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2016-17 Governor's Budget, Minnesota State Colleges and Universities

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AT A GLANCE

- 435,000 students served annually in both credit and non-credit courses
- 30 separately accredited two year colleges and 7 universities located on 54 campuses
- Programs offered: technical, pre-baccalaureate, baccalaureate, graduate and applied doctoral degrees
- Approximately 42,000 degrees, diplomas and certificates awarded every year

PURPOSE

Minnesota State Colleges and Universities play a critical role in ensuring the economic prosperity of Minnesota citizens and communities by offering high quality, affordable higher education opportunities throughout the state.

We provide an opportunity for all Minnesotans to create a better future for themselves, for their families, and for their communities.

Consistent with our strategic framework, we strive to:

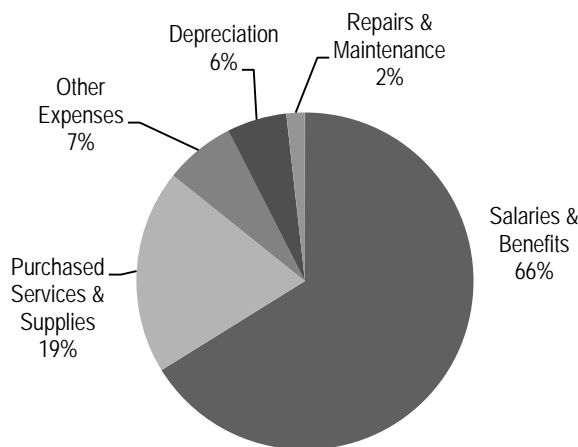
- Ensure access to an extraordinary education
- Be the partner of choice to meet Minnesota's workforce and community needs
- Deliver the highest value/most affordable higher education option

We are strong contributors to the following statewide outcomes:

- Minnesotans have the education and skills needed to achieve their goals
- A thriving economy that encourages business growth and employment opportunities

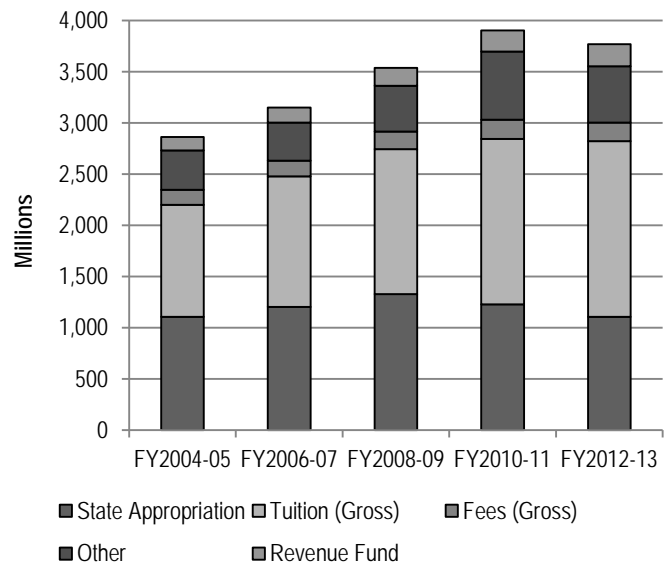
BUDGET

FY 2013 Expenses



Source: MnSCU FY2013 Audited Financial Statements

Historic Revenues



Source: MnSCU Audited Financial Statements

- Our largest expenditure category is salary and benefits which account for two-thirds of our expenditures.
- Our primary revenue sources are tuition and state appropriation.

STRATEGIES

To accomplish our mission, the Board of Trustees adopted a strategic framework in January of 2012 and is currently embarked on a system-wide, campus-led effort called *Charting the Future* which will provide direction on how to implement this framework. The first phase of the *Charting the Future* effort, completed in the fall of 2013, resulted in six recommendations that seek to increase access, affordability, excellence, and service by forging deeper collaboration among our colleges and universities. This in turn will maximize our collective strengths, resources, and the talents of our faculty and staff. The six *Charting the Future* recommendations are:

- Dramatically increase the success of all learners, especially those in diverse populations traditionally underserved by higher education.
- Develop a collaborative and coordinated academic planning process that advances affordability, transferability, and access to our programs and services across the state.
- Certify student competencies and capabilities, expand pathways to accelerate degree completion through credit for prior learning, and foster the award of competency-based credit and degrees.¹
- Expand the innovative use of technology to deliver high quality online courses, strengthen classroom instruction and student services, and provide more individualized learning and advising.
- Work together under new models to be the preferred provider of comprehensive workplace solutions through programs and services that build employee skills and solve real-world problems for communities and businesses across the state.
- Redesign our financial and administrative models to reward collaboration between our colleges and universities, drive efficiencies and strengthen our ability to provide access to an extraordinary education for all Minnesotans.

