President’s Cabinet  
Thursday, December 3, 2015  
10:00-11:30 a.m.  
Memorial Hall - Room 300

Attendees:
Richard Hanson       Mary Ward              Randy Westhoff
Jackie Carroll       Colleen Greer           Jim Dillemuth
Tracy Dill           Rosanne Erickson       Rob Bollinger
Troy Gilbertson      Bill Blackwell         Martin Tadlock
Karen Snorek         Brittanay Hull         Scott Faust
Megan Zothman        Brody Karger           Sheila Paul
Deb Peterson         Robb Carothers         Kierstin Hoven
Shawn Strong         Brian Jambor            Erika Bailey-Johnson

NTC/HLC Update – President Hanson for Bob Griggs
No update. The HLC has not yet provided us with an outcome. We expect the report any time.

Recruitment, Retention & Graduation – President Hanson for Michelle Frenzel
No Update.

Online Directory Information – Scott Faust
Discussion: We have inconsistency in our online directory for how faculty, staff and administrators are listing themselves. For instance, some are listing themselves with an honorific (Mr., Ms., Mrs., Dr., etc.). Scott is looking for input on making this more consistent in the BSU directory. He is also looking to do the same thing for the newly designed NTC website, which will be launched soon.

Specifically, Scott would like to know:
1) Do we want to continue to provide the option of an honorific or would we consider removing that field entirely?  
2) Do we want to continue to provide employees with the opportunity to identify an academic acronym after their name?

Scott has not researched best practice or how other MnSCU institutions list employees in their directories. Scott’s preference is for titles after the name rather than the honorific. Martin typically goes to the university directory for the name and isn’t looking for the credentials.

Employees can make changes to their directory information; however, it ties back to the HR system. Further, some information on the departmental websites is linked from the directory information. Megan indicated that the information in the HR system is all manually entered. There hasn’t been a consistent process.

After some discussion, it was determined that we would eliminate the honorific and use the academic acronym field. We will need to identify all possible acronyms.

Another area of inconsistency is that of employee titles. Should an employee be listed as the job class, such as “Office and Administrative Specialist” or as the “Administrative Assistant?”
This is better handled as a university-wide policy and not at the will of the employee. Randy and Scott will also meet to discuss standardized department titles.

Civility & Anti-Bullying Training with Fran Sepler – Deb Peterson
Attachment: 1 - Draft Itinerary for Sepler
Discussion: Deb distributed the draft itinerary for the Civility and Anti-Bullying training presented by Fran Sepler. We have had concerns regarding civility issues on campus. Ms. Sepler understands the importance and has conducted this training at other institutions.

Ms. Sepler will give three separate presentations to faculty, staff and administrators. Her discussions will focus on the definitions of bullying, mobbing, and micro-aggressions; the incidence of these actions occurring in higher education and why higher education fosters these behaviors; the impact of these behaviors on individuals; the legal status of bullying in the US and State of MN; and how to respond to bullies and uncivil acts institutionally and as a bystander.

Deb asked that the Cabinet members encourage their faculty and staff to participate in the sessions despite the time commitment. For those who cannot attend, the sessions will be recorded for playback on another date. Dr. Hanson also mentioned the Cabinet meeting is scheduled for the morning of the 7th and the administrator sessions is scheduled on the morning of the 8th. It is a time commitment but worth the effort.

Karen provided an update on the status of a MnSCU policy for bullying. Currently, any bargaining groups for which MMB bargains will be subject to the MMB policy on bullying. MnSCU is working with MMB to cover all of MnSCU bargaining groups.

Financial Recovery Plan – President Hanson & Karen Snorek
Attachment: 2 – BSU Statement of Revenue, Expenses & Changes in Net Position
3 – MnSCU Financial Recovery Plan Requirements
4 – MnSCU System Procedures Chapter 7 – General Finance Provisions
Discussion: A number of years ago, MnSCU developed a policy to help deal with questions of financial viability of the MnSCU institutions. BSU has never been impacted by the policy until now. BSU has been asked to submit a financial recovery plan to the System Office.

Dr. Hanson emphasized that we are not unviable. We are not going bankrupt. However, we met the requirements for the System Office policy, 7.3.16, Part 3., Subpart B. Long Term Financial Health Risk Factors.

There are three ways an institution can qualify to submit a financial recovery plan: 1) Low accrual primary reserve level; 2) Low Composite Financial Index (CFI) score; and 3) Negative accrual based net operating revenue for two consecutive years. We are on the list as we had two fiscal years with negative net loss - both BSU and NTC, individually and combined. We are okay with the other two triggers.

