Office, Bob								
21	Review completed process - determine preliminary schedule and process changes for next budget.	6/15/2009	7/31/2009	Bob, Dan, Doug, Betty, Deans								

# FUNDS, FUNDS, FUNDS...

## General Fund

- General Operations of the College
- \$32 million budget - >74% is for personnel

## R & R

- \$600,000 Budget Repair & Maintenance – funding from General Fund
- Phase I Capital Project & HEAPR - separate state funding >\$4 million

## Customized Training

- \$2.0 million budget
- Operates separate from the General Fund

## Auxiliary Services

- Bookstores, \$1.9 million budget
- Food Service, contract

## Student Life

- Student clubs, organization, athletics, advisors,
- \$700,000 budget

## Other

- Grants (Perkins, Trio, etc.), \$1.2 million budget
- Financial Aid - \$20 million



# FY 2010 BUDGET HIGHLIGHTS

## ✖ GENERAL FUND:

- + Total Revenue increase of 0.8%
- + Total Expense increase of 0.1%
- + Net Loss projected of **<\$564,000>**

## ✖ OTHER FUNDS:

- + Overall – steady; another good year for Bookstores

# GENERAL FUND

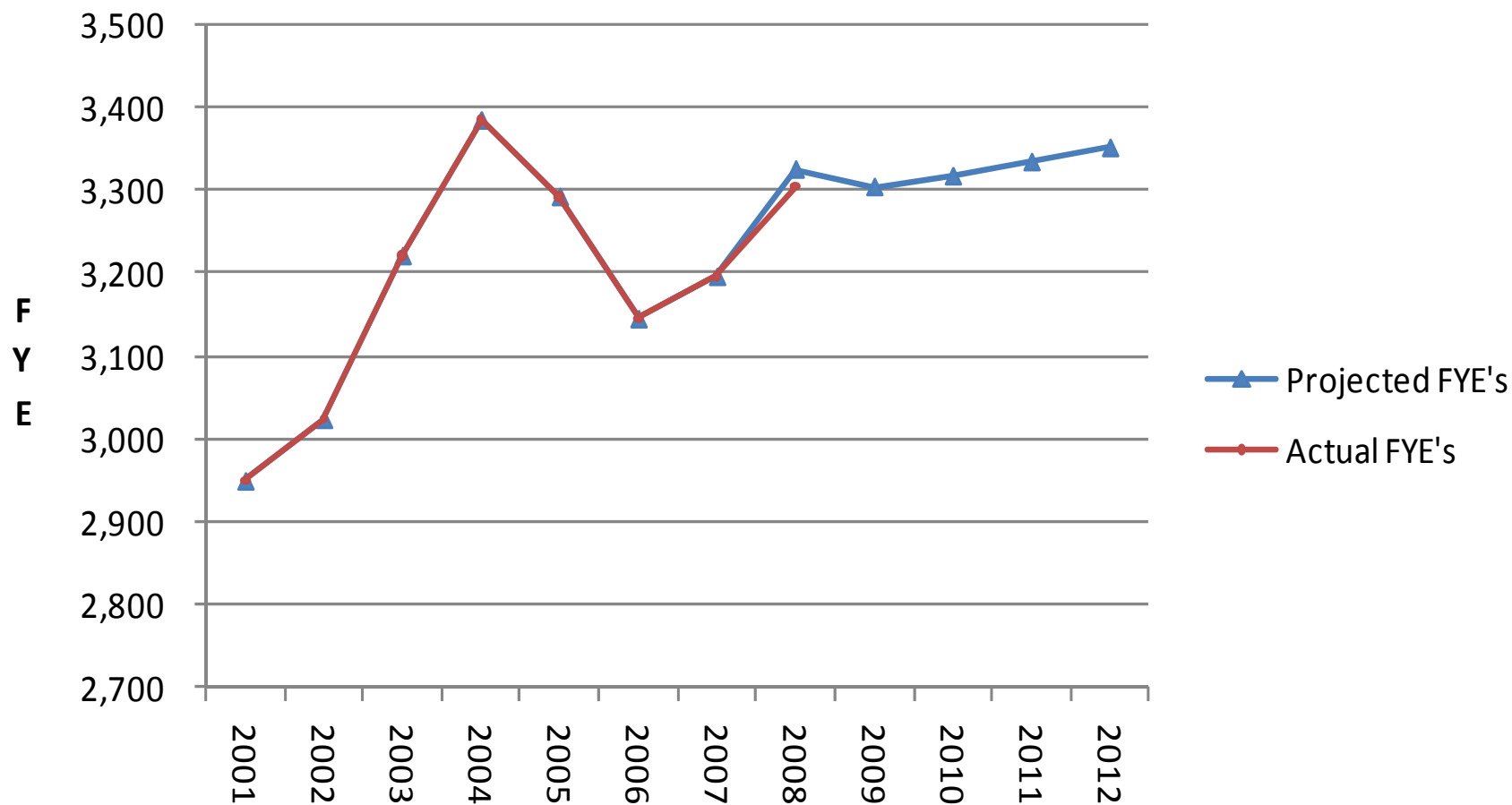
Revenues	\$31,976,000
Expenses	<u>\$32,540,000</u>
CHANGE	<u><u>(\$564,000)</u></u>

# FY 2010 REVENUE BUDGET ASSUMPTIONS

- ✖ Enrollment increase of 0.5% to 3,317 FYE's
- ✖ Tuition related revenue increases 5% to \$143.43
  - + Federal stimulus \$ mitigate tuition for students from 5% to a 3% increase.
- ✖ Base State Appropriation decreases 11.8%, or \$1.73 million from FY 2009.
- ✖ Federal Stimulus Revenue of \$731,000 (separate from tuition mitigation revenue).
- ✖ R & R appropriation from above Base reduced by \$33%, or \$300,000.
- ✖ Both Carpentry Homes built in FY 09 will be sold in FY 10, along with both homes built in FY 08.



