Metro hosts budget forum: $1.1 million deficit in Fiscal Year 2016, New budgeting process introduced

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**Note:** This article makes use of the idea of a fiscal year. A fiscal year lasts for the length of a year, but it does not begin on January 1. At Metro State, the fiscal year starts on July 1 and ends on June 31. Fiscal years, or FYs, are named after the year in which they end. So, the fiscal year that ends on June 31 of 2015 would be called “Fiscal Year 2015” or “FY15.”

On February 18, students, faculty and staff gathered in the Ecolab room of Metro State’s Library and Learning Center to participate in a discussion of the school’s budget. Viewers at the Midway Center, the Minneapolis Campus, and the Law Enforcement and Criminal Justice Education Center watched the forum via video teleconference

The event was conducted by some of the highest-ranking executives at Metro State including Interim President Devinder Malhotra, Interim CFO and Vice President of Administrative Affairs Bruce Biser, and Associate Vice President for Financial Management Anthony Roan.

Malhotra began the event by announcing a new budgeting process designed to foster a more transparent environment and to give the university community a stronger voice in decisions about university finances. The new process will move Metro State ”towards a sustainable, growth-oriented future,” said Malhotra

Roan’s presentation was concerned with the results of FY15 and projections for the rest of FY16. The past few years have been a drain on the school’s resources. The period from FY14 to FY16 have seen the construction of the Student Center, the Science Education Center, the new parking ramp at the Saint Paul Campus, as well as traffic calming work on Maria Avenue and a build out of the 1380 Midway site. Cost overruns from these projects, especially expenses related to soil remediation under the parking ramp, have forced Metro State to draw money from reserves. Unrestricted reserves have decrease from $24.2 million in FY13 to $12.7 million by FY15. And at the end of FY16, the school is projected to be down another $1.1 million.

Biser believes that FY17 is also going to be a challenging year as new enrollment is slowing, yet contributions from the state of Minnesota have remained static. “We have to be a little more cognizant of where we’re spending money and why,” said Biser. However, Financial Management is not projecting any deficit for FY17.

Partly as a way to address these issues, the Financial Management department has been working on a new budgeting process. This new process will take effect for the FY18 budget, with planning activities slated for as early as July of 2016. According to Biser, in previous years’ budgeting, we weren’t taking advantage of all the time that we had available.

The new system will add six months into the budget-planning process. This extra time will be used to create several iterations of the school’s budget and to solicit feedback on the budget drafts from the Metro State community, especially at the divisional and departmental level.

The FY17 budget will take effect in July of 2016. At the same time, budgeting for FY18 will begin with a review of strategic goals and metrics.

An initial draft budget for FY18 will be produced in the fall of 2016. The budget will then go through a process of review and revision based on community and departmental feedback.

During the winter break, Metro State’s Executive Strategic Council will revise the budget. Divisions and departments within the school will analyze and respond to their revised financial targets, and the school will hold stakeholder forums to gather more feedback.

A “Near Final,” draft of the budget will be reviewed by the Executive Strategic Council and presented to the university president in March of 2017. Once the president approves it, the final budget will be communicated to all stakeholders and submitted to MnSCU in April. The FY18 budget will become effective on July 1, 2017.