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"HOW MUCH DO WE HAVE? A LOT. WHERE'D WE GET IT? HERE AND THERE.
SO MUCH FOR FINANCIAL DISCLOSURE. NOW BEAT IT!"

A FEW WORDS ON LONG-RANGE PLANNING, RECORDS, AND STATISTICS
FOR THE NEXT FIVE YEARS

28 December 1977

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INTRODUCTION

This paper is intended to be a resource for units developing their short- and long-range funding requests for the Student Services Fees Committee, members of the Committee, and interested parties. The information contained herein, and the additional data it will generate, will be compiled and presented to the Board of Regents as a part of the 1977-78 allocation report. If you have any questions, please call us. If you have any comments, please call us. If you have any ideas, please call us, etc. If you have any comments, please call us. If you have any ideas, please call us. This is an democratic process, and that means we want your input. Thanks for your interest.

CIRCULATION

- 19 - Fees Committee members - Jim Clark , chr. Wm. Gerberich Norman Kerr
 Ed Braddock III Sue Gjemse Neil McCracken
 Chris Casper Chet Grygar Carmen Polvere
 Roy Christman Dennis Hogan Debbie Swofford
 John Dieseth Ellen Hyker Dave Tomsche
 Philip Furia John Lynch Don Zander
 Eric Erickson,
 adv.
- 17 - Fees receiving units - Board of Publications
 Boynton Health Service TCSA-ACC SPROC
 Elections Commission COGS USLS
 ISTC - Exchange MISA USTC
 Music programs Student Aid Fund - OFA
 Recreational Sports Minnesota Technolog
 Minnesota Union Academic Cmte - college
 boards
- 5 - Central Officers staff - C. Peter Magrath Stanley Kegler
 Frank Wilderson Henry Koffler
 Don Brown
- 4 - Student governance - Ann DeGroot, TCSA Dick Wilke, ACC
 Harriet Lewis, SCC Chair, Student Reps to
 Regents
- 1 - University editor, Minnesota Daily

4 - files

(I) THE FIVE YEAR PLAN IS NOT A RUSSIAN GRAIN DEAL

The amount of discussion generated by the Fees Committee's decision to ask organizations to submit a five-year outline of their funding requirements along with the 1978-79 proposed budget suggests that a simple explanation of our objectives might be useful. Accordingly, the explanation follows, in three parts: What we want, why we want it, and what we're going to do with it.

What we want

In addition to the proposed line-item budget for 1978-79, the Fees Committee is asking each fee receiving organization to present an outline of their expected costs of operation for the next five academic years. This outline does not have to be presented in line-item form. In many cases (those in which units do not anticipate any major changes in their operations), this information can be reached simply by applying the inflation figures found in Section IV of this paper to your current budget. If an organization has tangible plans to introduce a new service, or increase the scope of a present one, then we would ask that you include this in your outline by including the approximate cost of the expansion (whether it be building, supplies, salaries, etc). The significant outcome of this exercise will be a series of annual totals that represent what each organization feels it will need to serve the student body best over the next five years.

Why we want it

The fact that enrollment levels are peaking (i.e., starting to head down instead of up) on the Twin Cities Campus is just starting to hit home in the minds of a lot of University organizations. The fact is, it's a lot easier to increase services to cope with increased student populations than it is to roll them back to deal with fewer students and increasing inflation. We think it likely that these two factors are going to have a profound effect on organizations' funding in the next five to ten years. By making some rough projections of where we will likely be five years from now, we hope to be able to better plan for the future. If a unit's funding level is likely to change (in either direction), it is far better to plan for the change and orchestrate it over a number of years than to introduce a sudden cut or sudden influx of funds... before the group is ready to deal with it. By pulling out our crystal ball, we can accomplish significant changes without harm to the recipient organizations or the level of services offered to the community.

What we're going to do with it

It might be appropriate to start off this paragraph with a list of what we are not going to do with "it". We are not:

- (i) Trying to make a totally reliable prediction of the 1983-84 student services fee.
- (ii) Intending to use the projections as guideposts for future funding years.
- (iii) Going to hold anybody to their estimates.