Technically, we should have been placed on the plan in 2014; however, there were a number of institutions placed on the plan last year. Because we were low and MnSCU had hopes we would come out of it, we were deferred until this year.

Also affecting our numbers is GASB 68, a new ruling requiring institutions to account for pension liabilities. This ruling affects every higher education institution, as well as cities and counties nationwide. It is not exclusive to the state of MN or MnSCU. One positive note for MnSCU
institutions is that we are doing very well to accrue enough funds for our pensions. The net position for both institutions was reduced by approximately $22 million to $56.5 million. We did not spend the money, the GASB rule 68 required the adjustment.

Our CFI was affected on the balance sheet, but that was helped by our capital appropriation bonds for Memorial and Decker renovations. Karen anticipates that our CFI will take another hit when those projects are completed. However, if we receive funding for Hagg-Sauer, it should, at a minimum, stabilize. All MnSCU institutions saw their CFIs go down. The Higher Learning Commission will take action if the CFI goes below 1. However, the HLC has limited staffing to handle the influx of institutions with low CFIs.

The notice for our placement on the Financial Recovery Plan was received last week so there hasn’t been a lot of time to put a response together. Our first report is due on January 4th. We will need to identify the steps we are taking to remedy the situation. Karen doesn’t see our situation going away right away. It may take a few years. During that time, we will still be in the plan and will be required to provide progress reports to the System Office. Our plan will need to be tied to action dates.

We will review the revenue fund, Hobson, and Residential Life in addition to our operating funds. We won’t focus time on pass-through funds, such as grants and financial aid. We will draft the report immediately by identifying risk factors. The report is an analysis of risk and financial sustainability. We will identify the major challenges facing the institutions.

MnSCU is considering the impact of the GASB ruling on our finances; however, Karen expects that we will continue to participate in the plan. In a way, the GASB ruling is negative; however, it acknowledges our pension liability in the budget.

Dr. Hanson and the Executive Leadership Team will draft the report and present the information to Cabinet.

For the Good of the Order – ALL

Gillett Fitness-Recreation Center Re-Naming Update – President Hanson
President Hanson is preparing documentation for the Chancellor for the renaming of the Gillett Fitness-Recreation Center.

Skateboard policy – President Hanson
The campus skateboard policy is near completion. It will no longer be governed according to Bemidji city ordinance but rather campus policy.

Solar Energy project – President Hanson
Dr. Hanson is pursuing a solar energy project which would be a great step toward carbon neutrality.

Student Stress – Mary Ward
Mary mentioned stress-levels for students at this time of year due to finals, the anniversary of Sandra Lommen’s death, the holidays and etc. Some students have multiple finals on the same day. We do not presently have a policy addressing this issue. The Student Center for Health & Counseling did extend the contract for a part-time counselor to provide services for 2.5 days a week.
Student Senate Update – Brittany Hull

- **Sandra Lommen** – is BSU planning to do anything to memorialize Sandra Lommen? Any activity/event to pay tribute to Sandra should be student-driven and in consultation with her family. Brittany will discuss this with student senators.

- **Blood Drive** – United Blood Services is teaming up with Student Senate to host the blood drive today in the Crying Wolf room.

- **Senior Celebration** – Student Senate is working with the Student Alumni Association to host a senior street dance. Students will pay $5 to get into the event.

- **Clean Shores, Clean Waters** – VP Snorek has ordered receptacles for the cigarette debris.

- **Plus/Minus Grading System bill** – 13 students voted in favor of plus/minus grading with 4 voting no. The bill will be sent to administration.

- **Diploma bill** – students are discussing a bill to require the degree granted to be identified on the diploma. Students want to see the degrees earned.

- **Policing on campus bill** – Student Senate proposed a bill to have 24-hr policing on campus. Casey McCarthy and Chief Mastin attended the Student Senate meeting when the bill was proposed. Given the feedback and input from them, the bill failed. The current use of public safety is sufficient.

- **Heating bill** – Students are considering a bill to regulate the heat in the buildings. Some buildings are too hot. The bill would require all building thermostats to be set at 65 degrees.

- **CPR certification bill** – students would like to see the required training for nursing students offered on campus, which is not presently the case. Kierstin indicated that the required class is offered at NTC.

- **Campus-wide holiday party** – on Monday, Dec. 7th at 8:00 pm, Student Senate will host a campus-wide holiday party featuring cookie decorating, an ugly sweater contest and a gift drive.