## Ridgewater Enrollment FYE's FY's 2001-2012





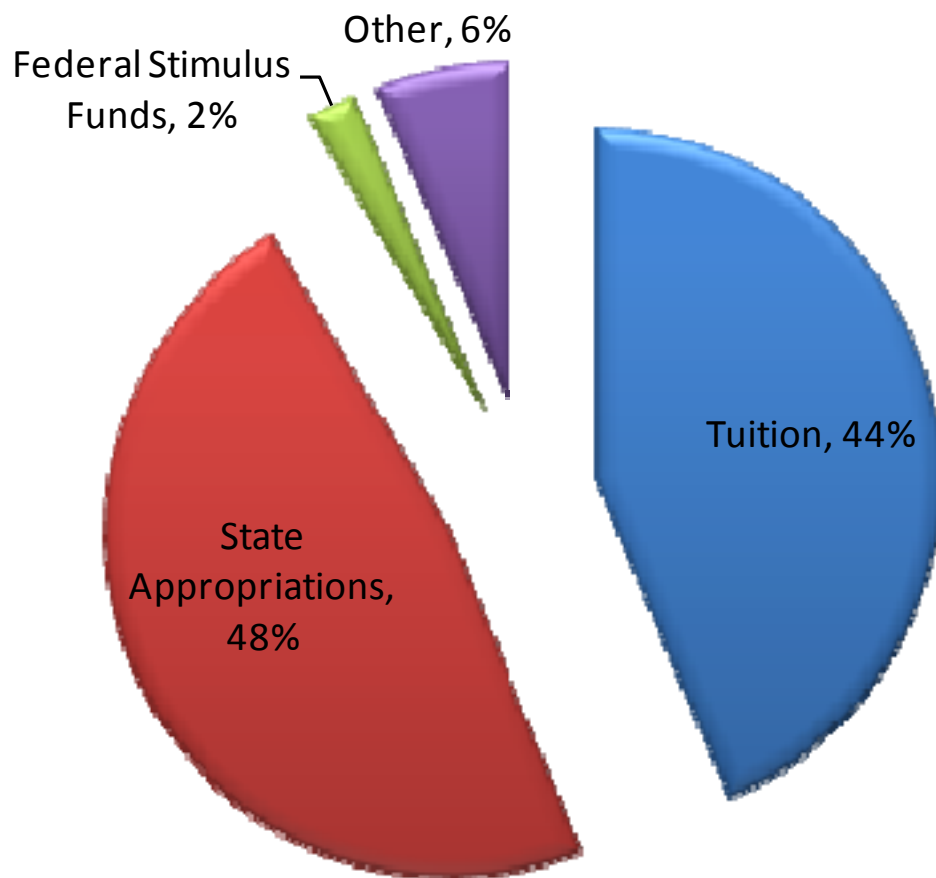
# ENROLLMENT DEMOGRAPHICS

## × Projection:

The number of high school graduates will decline by 20% over the next 6 years in our region of the state (including Willmar and Hutchinson), per MN Office of Higher Education.

- × In the same time period, the % of statewide graduates who are students of color will increase by 27% - students who at least up until now, go on to higher education at a lower participation rate.

## General Fund Budget FY 2010 Revenue





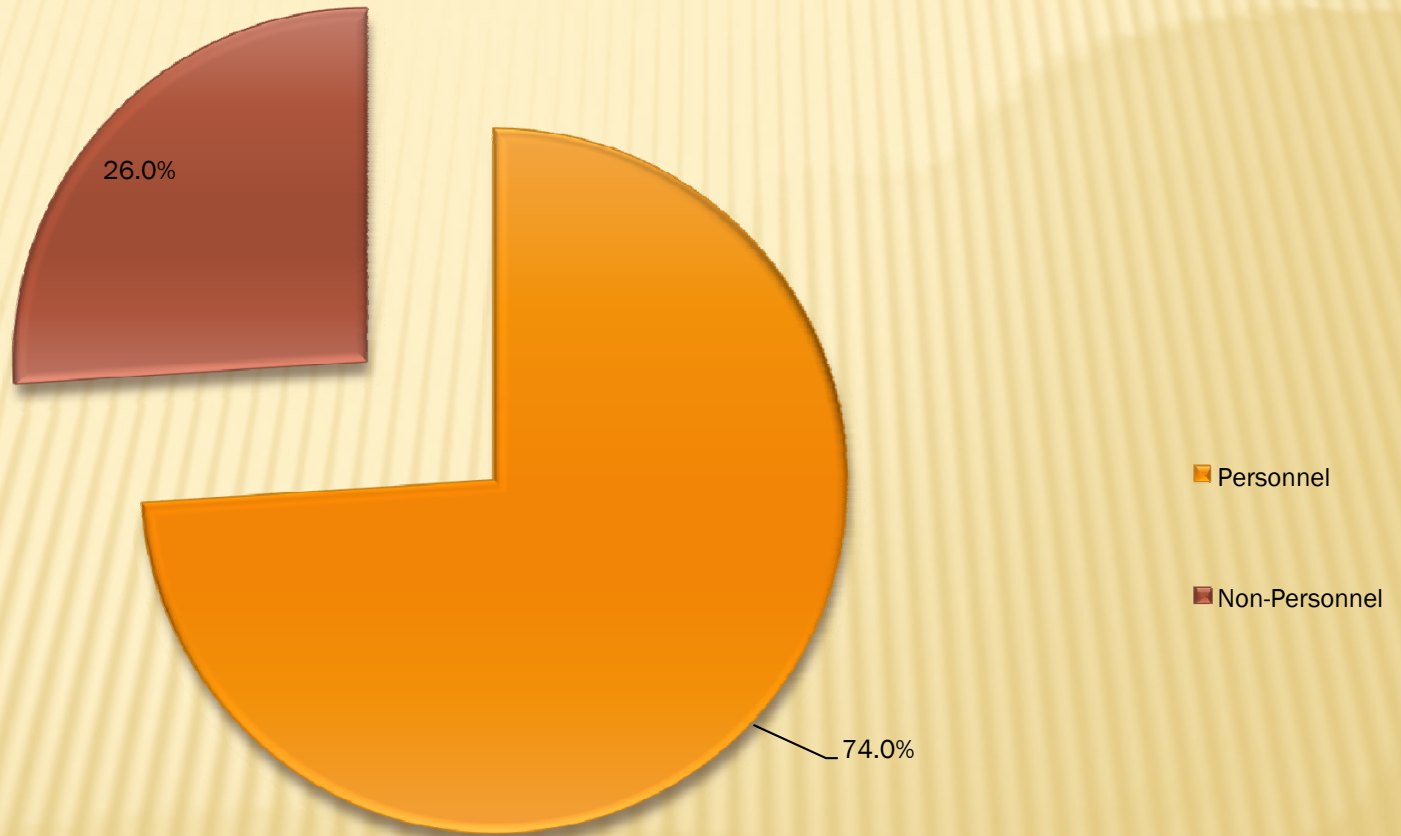
# FY 2010 REVENUE SUMMARY

- ✖ Tuition Revenue increases \$461,000, or 3.4%, due to tuition increase and small enrollment increase.
  - + Tuition mitigation revenue is under State Appropriations
- ✖ Base State Appropriation decreases \$1.73 million, or 11.8%.
- ✖ Total Appropriation decreases \$889,000 or 5.5%.
- ✖ \$731,000 of new Federal Stimulus \$
- ✖ TOTAL REVENUE increases by 0.8%.