The last point might use some further illumination: not only won't we enforce these projections, we can't. The fee-setting process is legislatively bound to the authority of the Board of Regents and the Student Services Fees Committee as constituted the year immediately before the academic year being allocated for. No one can bind the future actions of those units.

This exercise in prediction is, in essence, a Delphi study. Delphi was the location of the temple of a famous ancient oracle to whom men would come to receive knowledge of future events. In contemporary usage, a Delphi study is a process where persons in a position to know something about a particular field are asked to predict likely future developments in their area of specialty. As fee-receiving organizations, your area of specialty is you. To stretch the analogy, no one ever went to the oracle to prove the future, and it is doubtful that anyone ever sued her if she was wrong. However, her words were used so that persons with authority could make their decisions in light of an understanding of what lay ahead...and that's what we are trying to do.

(II) SUBCOMMITTEES AND EMBARRASSING QUESTIONS

The five-year project is separate from the regular annual allocations process, although both are being run concurrently this year. Hopefully, this will encourage all parties concerned to develop a greater awareness of the necessity to take future plans into consideration when making short-range decisions. Or, in English, to think ahead. The administration of the five-year projection is handled by the full Fees Committee though its officers, whereas the annual allocation originates in three subcommittees with their own chairpersons...a few words follow on both halves of the process.

Long-range planning

The initial five-year projection of each organization will be turned in by the unit to its assigned subcommittee along with the annual request. The subcommittee chairs will forward these items to the full Committee Chairman, who will assemble the projections into a single unit during the subcommittee deliberation process (late January - early February). By the time the full Fees Committee reconvenes to make the final report for the 1978-79 funding levels, the composite projection will be available for study, as well as the results of the annual Student Life Studies poll of a random sample of University students on the levels of allocation for various units.

When the report of the Committee is presented to the Board of Regents (after deliberation with TCSA and the Vice President for Student Affairs), the composite projection will be included as a back-up supplement. The prediction information will be presented in the light of "We're making our recommendations for this next year as follows, based on our projections for the future of ..."

To make these estimates, the fee receiving units divide easily into one of three categories, each of which different treatment is required. The Capitalized operations, with building maintenance or rental costs, salaried staffs, etc. will be asked to make their own best-guess predictions, and these will be incorporated as they stand. The Escrow operations, or those units whose monies are diverted into a fund for further allocation, will be projected at simple inflationary increases unless the supervisory unit requests otherwise. The Bonded or refinancing funds will be automatically carried at their present level until the expiration of the debt.

Annual Allocation

The Fees Committee maintains a file of past submitted budgets, financial reports, minutes, general information, etc. on each organization or fund receiving fees money. In order to fulfill their charge to monitor funded operations as a part of the allocations, Committee members will draw on

the files and other available information in order to have intelligent questions to ask of the groups making presentations to each subcommittee. A list of specific areas of concern is compiled applying to each group, for use by the subcommittee, and the units will receive advance notice of the general subject areas that the subcommittee is likely to be particularly interested in. The charge to the subcommittees is to find out the answers to these questions as an important part of their monitor function.

Once the subcommittees have written their recommendations, the full Committee holds a series of open hearings, during which any representatives of the units involved, and any members of the University community at large, may express their opinions on the fee recommendations. These open meetings provide an opportunity to clear up any opaque points, concerns, misinformation, etc. The Committee subsequently meets on a weekend to write its comprehensive recommendation to the Board of Regents.

Again, the expectations of the Committee vary with the nature of the unit being funded, as outlined below:

Capitalized operations (Board of Publications for Minnesota Daily, etc., Boynton Health Service, COGS, Elections Commission, ISTC/Exchange, MISA, Minnesota Union operations, Music programs, Rec Sports, SOS, SPOC, Technology, TCSA/ACC, USLS, USTC).