Reminder to RSVP to Jackie for:
- a. Cabinet Holiday Gathering (Dec. 11, 2015) – President Hanson
- b. State Chamber Sessions Priorities Dinner (Mar. 8, 2016) – President Hanson
- c. Bemidji Day at the Capitol (Apr. 6, 2016) – President Hanson

Next meeting:
Thursday, January 7, 2015
10:00-11:30 a.m.
Memorial Hall – Room 300

Meeting adjourned at 10:54 a.m.
Minutes submitted by Jackie Carroll.
# Itinerary for Civility, Anti-Bullying Training with Fran Sepler

## Thursday, January 7, 2016

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:00-9:00</td>
<td>Breakfast with the Executive Leadership Team</td>
<td>HMU South Conference Room</td>
</tr>
<tr>
<td>9:30-11:30 a.m.</td>
<td>Faculty Only – RSVP requested</td>
<td>Bridgeman 100</td>
</tr>
<tr>
<td>11:30-12:00</td>
<td>Hold for Questions from session</td>
<td>Bridgeman 100</td>
</tr>
<tr>
<td>12:00-1:30</td>
<td>LUNCH with Deb Peterson &amp; HR</td>
<td>On Campus</td>
</tr>
<tr>
<td>2:00-4:00</td>
<td>Staff Only (excluding supervisors) – RSVP requested</td>
<td>Bridgeman 100</td>
</tr>
<tr>
<td>4:00-4:30</td>
<td>Hold for Questions from session</td>
<td>Bridgeman 100</td>
</tr>
<tr>
<td>4:30</td>
<td>BSU/NTC Sessions Conclude for day – Dinner still under development</td>
<td></td>
</tr>
</tbody>
</table>

## Friday, January 8, 2016

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>8:30-10:30</td>
<td>Non-Academic Supervisors &amp; All Administrators</td>
<td>Bridgeman 100</td>
</tr>
<tr>
<td>10:30-11:00</td>
<td>Hold for Questions from session</td>
<td>Bridgeman 100</td>
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<tr>
<td>11:00-11:15</td>
<td>BREAK</td>
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<tr>
<td>11:15-12:45</td>
<td>Lunch with President Hanson</td>
<td>TBD</td>
</tr>
<tr>
<td>1:00</td>
<td>HOLD - Meetings with Bemidji State University Inter-Faculty Organization</td>
<td>TBD</td>
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</table>
COMPONENTS OF BEMIDJI STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015 AND 2014
(IN THOUSANDS)