# FY 2010 EXPENDITURE ASSUMPTIONS

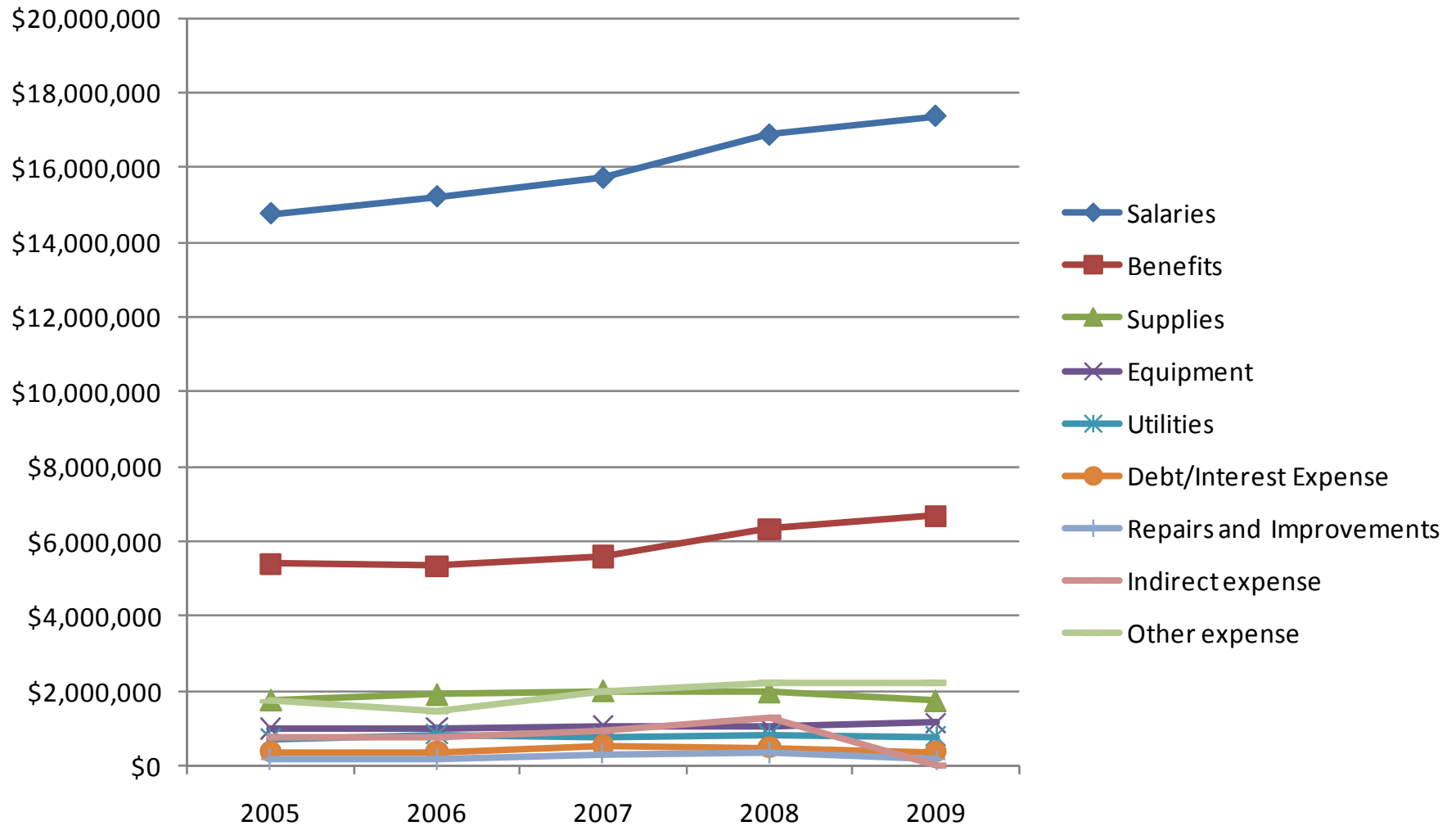
- ✖ Personnel Expenses are reduced by 0.5% due to minimal salary increases, minimal benefits increases and personnel budget reductions
- ✖ Non-personnel expenses decrease by 2.6% due to budget reductions.
- ✖ Budgeted funds not spent in FY 09 will not be available in FY 10 unless required by a grant, a contract, or statute.