The second phase of *Charting the Future* is currently underway and involves teams of representatives from all campuses and includes representation from the statewide student associations and collective bargaining units. These teams have been charged with determining the best strategies and creating key initiatives that will lead to the implementation of these critical recommendations.

RESULTS

The Minnesota State Colleges and Universities system has developed performance metrics that are aligned with the strategic framework and that objectively measure, monitor, and assess performance over time. These metrics measure the quality of graduates, student success, affordability, diversity, efficient use of resources, enrollment, and stewardship of financial and physical resources, and are used by leadership to determine if our strategies are working. Improvement goals have been established for each measure, and college, university and system progress toward achievement of the goals is a component of leadership evaluation.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Result	Student Persistence and Completion ²	74.2	74.5	See note
Result	Completion Rate (college/university) ³	53.6/53.3	49.6/53.4	Spring 2011 / Spring 2013
Result	Related Employment of Graduates ⁴	80.9	84.8	See note
Quantity	System Share of Minnesota Resident Enrollment ⁵	65.0	65.7	Fall 2011 / Fall 2012
Quantity	Percent Students of Color ⁶	20.8%	22.6%	FY 2011 / FY 2013

² *Student Persistence and Completion* is the percent of a fall entering cohort of full-time students who have been retained, graduated or transferred by the second fall term following original fall enrollment. Current: Fall 2012 in Fall 2013 / Previous: Fall 2010 in Fall 2011.

Completion Rate is the percent of an entering cohort that has completed by 150 percent of normal time. Completion is measured as graduation by the sixth spring after entry at the universities and as graduation or transfer by the third spring after entry at the

¹ The Council for Adult and Experiential Learning explains competency-based programs as those that focus more on what students learn, rather than where or how long the learning takes place. Instead of evaluating student progress on the amount of time spent in a classroom (using the credit hour, which is the default standard for measuring progress), students receive college credit based on their actual demonstration of skills learned and knowledge attained.

colleges. Because the measures are different for colleges and universities, the measurements are given separately for each institution type. Current: Spring 2013 / Previous: Spring 2011.

3. *Related Employment of Graduates* is the percent of system graduates in a fiscal year that reported they were employed during the year after graduation in a job that was related to their program or major. Current: Preliminary FY 2013 graduates employed in FY 2014 / Previous: FY 2011 graduates employed in FY 2012.
4. *System Share of Minnesota Resident Undergraduate Enrollment* is the percentage of Minnesota residents enrolled as undergraduate students at a Minnesota higher education institution that are attending system colleges or universities. This is a new measure linked to the strategic framework's goal of a substantially better educated workforce. Current: Fall 2012 / Previous: Fall 2011.
5. *Percent Students of Color* is the percent of system credit students in a fiscal year that reported being African American, American Indian, Asian, Hispanic, Pacific Islander or two or more races. Current: FY 2013 / Previous: FY 2011.

Minnesota Statutes Chapter 136F provides the legal authority for Minnesota State Colleges and Universities.

<https://www.revisor.mn.gov/statutes/?id=136F>

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
2050 - Environment & Natural Resource	15	28	62	15	0	0	0	0
4000 - Mn State Colleges/Universities	1,404,972	1,442,699	1,481,799	1,557,837	1,553,197	1,552,698	1,600,197	1,647,698
4002 - Mnsu Special Revenue	15,170	13,456	15,045	22,911	15,515	15,515	15,515	15,515
4003 - Mnsu Federal Fund	53,317	49,777	62,245	63,864	61,399	61,399	61,399	61,399
4004 - Mnsu Gift Fund	656	195	582	554	541	541	541	541
4005 - Mnsu Enterprise Activities	8,867	9,693	15,326	15,033	14,151	14,151	14,151	14,151
4030 - Mnsu Agency Fund	28,510	30,754	31,999	32,656	32,320	32,320	32,320	32,320
7350 - Sub Supplemental & Ira Retire	240	253	240	402	290	290	290	290
Total	1,511,747	1,546,855	1,607,298	1,693,272	1,677,413	1,676,914	1,724,413	1,771,914
<i>Biennial Change</i>				241,968		53,757		195,757
<i>Biennial % Change</i>				8		2		6
<i>Governor's Change from Base</i>								142,000
<i>Governor's % Change from Base</i>								4