<table>
<thead>
<tr>
<th></th>
<th>Bemidji State University</th>
<th>Northwest Technical College</th>
<th>Total 2015</th>
<th>Total 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition, net</td>
<td>$20,114</td>
<td>$1,946</td>
<td>$22,060</td>
<td>$22,400</td>
</tr>
<tr>
<td>Fees, net</td>
<td>2,511</td>
<td>243</td>
<td>2,554</td>
<td>2,680</td>
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<tr>
<td>Sales, net</td>
<td>1,856</td>
<td>650</td>
<td>2,506</td>
<td>2,592</td>
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<tr>
<td>Restricted student payments, net</td>
<td>10,460</td>
<td>-</td>
<td>10,460</td>
<td>10,286</td>
</tr>
<tr>
<td>Other income</td>
<td>303</td>
<td>141</td>
<td>444</td>
<td>598</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>35,044</td>
<td>2,980</td>
<td>38,024</td>
<td>38,556</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>45,144</td>
<td>6,181</td>
<td>51,325</td>
<td>51,156</td>
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<tr>
<td>Purchased services</td>
<td>11,034</td>
<td>1,416</td>
<td>12,450</td>
<td>12,614</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,375</td>
<td>808</td>
<td>5,183</td>
<td>3,945</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>1,613</td>
<td>124</td>
<td>1,737</td>
<td>1,717</td>
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<tr>
<td>Depreciation</td>
<td>4,923</td>
<td>480</td>
<td>5,403</td>
<td>5,334</td>
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<tr>
<td>Financial aid, net</td>
<td>881</td>
<td>519</td>
<td>1,400</td>
<td>1,346</td>
</tr>
<tr>
<td>Other expense</td>
<td>3,684</td>
<td>415</td>
<td>4,099</td>
<td>4,408</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>71,654</td>
<td>9,943</td>
<td>81,597</td>
<td>80,520</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(36,610)</td>
<td>(6,963)</td>
<td>(43,573)</td>
<td>(41,964)</td>
</tr>
<tr>
<td>Nonoperating Revenues (Expenses)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriations</td>
<td>19,732</td>
<td>3,039</td>
<td>22,771</td>
<td>22,267</td>
</tr>
<tr>
<td>Federal grants</td>
<td>9,406</td>
<td>2,103</td>
<td>11,509</td>
<td>11,893</td>
</tr>
<tr>
<td>State grants</td>
<td>3,971</td>
<td>924</td>
<td>4,895</td>
<td>4,441</td>
</tr>
<tr>
<td>Private grants</td>
<td>2,053</td>
<td>211</td>
<td>2,264</td>
<td>3,210</td>
</tr>
<tr>
<td>Interest income</td>
<td>241</td>
<td>24</td>
<td>265</td>
<td>260</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(902)</td>
<td>(56)</td>
<td>(958)</td>
<td>(988)</td>
</tr>
<tr>
<td>Total nonoperating revenues (expenses)</td>
<td>34,501</td>
<td>6,245</td>
<td>40,746</td>
<td>41,083</td>
</tr>
<tr>
<td>Loss Before Other Revenues, Expenses, Gains, or Losses</td>
<td>(2,109)</td>
<td>(718)</td>
<td>(2,827)</td>
<td>(881)</td>
</tr>
<tr>
<td>Capital appropriations</td>
<td>6,212</td>
<td>-</td>
<td>6,212</td>
<td>1,883</td>
</tr>
<tr>
<td>Donated assets and supplies</td>
<td>233</td>
<td>-</td>
<td>233</td>
<td>-</td>
</tr>
<tr>
<td>Gain (loss) on disposal of capital assets</td>
<td>2</td>
<td>(5)</td>
<td>(3)</td>
<td>(10)</td>
</tr>
<tr>
<td>Change in netposition</td>
<td>4,338</td>
<td>(723)</td>
<td>3,615</td>
<td>992</td>
</tr>
<tr>
<td>Total Net Position, Beginning of Year</td>
<td>68,744</td>
<td>6,888</td>
<td>75,632</td>
<td>74,640</td>
</tr>
<tr>
<td>Cumulative Effect of Change in Accounting Principle</td>
<td>(19,684)</td>
<td>(3,059)</td>
<td>(22,743)</td>
<td>-</td>
</tr>
<tr>
<td>Total Net Position, Beginning of Year, as Restated</td>
<td>49,060</td>
<td>3,829</td>
<td>52,889</td>
<td>74,640</td>
</tr>
<tr>
<td>Total Net Position, End of Year</td>
<td>$53,398</td>
<td>$3,106</td>
<td>$56,504</td>
<td>$75,632</td>
</tr>
</tbody>
</table>
Minnesota State Colleges and Universities

Financial Recovery Plan Requirements

Board procedure 7.3.16 requires a financial recovery plan to be prepared when certain financial health indicators have been triggered. A college/university Financial Recovery Plan (FRP) must include the specific steps that will be taken and expectations as to how these steps will improve the college or university’s financial health above the trigger level. Periodic progress reporting will be requested. FRP and FRP updates are to be submitted to the Finance Division in the system office no later than Monday, January 4, 2016.

The FRP is expected to take an “all funds” view and must include:

- Fund-level detailed, measurable steps and the projected impact of those steps at the fund and institutional level by fiscal year. The plan should tie the detailed steps to action dates.

- Analysis of mid-year budget plan and year-to-date performance and the degree to which actual results match expected results

FRP Narrative

All financial recovery plans must include a narrative that addresses the following:

- Identify the revenue and expense components that have the greatest impact on the institution’s financial health (e.g., enrollments, salaries, benefits).

- Summarize year-to-date performance on your current fiscal year budget (planned versus actual). Explain variances in actual v. year-to-date performance.

- For the current and next fiscal year, identify the strategies and action steps that have been or will be implemented to re-establish financial health. Indicate how and when those strategies were/will be implemented, expected/achieved results, gaps in the results, and new strategies planned for continued improvement.

- For the current and next fiscal year, describe the risks associated with the key strategies and action steps, and contingency plans if planned performance results are not achieved.