# ACTUAL EXPENSES FY 2008

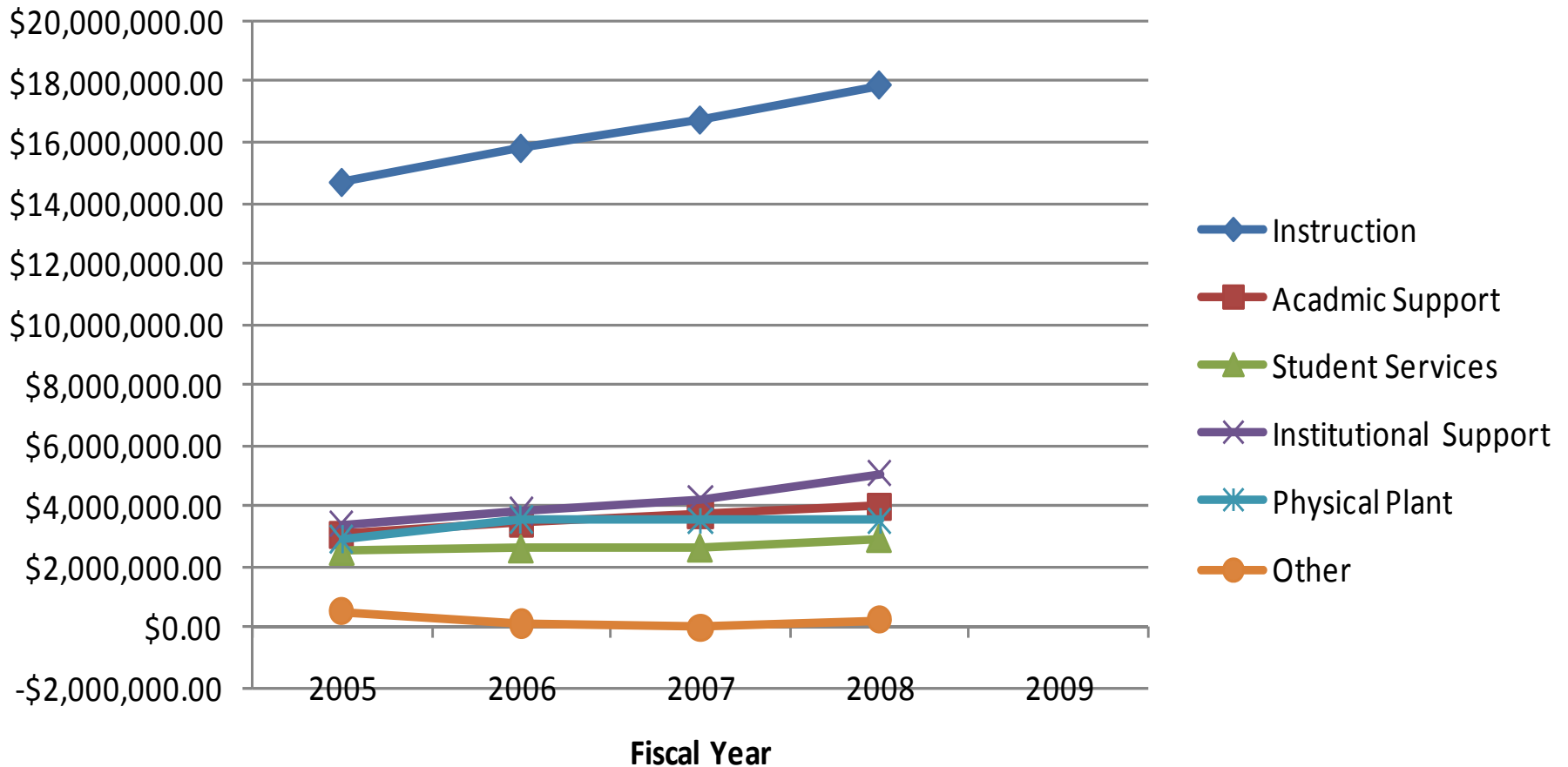




## General Fund Expenses by Category



## Ridgewater Expenses \$ per year by Program Category GEN



# A FEW PROGRAM CATEGORY EXAMPLES

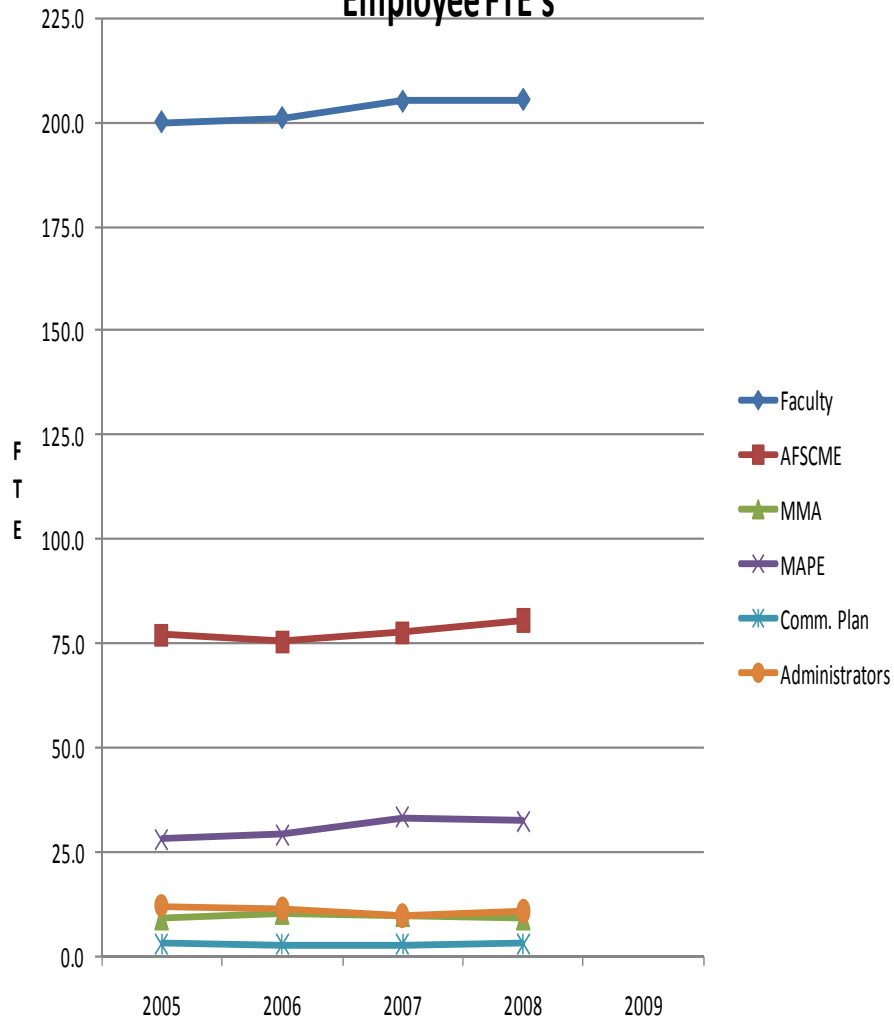
- ✖ **Instruction** – Instructional Programs
- ✖ **Academic Support** – Libraries, IT, Academic Deans, Bio Science grant, etc.
- ✖ **Student Services** - Admissions, Registrar activities, counselors, financial aid, etc.
- ✖ **Institutional Support** – fiscal operations, legal, HR, logistical services, Marketing, administration.
- ✖ **Physical Plant** – maintenance and repair of grounds and facilities.