Expenditures by Program

Program: MNSCU	1,511,747	1,546,855	1,607,298	1,693,272	1,677,413	1,676,914	1,724,413	1,771,914
Total	1,511,747	1,546,855	1,607,298	1,693,272	1,677,413	1,676,914	1,724,413	1,771,914

Expenditures by Category

Compensation	1,157,261	1,210,372	1,224,424	1,296,980	1,287,981	1,287,981	1,287,981	1,287,981
Operating Expenses	0	333,716	374,976	387,978	381,133	380,634	428,133	475,634
Grants, Aids and Subsidies	354,486	2,767	7,898	8,314	8,299	8,299	8,299	8,299
Total	1,511,747	1,546,855	1,607,298	1,693,272	1,677,413	1,676,914	1,724,413	1,771,914

1000 - General

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Direct Appropriation	545,366	545,822	587,915	622,143	622,143	622,143	669,143	717,143
Net Transfers	(545,366)	(545,822)	(587,915)	(622,143)	(622,143)	(622,143)	(669,143)	(717,143)

2050 - Environment & Natural Resource

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In		45	77	15				
Receipts	0							
Expenditures	15	28	62	15	0	0	0	0
Balance Forward Out	45	77	15					
<i>Biennial Change in Expenditures</i>				34		(77)		(77)
<i>Biennial % Change in Expenditures</i>				79		(100)		(100)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

4000 - Mn State Colleges/Universities

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	431,448	472,022	518,616	526,806	476,518	430,295	476,518	430,295
Receipts	949,530	976,132	933,013	916,312	916,237	916,237	916,237	916,237
Net Transfers	517,991	518,696	556,976	591,237	590,737	590,237	637,737	685,237
Cancellations		5,082						
Expenditures	1,404,972	1,442,699	1,481,799	1,557,837	1,553,197	1,552,698	1,600,197	1,647,698
Balance Forward Out	493,997	519,069	526,806	476,518	430,295	384,071	430,295	384,071
<i>Biennial Change in Expenditures</i>				191,965		66,259		208,259
<i>Biennial % Change in Expenditures</i>				7		2		7
<i>Gov's Exp Change from Base</i>								142,000
<i>Gov's Exp % Change from Base</i>								5

4002 - Mnscu Special Revenue

	Actual		Actual FY 14	Estimate FY 15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In	8,485	8,550	8,858	9,328	1,932	1,932	1,932	1,932
Receipts	15,230	13,764	15,515	15,515	15,515	15,515	15,515	15,515
Expenditures	15,170	13,456	15,045	22,911	15,515	15,515	15,515	15,515

(Dollars in Thousands)

4002 - Mnsco Special Revenue

Balance Forward Out	8,545	8,858	9,328	1,932	1,932	1,932	1,932	1,932	1,932
<i>Biennial Change in Expenditures</i>				9,330		(6,926)		(6,926)	
<i>Biennial % Change in Expenditures</i>				33		(18)		(18)	
<i>Gov's Exp Change from Base</i>									0
<i>Gov's Exp % Change from Base</i>									0

4003 - Mnsco Federal Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY 14	FY15	FY16	FY17
Balance Forward In	1,384	1,190	911	1,265	0	0	0	0
Receipts	53,115	49,498	62,599	62,599	61,399	61,399	61,399	61,399
Expenditures	53,317	49,777	62,245	63,864	61,399	61,399	61,399	61,399
Balance Forward Out	1,182	911	1,265	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				23,015		(3,311)		(3,311)
<i>Biennial % Change in Expenditures</i>				22		(3)		(3)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

