
MSU- Northern

Background

During the fiscal year ended June 30, 2007, MSU- Northern obtained an inter-entity advance from MSU- Bozeman in the amount of \$295,000 to help alleviate some of the financial shortages in MSU- Northern's auxiliary operations (dining services, catering services, residence halls, bookstore). Such advance was reported to the Office of the Commissioner of Higher Education in September 2007, and was followed up with a Negative Fund Balance Update in May of 2008 in accordance with Regents' Policy 901.11, Negative Fund Balances.

At the time the advance was made, MSU-Northern agreed to several conditions, the most salient and measurable of which were to:

1. Prepare a budget which would:
 - Repay the first of five installments of the advance in FY 2008 and budget for installments 2-5 in subsequent years
 - Adequately provide for an enrollment shortfall reserve
 - Reduce negative fund balances by half in the first year, and the remaining within a short time period
2. Provide a written plan for a program review process.

Current Status

MSU- Northern has made significant strides toward performing activities as described above, and has repaid three of the five payments due to MSU-Bozeman. The remaining loan balance due to MSU-Bozeman is \$150,000, payable during FY 2012 and FY 2013. While changes were made to bring Summer Session into better balance beginning in 2008, an overall aggressive academic program review has not yet been designed and implemented.

Over the past several years, MSU-Northern has progressed from a large negative fund balance of \$578,244 to a positive fund balance, and has begun investing in upgrading and updating its Residence Halls and Student Union Building. MSU- Northern has renovated the common kitchens in its residence halls, renovated one bathroom/shower room, replaced carpeting, and painted in a number of areas.

Despite these efforts, residence hall occupancy is declining, and the meal plan participation rate is less than 50%. Students have expressed dissatisfaction with quality and cost of the meal plan offerings.

Proposed Modification

MSU-Northern has requested a delay in the timing of the final two \$75,000 payments, altering their due dates to June of 2014 and June of 2015 (a two-year deferral), to allow for a strategic investment of at least \$150,000 in its residence and dining halls and the initiation of a new meal plan. MSU-Bozeman Auxiliary, Food Service, and Facilities personnel have visited MSU-

Northern's facilities and provided input as to the improvements and operational changes that will make the most impact on students. Such improvements and changes will include

- a more appealing look to the dining hall accomplished through new paint, flooring, lighting, and furniture
- upgrades to the residence halls
- a re-vamped meal plan, which includes a new offering of a la carte pricing
- a new debit card system for on-campus charges.

These improvements will all be made in collaboration with MSU-Bozeman personnel, and are expected to result in higher occupancy in the residence halls and higher student satisfaction. A two-year deferral of the loan payments will provide the infusion of a significant portion of the funds necessary to make these improvements. MSU-Bozeman is in agreement with this proposal.