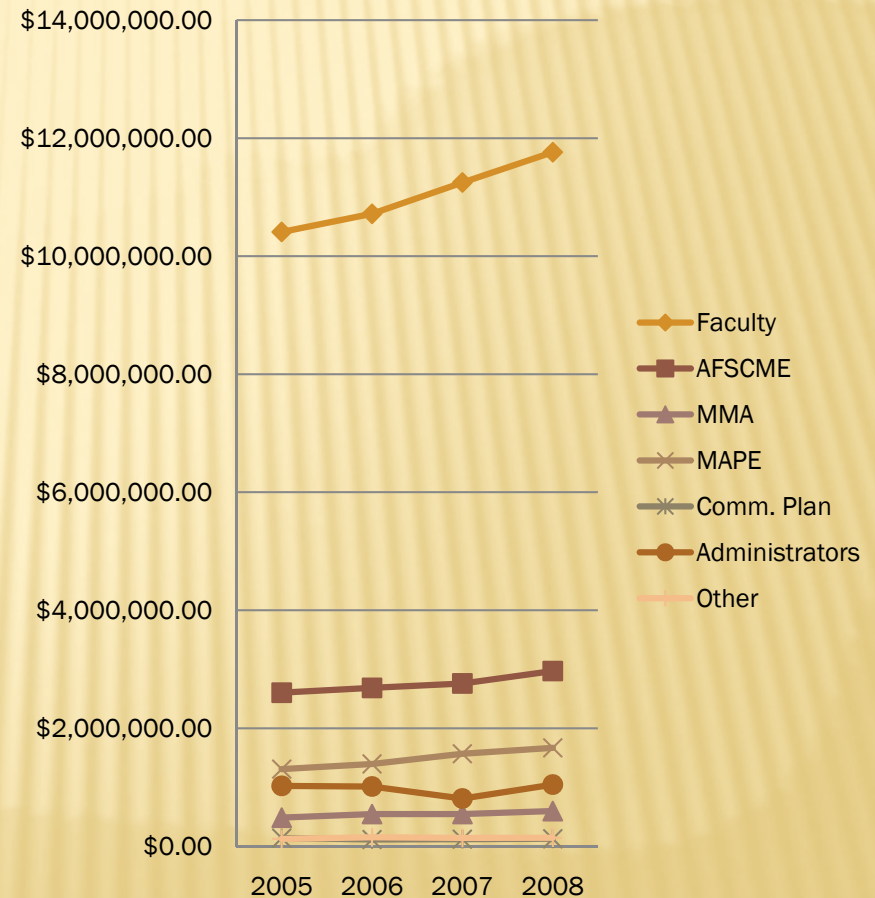


# EMPLOYEE FTE'S AND PAYROLL

## Employee FTE's



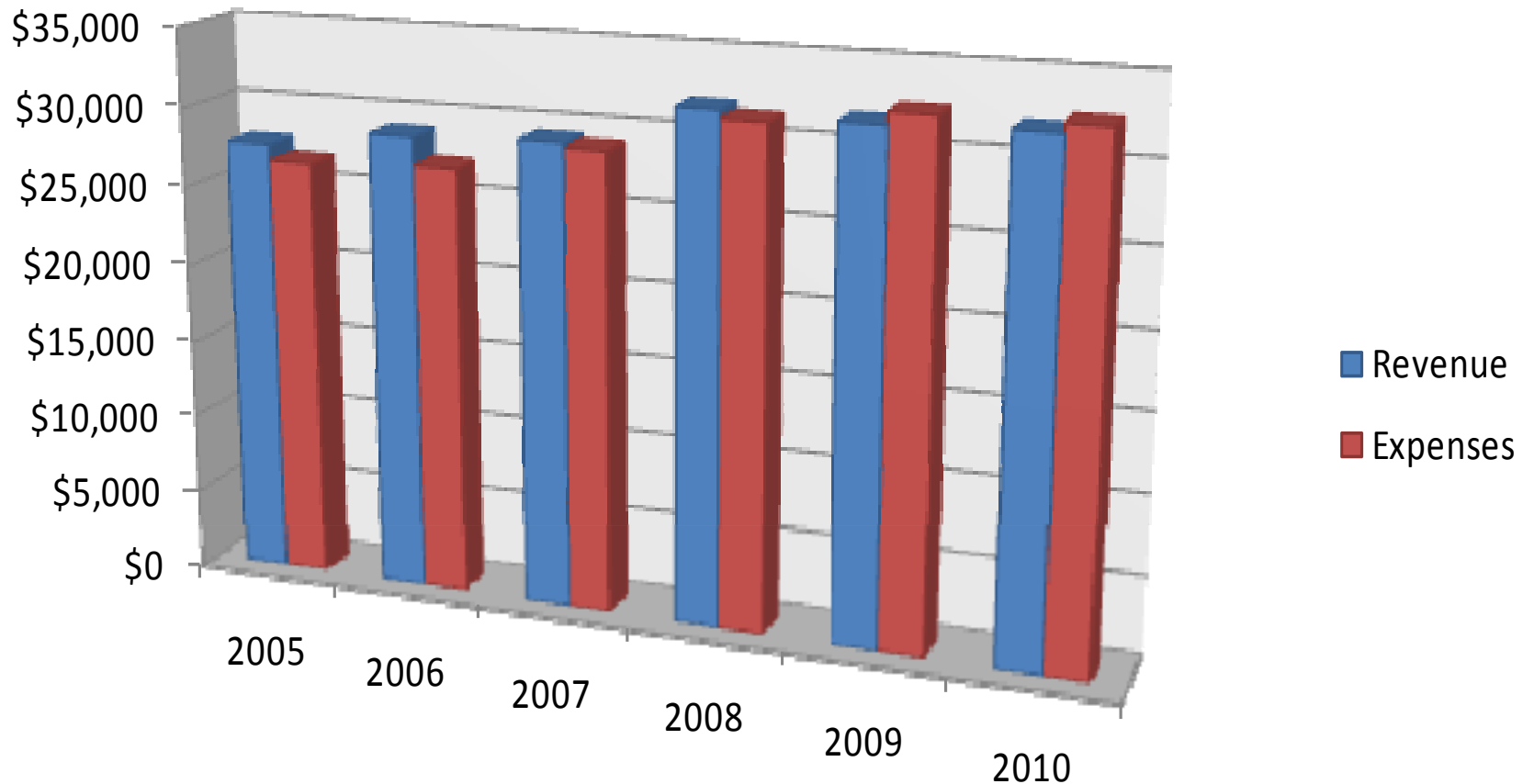
## Ridgewater Payroll \$ per year



## FY 2010 EXPENSE SUMMARY

- ✖ Personnel costs decrease by \$121,000 or 0.5%.
- ✖ Non-Personnel costs decrease by \$236,000, or 2.6%.
- ✖ Total Expenses increase by \$43,000, or 0.1%