These units are expected to make their annual request in the form of a line-item budget, in which specific costs are separated by the nature and location of the expenditure. The larger units (Health Service, Unions, Rec Sports) traditionally present summaries of financial operation, in order to bring the raw data down to a manageable size. However, the Committee reserves the right to examine the more specific figures, and make allocations on a line-item basis, in accordance with recommendations 14, 16, and 17 of the University policy on s.s. fees (see Section V). The most important principle in the process is that each total expenditure requires a justification. This tenet (new to some units and their budgeting process) simply means that each unit has to have a reason why the total listed is at the level it is. For instance, if you have an item for \$46,000 for "salaries", it is necessary to show that this amount relates directly to a number of employees, hours, and wage scale(s). To simply say, "That ought to be enough" won't hold any water. Another example is "program" budgets, which often ask for a round number of dollars to be allocated to a general program area. Any one presenting such a budget this year should expect to be asked: (1) What are you going to do with it?, (2) What was done with it last year? Since we are charged to be responsible to students and their checkbooks, it is fair to assume that if some unit doesn't know what they're going to do with a certain item, they won't get the money for it.

Escrow Operations (Student Aid Fund, Cultural Affairs, College Boards)

Each of these funds is administered by an umbrella group and subsequently reallocated to the recipients (students on financial aid, student organizations doing cultural programming, individual college boards). Although any recipient group is welcome to come to the subcommittee meeting at which their fund is being discussed, the presentation is generally made by the umbrella organization. This information need not be as detailed in nature, as it is assumed that the umbrella unit requires detailed information from its recipients, and monitors the funds' expenditure. In most cases, these funds will be assumed to remain at a constant level corrected for inflation, unless some major change occurs.

Bonded or Debt-Service Funds (CAIF, Minnesota Union Expansion)

The Fees Committee will assume that, once these funds have been approved by the proper method, they will be carried at present level through to their expiration unless some significant opportunity arises for alternative funding that would lessen the burden on the students. The Committee, through its subcommittees, will maintain its monitor function by examination of the usage and administration of the facilities financed by these funds.

New Proposals

Organizations wishing to obtain student services fee funding who are not presently "on the fee" will be assigned to a subcommittee and participate in the regular allocations process. Specific guidelines applicable to such a group will include:

- (1) Is the proposed service duplicative of existing services?
- (2) Is the proposed administrating body for the funds request a "solid concern", i.e. accountable to the University and the student body, solvent, etc.?
- (3) Is there a demonstratable need for the service proposed among the fee-paying student body, and in such a manner that other alternatives for funding would not suffice?

(III) PROJECTIONS THROUGH 1980-81

Some explanation is appropriate here, so that the reader understands where the figures presented below come from. In November of 1977, a rough projection of student fees from 1977-78 to 1980-81 was made by the Fees Committee in preparation for a meeting with President Magrath. This report simply extrapolated the current service levels of organizations out by standard 1977 inflation rates, and included increases in those areas where units had made public their intention to expand services. The report made no claims of clarivoyance...it was intended to indicate a general direction for the fee level if present services levels were maintained.

Listed below are the fees receivable items for each service.* Please bear in mind that the original report included estimations of expenses, income, and capitalization as well. The data below is offered only as an exercise to determine the cost of maintaining present services.

	<u>77-78</u>	<u>78-79</u>	<u>79-80</u>	<u>80-81</u>
Boynton H S *	\$3,300.0	3,579.5	3,729.0	3,879.5
Minn Union				
Operations	1,238.9	1,418.8	1,562.8	1,662.5
Expansion	636.6	646.6	652.0	655.0
Rec Sports	450.2	479.8	485.6	491.4
U S L S	177.5	225.6	268.9	283.0
BD of PUB/Daily*	223.0	240.8	260.1	280.9
U S T C				
Video Cnt. & Admin*	113.3	134.8	152.0	171.4
Film Society*	10.0	13.0	16.9	22.0
T C S A/A C C**				
(Inc-COGS&SPBOC)	118.0	119.9	122.4	125.3
Music Programs	35.3	37.1	38.9	40.9
ISTC/Exchange	33.7	35.8	38.1	40.6
H I S A	16.1	16.4	16.8	16.8
Cultural Affairs*	15.0	15.6	16.2	16.9
S O S	10.3	11.2	12.2	13.3
CAIF/Bierman & C	165.0	165.0	165.0	165.0
Student Aid to OFA	63.2	63.2	63.2	63.2
TOTALS ***	\$6,610.4	\$7,203.1	\$7,600.1	\$7,927.7

* Figures for the units asterisked have been revised due to new data from the individual services.