4004 - Mnsco Gift Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY 14	FY15	FY16	FY17
Balance Forward In	764	637	712	671	658	658	658	658
Receipts	530	270	541	541	541	541	541	541
Expenditures	656	195	582	554	541	541	541	541
Balance Forward Out	638	712	671	658	658	658	658	658
<i>Biennial Change in Expenditures</i>				285		(54)		(54)
<i>Biennial % Change in Expenditures</i>				33		(5)		(5)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

4005 - Mnsco Enterprise Activities

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY 14	FY15	FY16	FY17
Balance Forward In	3,599	4,975	6,534	5,359	4,477	4,477	4,477	4,477
Receipts	10,138	11,252	14,151	14,151	14,151	14,151	14,151	14,151
Expenditures	8,867	9,693	15,326	15,033	14,151	14,151	14,151	14,151
Balance Forward Out	4,870	6,534	5,359	4,477	4,477	4,477	4,477	4,477

(Dollars in Thousands)

4005 - Mnscu Enterprise Activities

<i>Biennial Change in Expenditures</i>			11,799		(2,057)		(2,057)
<i>Biennial % Change in Expenditures</i>			64		(7)		(7)
<i>Gov's Exp Change from Base</i>							0
<i>Gov's Exp % Change from Base</i>							0

4006 - Mnscu Endowment Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	100	53	53	53	53	53	53	53
Balance Forward Out	100	53	53	53	53	53	53	53

4030 - Mnscu Agency Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	567	713	615	936	600	600	600	600
Receipts	28,656	30,656	32,320	32,320	32,320	32,320	32,320	32,320
Expenditures	28,510	30,754	31,999	32,656	32,320	32,320	32,320	32,320
Balance Forward Out	713	615	936	600	600	600	600	600
<i>Biennial Change in Expenditures</i>				5,391		(15)		(15)
<i>Biennial % Change in Expenditures</i>				9		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

7350 - Sub Supplemental & Ira Retire

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In	318	166	237	287	175	175	175	175
Receipts	88	324	290	290	290	290	290	290
Expenditures	240	253	240	402	290	290	290	290
Balance Forward Out	166	237	287	175	175	175	175	175
<i>Biennial Change in Expenditures</i>				149		(62)		(62)
<i>Biennial % Change in Expenditures</i>				30		(10)		(10)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Minnesota State Colleges and Universities

FY16-17 Biennial Budget Change Item

Change Item: Operating Support and Protecting Affordability

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	47,000	95,000	95,000	95,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	47,000	95,000	95,000	95,000
FTEs	0	0	0	0

Recommendation:

The Governor recommends an increase to Minnesota State Colleges and Universities (MnSCU) Operations and Maintenance (O&M) appropriation of \$47 million in FY16 and \$95 million in FY17 in order to provide a guaranteed two-year 0% tuition increase for the 2015-16 and 2016-17 academic years for MnSCU undergraduate, graduate and professional students paying the resident rate.

This proposal represents an 11.4 % increase in state base funding or an approximately 3.7 percent increase in MnSCU's total operating budget.

Rationale/Background:

- MnSCU provides higher education to the most Minnesotans (410,000 students last year) at low cost – roughly half the average cost of other large public universities and roughly one-fifth the cost of private colleges and universities in the state.
- At this time in our state's history, we must maintain the quality of our workforce – a quality for which we are nationally known – to maintain our economic vitality.
- 74 percent of jobs in Minnesota will soon require some level of higher education. Our state must provide the education students require to prepare them for those careers. MnSCU provides a college option for all, from doctoral programs to EMT certifications.
- This proposal highlights the states commitment to access and affordability in higher education.

Proposal:

This recommendation provides the funds needed to avoid a tuition increase while protecting the educational programs that serve students and communities across the state.

The increased state support will allow MnSCU to continue providing high quality educational programs at the lowest possible cost to students – an affordable option for the students who often need it most. MnSCU will fund new investments internally by prioritization based on the needs of students, employers and communities.

Results:

Under this recommendation:

- A resident undergraduate university student will save an average of \$205 annually and a resident undergraduate college student will save an average of \$145 annually.
- A full-time resident university student enrolled as a freshman in the fall of 2012 would save \$2,050 over four years.
- A full-time resident college student enrolled in a two-year program would save \$435 if they enrolled anytime between the fall of 2012 and the fall of 2016.

Statutory Change(s):

No statutory changes will be required as a result of this change item.