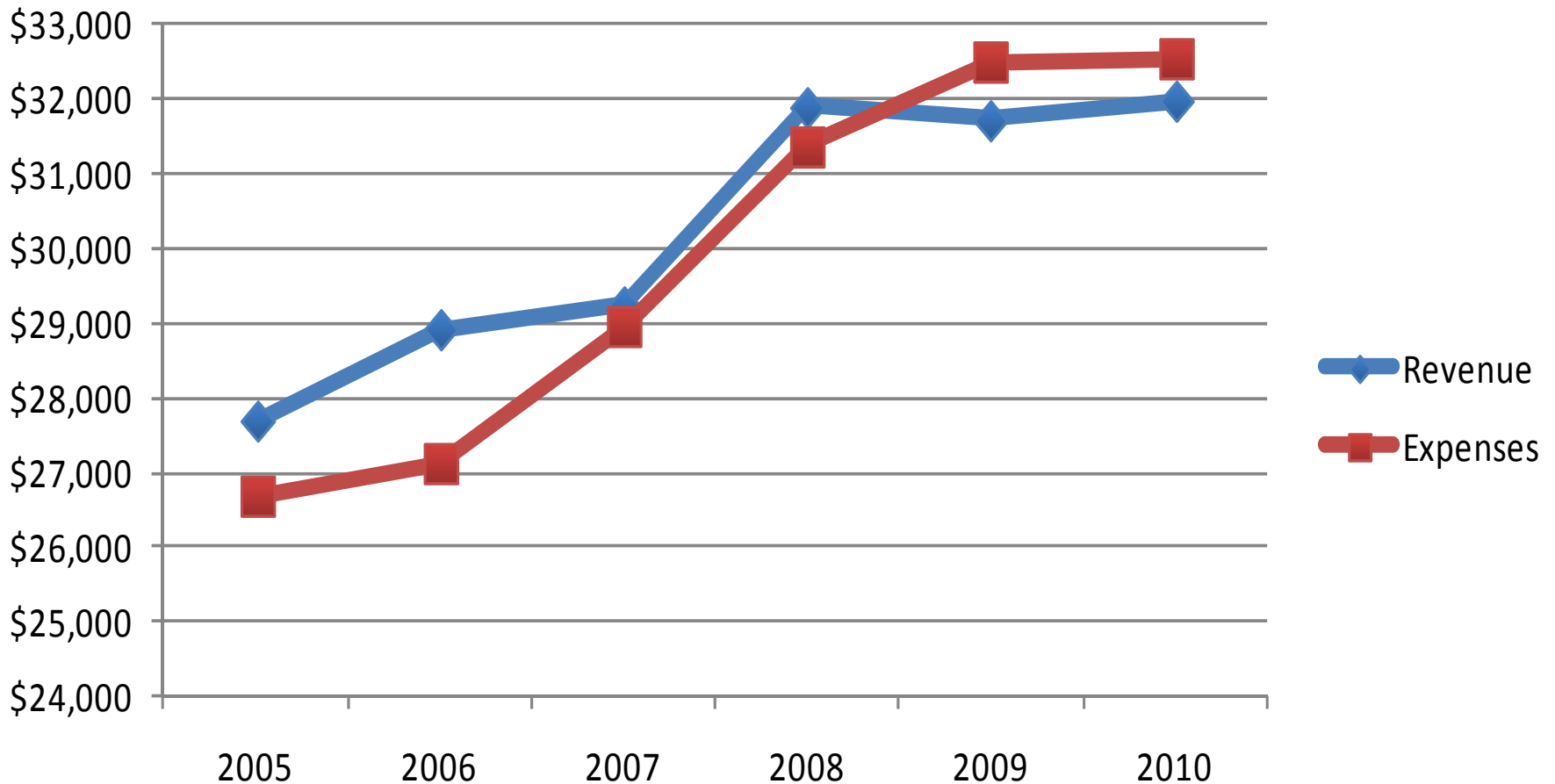
## General Fund Revenues & Expenses (in thousands)





# General Fund Revenues & Expenses

(in thousands)



# MEETING OUR CURRENT FINANCIAL CHALLENGES

- ✖ Our actions taken in response to the state budget crisis have included:
  - reductions to non-personnel budgets
  - not replacing positions (when possible) due to attrition
  - personnel/program reductions
  
- ✖ Reductions Summary:
  - \$366,711 - Not replacing or partially replacing six positions.
  - \$40,000 - General Fund contribution to Student Life athletic and arts salaries.
  - \$248,000 - Non-Personnel reductions.
  - + \$375,559 – Revenue Improvements
    - +\$100,000 - Repair and Replacement budget less than original targeted amount.
    - +\$275,599 –Federal Stimulus Tuition Mitigation Revenue
  
  - + Closing the Small Business Management Program, effective after the FY 2010 school year. The budget impact from this action will begin to impact us in 2011. The expense reduction of this reduction will save about \$330,000 annually, offset partially by about \$130,000 in less annual tuition revenue and a much smaller unknown amount from the allocation model.

# STATE OF MINNESOTA FINANCIAL FORECAST

- + Budget deficit of >\$5.0 billion projected for FY's 2012 and 2013.
  - × No expectation of Federal Stimulus \$ for that biennium
- + A longer and deeper recession than was originally expected
  - × Longest since the great depression
  - × Recovery begins later this year or in 2010
- + State revenues continue to fall
  - × State Revenues are \$150 million below forecast, as of July 2009
  - × State is underperforming the February 2009 Economic Forecast
  - × Additional “unallotment” during this year?
- + We have 4 financially challenging years ahead of us.