FRP Spreadsheet

All financial recovery must include a spreadsheet with the following information included (template provided):

1. Full year equivalent (FYE) enrollment
   a. FY2015 FYE actual
   b. FY2016 FYE projected
   c. FY2017 FYE projected
2. **Full-time equivalent (FTE) employees**
   a. FY2015 FTE actual
   b. FY2016 FTE projected
   c. FY2017 FTE projected

3. **Fund balance**
   a. FY2015 actual
   b. FY2016 projected
   c. FY2017 projected

4. **CFI (without GASB 68)**
   a. FY2015 actual
   b. FY2016 projected
   c. FY2017 projected

5. **FY2016 original budget (All Funds and General Fund)**

6. **FY2016 revised budget (All Funds and General Fund)**
   a. Key assumptions (identify key assumptions and revenue and expenditure targets)
   b. Projected deficit/surplus before action taken

7. **FY2017 preliminary budget (All Funds and General Fund)**
   a. Key assumptions (identify key assumptions and revenue and expenditure targets)
   b. Projected deficit/surplus

8. **Other fund analysis**
   a. Summarize the same information above for specific funds (auxiliary and revenue funds)

**Notes:**

1. For purposes of calculating the financial health indicators based on the FY2015 audited financial statements, the CFI has been measured without the GASB 68-related adjustments to FY2015 results.

2. **Current triggers are based on accrual financials.** Your FRP should attempt to have excess revenue over expenses (on a budgetary basis) to accommodate the accrual adjustments related to depreciation and compensated absences.

3. If you have received an HLC request for financial review, provide the additional information requested by the HLC with your FRP.
7.3.16 Financial Health and Compliance Indicators

Part 1. Purpose. As stated in Part 1 and Part 3 of 7.3, Financial Administration policy, effective financial administration will facilitate monitoring, improving managerial performance and evaluating the financial effects of management decisions. The Board of Trustees will be periodically updated on the administration and financial management of the system. This procedure is linked to the system level accountability framework as approved by the Board of Trustees in June 2003.

Part 2. Process for Reporting. The system office is responsible for reporting to the Board of Trustees the financial well-being of the system and each college and university. Each college and university and the system office's budget will be monitored on a periodic basis in order to insure financial health and stability throughout the fiscal year.

Specific aspects of college and university finances, as described in Part 3 of the procedure, will be reviewed according to their timeline to determine if a financial concern is present at any college or university or the system office. If a measure raises concern, the Finance Division in the system office will work with the Chief Financial Officer at a college/university to resolve the issue. If the financial concern continues beyond a reasonable amount of time, it will be brought to the attention of the Chancellor and the Board of Trustees in an exception report.

Subpart A. Quarterly Chief Financial Officer Compliance Certification. Certain risk factors noted below in Part 3 require that a certification be submitted to the Finance Division of the system office. The college/university Chief Financial Officer is asked to certify that they have reviewed and accepted the documentation related to the risk factor. The certification form can be found at http://www.finance.mnscu.edu/accounting/finhealthindicators/index.html.


Subpart A. Short Term Financial Stability and Financial Administration Risk Factors

1. Repair and replacement expenditures per square foot (-three-year moving average) of at least $1.00 per square foot.

   Monitoring Timeline: Close of fiscal year

   Data source: Data will be extracted from ISRS using the year-to-date fields for Fund 830. Expenditure object codes will be <8000 (excluding transfers out).

   Trigger: Expenditures per square foot of less than $1.00 per square foot.
Consequence: Requires a remediation plan which identifies the specific steps that will be taken to move the college/university above the trigger level. Periodic progress reporting will be required if it is expected that corrective action will take more than three fiscal years. Reporting will be to the Finance Division in the system office within 30 days following the triggering event.

2. Overdraft in a local bank account during the fiscal year.

Monitoring Timeline: Daily

Data source: Chief Financial Officers will be required to submit a quarterly overdraft certification stating specifically that either there have been no bank overdrafts during the period or identifying the specific dates and overdraft amounts shown on the applicable bank statement. The certification must be submitted within 30 days following end-of-quarter. The source for determining the existence of a bank overdraft will be the bank statement. Colleges and universities are expected to monitor cash balances daily using on-line reports and tools as provided by the bank.

Trigger: One overdraft reported in Quarterly Chief Financial Officer Compliance Certification

Consequence: In the event of an overdraft and commencing with the month after the overdraft occurred, the college or university will provide monthly reporting of (1) projected local cash balances and (2) actual local cash balances with a comparison to the prior month’s projection, including explanations for significant variances. Reporting will be to the Finance Division in the system office within 30 days following the triggering event for a period of no less than twelve (12) months. A document titled “Instructions for Cash Flow Forecasting” is available for completing this task at the following url: http://www.finance.mnscu.edu/accounting/finhealthindicators/index.html.