** The TCSEA/ACC fee above includes college boards.

*** Where totals listed are greater than the sum of the items in the column, they include fees reserve accounts.

At present, as per the data above, there is a total of \$6,610,400 being expended in student fees money. Dividing this by \$55/student/quarter X 3 quarters, we arrived at a figure of 40,063 fee-paying full-time equivalent enrollment (Fall quarter actual enrollment for 1977-78; 44,743). In FTE terms, then, 89.54% of the enrolled students pay fees. If we assume that this percentage is a constant one, then the per-quarter figures for 1978-1981 are:

$$\underline{1977-78} \quad 44743 \times .8954 = 40063 \dots \frac{6,610,400}{40063} / 3 = \underline{\$55} \text{ per student per qtr.}$$

$$\underline{1978-79} \quad 45000 \times .8954 = 40293 \dots \frac{7,203,100}{40293} / 3 = \underline{\$59.59}/\text{st}/\text{quarter}$$

$$\underline{1979-80} \quad 46500 \times .8954 = 41636 \dots \frac{7,600,100}{41636} / 3 = \underline{\$60.85}/\text{st}/\text{quarter}$$

$$\underline{1980-81} \quad 47500 \times .8954 = 42532 \dots \frac{7,927,700}{42532} / 3 = \underline{\$62.13}/\text{st}/\text{quarter}$$

It should be noted that 1980-81, the next year after these projections, is projected as the peak year, after which enrollment will start to decline.

(IV) ENROLLMENT AND INFLATION ESTIMATES THROUGH 1983-84

Before disseminating the data contained in this section, we would like to make a small disclaimer: These projections are offered only as a common ground for each organization to carry out its own planning exercises, as described earlier. The enrollment figures are the result of ad-hoc guesswork by Dave Berg of MPIS; he and I would both appreciate it if no one makes claims that the data is anything but a good guess. The same general attitude should be applied to the inflation figures; so much of econometric data is tied to political and unpredictable materials-supply factors that anyone who professes to have exact data is likely a charlatan. Accordingly, these figures are offered as good rough guesses. Those with a penchant for more exact figures are invited to wait until MPIS comes out with a far superior set of comprehensive data later this quarter.

ENROLLMENT, FALL QUARTER, TWIN CITIES CAMPUS, UNIVERSITY OF MINNESOTA AD-HOC ESTIMATE

		<u>% change</u>			<u>% change</u>
1975-76	45,289 *		1983-84	47,000	-1.7
1976-77	45,788 *	+1.1	1984-85	46,200	-1.7
1977-78	44,778 *	-2.2	1985-86	45,800	-0.3
1978-79	45,000	+0.5	1986-87	45,000	-1.7
<u>1979-80</u>	<u>46,500</u>	+3.3	1987-88	44,500	-1.1
<u>1980-81</u>	<u>47,500</u>	+2.2	1988-89	45,000	+1.1
<u>1981-82</u>	<u>48,000</u>	+1.1	1989-90	44,600	-0.9
<u>1982-83</u>	<u>47,800</u>	-0.4	1990-91	43,800	-1.8

INFLATION PERCENT ESTIMATES, AVERAGE FOR THE PERIOD AY 1977-78 - AY 1982-83

- 8% per annum increase in academic/professional salaries
- 8% per annum increase in civil service salaries
- 13% per annum increase in electrical utilities
- 8% per annum increase in other utilities
- 4% per annum increase in general supplies