# LONG TERM FINANCIAL PROJECTION

## REVENUE ASSUMPTIONS:

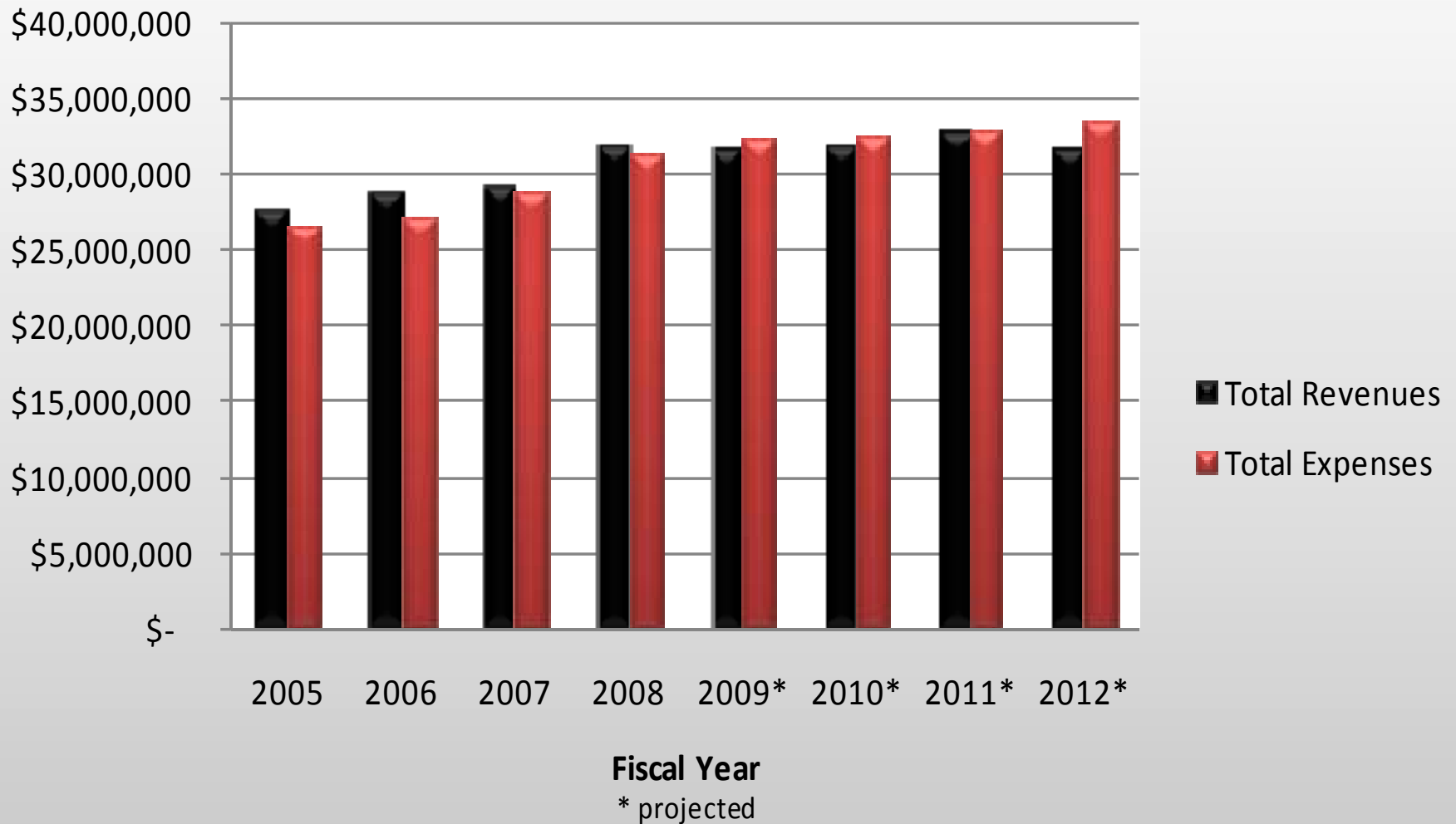
- ✖ Enrollment gradually increases at about .5% per year, increasing from 3,304 in FY 2009 to 3,351 by FY 2012.
- ✖ Tuition will increase 5.1% in FY 2010, 5% in 2011, and 4% in fiscal year 2012.
  - + Balanced by Federal Stimulus funds to buy down student tuition to 3% in FY's 2010 and 2011.
- ✖ Base State appropriation - no net increase in FY 11 and decreasing >10% in FY 12.
- ✖ The Repair and Replacement Budget appropriation (from the General Fund) remains at \$600,000 in FY 2011 and increases back to \$700,000 in FY 2012.
- ✖ Carpentry Program homes will sell promptly in the fiscal year following their completion.
- ✖ Other miscellaneous revenue remains at the FY 2009 level through FY 2012.
  - + No changes to any fees.

# LONG TERM FINANCIAL PROJECTION

## EXPENSE ASSUMPTIONS:

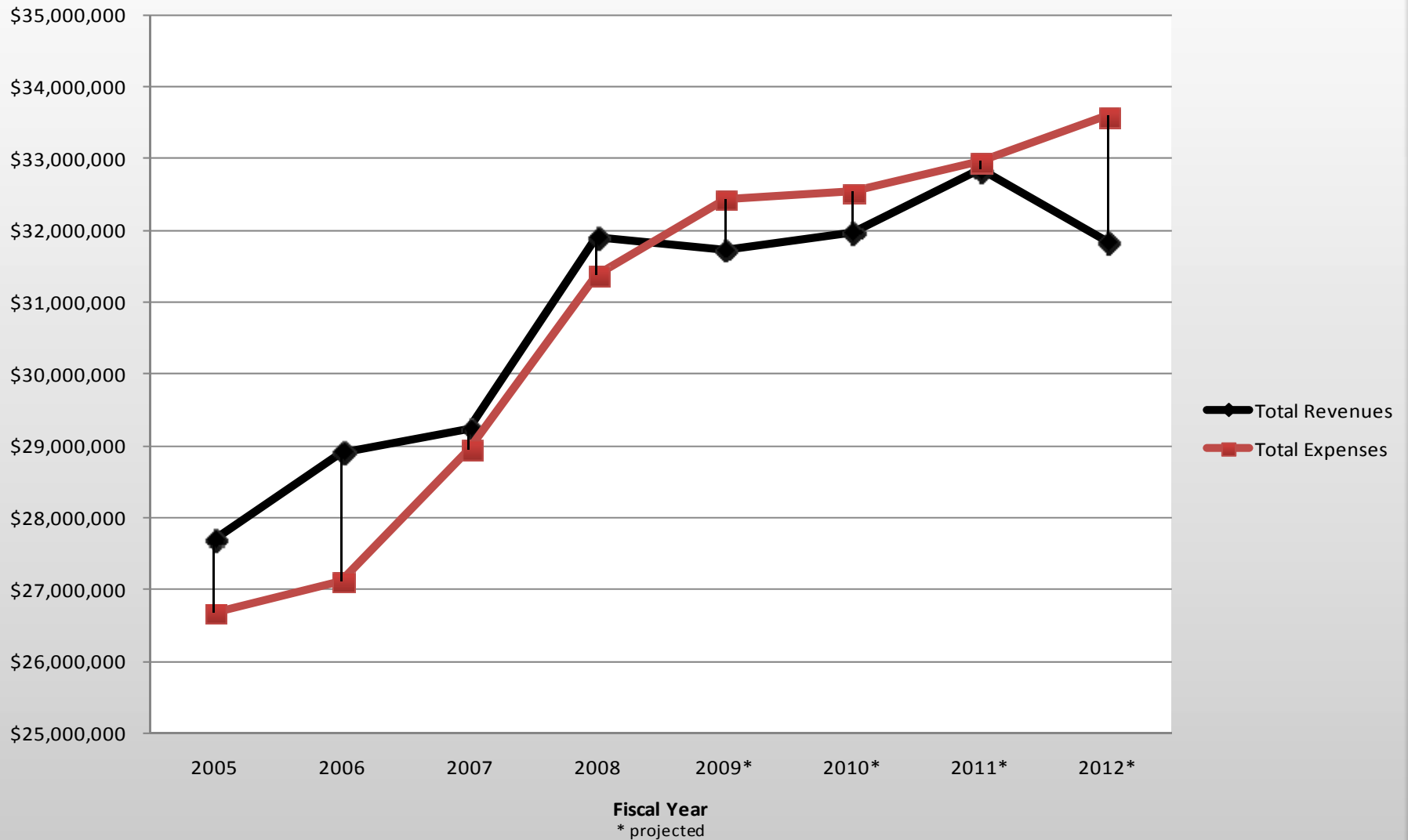
- ✘ Salaries and benefits are projected to increase \$394,000, or 1.6% in FY 2011 (mostly health care).
  - + The increase is projected at 2.1% in FY 2012 factoring in benefits increases, some salary increase, and offset by continued lower staffing levels.
- ✘ Staffing levels will continue to decrease slightly in FY's 2010 – 2012 in order to reduce our projected budget deficits.
  - + We prefer that reductions are made primarily resulting from attrition.
- ✘ Non-payroll expenditures are budgeted to decrease by 2.6% in FY 2010, by 2% in FY 2011 and 1% in FY 2012.