3. MnSCU to MAPS (SWIFT) reconciliation (including adjustments).

Monitoring Timeline: Monthly (general fund); Quarterly (all other funds)

Data source: Chief Financial Officers will be required to submit a quarterly reconciliation certification stating specifically that both reconciliations and required adjustments have been performed as required or identifying the specific periods of non-compliance with monthly and quarterly reconciliation requirements. The certification must be submitted within 30 days following end-of-quarter.

Trigger: Quarterly reconciliation certification by each college and university Chief Financial Officer showing non-compliance with monthly and quarterly reconciliation requirements.

Consequence: For the General Fund only, requires monthly reporting of (1) projected MAPS (SWIFT) cash balances and (2) actual MAPS (SWIFT) cash balances with a comparison to the prior month’s projection, including explanations for significant variances. Reporting will be to the Finance Division in the system office within 30 days following the triggering event for a period no less than twelve (12) months. A document titled
“Instructions for Cash Flow Forecasting” is available for completing this task at the following url: http://www.finance.mnsu.edu/accounting/finhealthindicators/index.html.

4. Timely and complete bank reconciliation (including adjustments).

Monitoring Timeline: Monthly

Data source: Chief Financial Officers will be required to submit a quarterly bank reconciliation certification stating specifically that either all bank reconciliations have been completed and necessary adjustments recorded or identifying the specific bank account(s) not reconciled and the month(s). The certification must be submitted within 30 days following end-of-quarter.

Trigger: Quarterly reconciliation certification by each college and university Chief Financial Officer showing non-compliance with monthly reconciliation requirements.

Consequence: Requires monthly reporting of (1) projected local cash balances and (2) actual local cash balances with a comparison to the prior month’s projection, including explanations for significant variances. Reporting will be to the Finance Division in the system office within 30 days following the triggering event for a period of no less than twelve (12) months. A document titled “Instructions for Cash Flow Forecasting” is available for completing this task at the following url: http://www.finance.mnsu.edu/accounting/finhealthindicators/index.html.

**Subpart B. Long Term Financial Health Risk Factors**

5. Negative accrual based net operating revenue (“Income (Loss) Before Other Revenues, Expenses, Gains or Losses”).

Monitoring Timeline: Close of fiscal year

Data source: The accrual reporting measure for each college and university is contained in the Supplement Report to the Annual Financial Report.

Trigger: Negative net operating revenue for two consecutive years.

Consequence: Requires a Financial Recovery Plan (FRP) which includes the specific steps that will be taken and expectations as to how these steps will improve the college’s or the university’s financial health above the trigger level. The FRP will be submitted to the Finance Division in the system office. Periodic progress reporting will be required if it is expected that corrective action will take more than one fiscal year. The FRP must include:

- Fund-level detailed, measurable steps tied to the fiscal year and the projected impact of the steps;
- Analysis of mid-year interim financial statements addressing FRP and the degree to which actual results match expected results; and
6. Low accrual primary reserve level.

Monitoring Timeline: Close of fiscal year

Data sources: The primary reserve ratio is one of the four ratios in the Consolidated Financial Index and as such is an important accrual measure of financial strength. The primary reserve level as measured in the number of months is computed by multiplying the ratio (before applying a strength factor) times 12; the resulting figure is the number of months of operating expenses covered by expendable net assets.

Trigger: Primary reserve level of less than 1.6 months for 2 consecutive years.

Consequence: For the General Fund only, requires monthly reporting of (1) projected MAPS (SWIFT) cash balances and (2) actual MAPS (SWIFT) cash balances with a comparison to the prior month’s projecting, including explanations for significant variances. Reporting will be to the Finance Division in the system office within 30 days following the triggering event for a period of no less than twelve (12) months. A document titled “Instructions for Cash Flow Forecasting” is available for completing this task at the following url: [http://www.finance.mnscu.edu/accounting/finhealthindicators/index.html](http://www.finance.mnscu.edu/accounting/finhealthindicators/index.html).

7. Low Composite Financial Index (CFI) score

Monitoring Timeline: Close of fiscal year

Data source: The CFI score is computed annually by each college and university as part of a fiscal year-end analysis of financial trends and highlights. It is also computed by the Finance Division in the system office and reported to the Board of Trustees.

Trigger: A CFI score less than 1.5 (based on a two-year moving average) OR a CFI score under 0.5 for the most recent year.

Consequence: Same as #5 above.
1/7/08 - Amended Part 3 to update the financial exception reporting measures to assure the short- and long-term stability indicators properly reflect effective financial administration throughout the system.