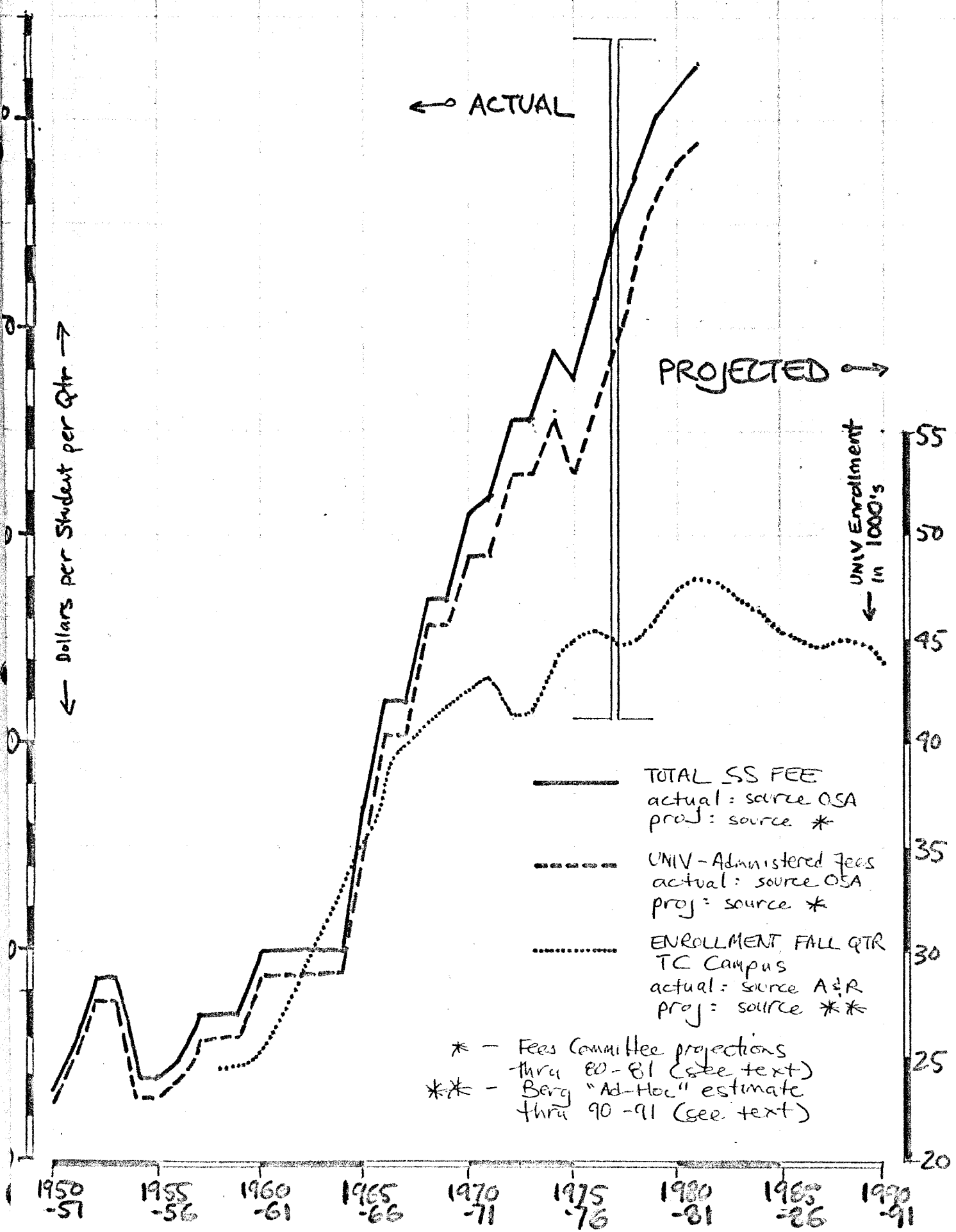


TABLE I : FEES LEVELS VS ENROLLMENT

STUDENT SERVICES FEES COMMITTEE

University of Minnesota, Twin Cities

The following recommendations of the Task Force on Student Services Fees were submitted to the Board of Regents in May, 1976, and subsequently adopted as University policy.