## General Fund: Revenues vs. Expenses

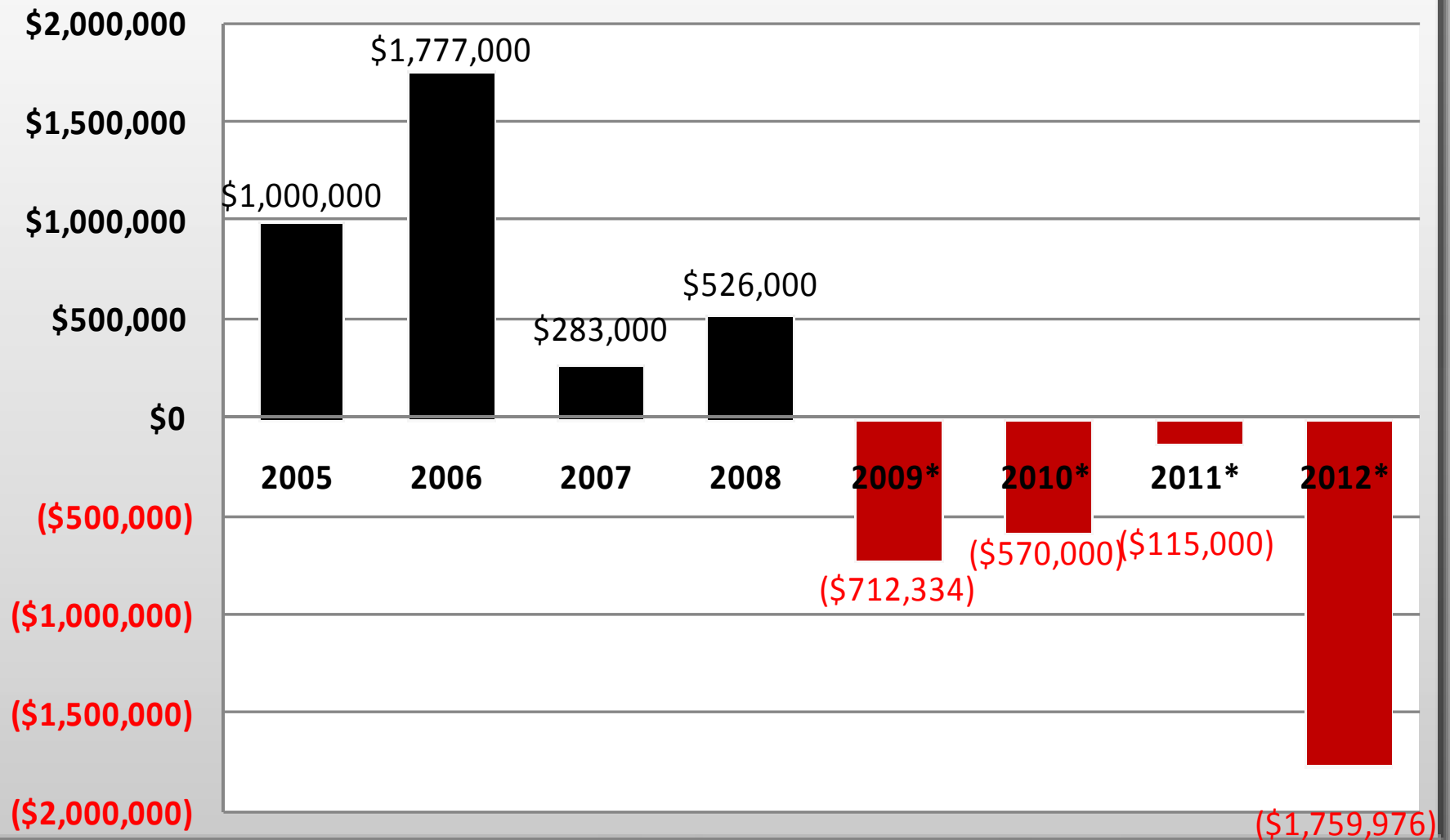




## General Fund: Revenues vs. Expenses



## General Fund: Net Gain/Loss



# GENERAL FUND BUDGET “WILDCARDS”

- ✖ State Appropriation in FY 12-13
  - + Further unallotment(s) before then
- ✖ Enrollment
- ✖ Contracts
- ✖ Utilities
- ✖ Unexpected repairs/maintenance
- ✖ Unplanned overtime

# LONG TERM FINANCIAL PROJECTION

- ✖ This is forecast, NOT a plan!
- ✖ We are:
  - + More fully implementing an integrated college-wide planning process linking strategy with financial health.
  - + Continuing to improve our budgeting process
  - + Stepping up analysis of all programs and services in light of our mission and strategies.
  - + Increasing focused efforts to improve quality, improve operating efficiencies, and reduce the growth of expenses.



# OTHER FUNDS

## ✕ The budget document also includes:

- + Customized Training Budget
- + Bookstores Combined Budget
- + R & R Budget
  - ✕ Major Project Descriptions
  - ✕ Detailed Project Summary
- + Energy Saving Efforts
- + FY 2009 Action Plan Outcomes
- + More!

# BUDGET DEVELOPMENT UPDATE

- ✖ This budget was basically prepared over the winter and into late April, with some legislative changes in May.
- ✖ Revised Budget prepared this coming October/November.
  - + Updated enrollment and other assumptions
  - + NO plan to adjust all non-payroll budgets, at this point
- ✖ FY 2011 Budget Development begins after the Holidays.

# SPECIAL THANKS!

*The preparation of this Budget could not have been accomplished without the efficient and dedicated services of the College's Business Office Staff.*

- + Special thanks to Dan Holtz for his excellent assistance.*
- ✕ Thanks to our Deans: Mike Boehme, Kathy Brock, Heidi Olson, Kathy Schwantes and Jenni Swenson for their many hours of effort on this project.*
- ✕ Many thanks to Faculty and Staff members who contributed their time and effort during the budget development process.*
- ✕ This presentation provides an overview of the proposed budget. Please see the 2010 Budget Document for a more thorough look at this budget.*



# CONTACT INFORMATION

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Ridgewater College [www.ridgewater.edu](http://www.ridgewater.edu)



# RIDGEWATER COLLEGE

Hutchinson and Willmar, MN

[www.ridgewater.edu](http://www.ridgewater.edu)

*Creating Opportunities.  
Changing Lives.*

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