1. All student services fees ought to be mandatory.¹
2. Fee supported services should be available to all students.
3. Additional debt service established through student services fee procedures should be funded through tuition.²
4. Student services fees should not be used to fund courses or activities for which academic credit is offered within a department.
5. Student services fee funding for intercollegiate athletics is undesirable and every attempt should be made to phase it out.³
6. All campuses should have a committee that reviews and recommends the student services fees. That committee should have at least a student majority, and all members will vote.
7. All aspects of a process for dealing with student services fees should be left to the individual campuses.⁴
8. No executive of any organization that receives funds from student services fees shall be a member of the Student Services Fees Committee.⁵
9. All fees committees should have staff assistance from the office that audits fee funded organizations.
10. All persons involved in development of the student services fee must recognize the relationship of fees to the total tuition and other costs of education for students.
11. All organizations receiving any student fee funding must have students participating in deciding how fee money is spent.
12. Every budget receiving funding from the student services fee should be reviewed annually.
13. The Fees Committee on each campus shall establish requirements for budget review, expenditures, and pre-audit.
14. Organizations receiving funds from student services fees should demonstrate expenditures in general compliance with their submitted budgets.
15. In general, total dollar amounts should be used in the review and allocation of budgets.⁶
16. The Student Services Fees Committee has the option to allocate funds on the basis of approval of specific items within a total budget.
17. The budgets and financial records of all units that receive student fees should be available to student inspection.
18. The interest and needs of students regarding student fees should be polled annually.⁷
19. Summer Session student services fees should be set at the same time as the regular session fee.
20. Continuing Education and Extension students should have the option of paying the student services fee.
21. All reasonable attempts shall be made to develop a unified student services fee report to the Regents on the part of the central administration and student/faculty/staff committees.⁴

(next page)

Task Force Policy-2

FOOTNOTES

- 1 The fee for the Minnesota Public Interest Research Group is not considered to be a student services fee. The University administration has requested that the Student Services Fees Committee fulfill points 12, 13, and 14 of the Task Force report with respect to MPIRG in the spirit of the contract between MPIRG and the Board of Regents.
- 2 This recommendation referred specifically to the financing of the Consolidated Athletic Building fund on this campus. In future situations, the Fees Committee would make recommendation on the expenditure required for such facilities, which would then be funded through tuition; no annual review would take place during the course of the repayment, and tuition would be reduced by the correct amount at the end of the repayment period.
- 3 This recommendation was not directed at the Twin Cities campus.
- 4 On the Twin Cities Campus, the recommendation of the Fees Committee is submitted for passage and/or amendment by the Twin Cities Student Assembly, and the amended report is submitted to the University Administration. The chief officers of the Assembly and the Committee then sit down with an officer of the Administration and negotiate the final presentation which is made to the Board of Regents.
- 5 The currently accepted definition of "executive" on this campus is an officer of the organization as listed with the official registration of that organization with the Office of Student Affairs.
- 6 The recommendation allows the distribution of the fee to be ensured to the recipient organizations in the face of unpredictable fluctuations in enrollment.
- 7 On the Twin Cities campus, the Fees Committee carries out an annual poll of a statistically valid sample of the TC campus student population (=525+25) in the fall, through the Office of Student Life Studies.

The Student Services Fees Committee on the Twin Cities campus is composed of 13 members: 12 students, appointed by the Student Assembly; 3 faculty, appointed by the Faculty Consultative Committee; and 3 administrators, appointed one each by the Vice Presidents for Academic Affairs, Finance and Development, and Student Affairs. The chair of the committee is elected by the Student Assembly; the committee divides into three subcommittees in order to hear and review the requests of the fee receiving organizations on the campus. After the subcommittee hearings, the Fees Committee holds a series of open hearings on all subcampuses, and drafts its comprehensive report at an all-day meeting in April. No meetings of the Committee or its subunits are closed; input from all members of the University community is actively solicited.