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2014-15 Revised Budget - Minnesota State Colleges and Universities

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Mission:

Minnesota State Colleges and Universities support Minnesota's economy by opening the doors of educational opportunity to all Minnesotans. To that end, MnSCU strives to:

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

Statewide Outcome(s):

Minnesota State Colleges and Universities supports the following statewide outcome(s).

A thriving economy that encourages business growth and employment opportunities.

Minnesotans have the education and skills needed to achieve their goals.

Context:

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.

The strength of Minnesota's economy increasingly depends on a well-educated, highly skilled workforce. According to a Georgetown University study (<http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/State-LevelAnalysis-web.pdf>) of educational requirements for the projected workforce, 70 percent of Minnesota jobs will require some sort of post-secondary education by the year 2018. As Minnesota's largest and most diverse provider of higher education, MnSCU is uniquely positioned to advance the state's economic vitality and increase the employment opportunities of its citizens.

The MnSCU system serves about 420,000 students annually in both credit and non-credit courses. The system's 31 institutions include 30 separately-accredited two-year colleges and seven universities which offer more than 3,800 programs on 54 campuses and online. Information on each of the colleges and universities that comprise the MnSCU system can be found on its website: <http://www.mnscu.edu/collegesearch/index.php/institution/>.

The system's student population reflects the geographic, economic, and cultural diversity of Minnesota. MnSCU students include those seeking a college, technical, or university education; those who want to update their skills; and those who need to prepare for new careers.

Students can choose from an array of high quality and low cost educational programs offered in all parts of the state, including:

Technical education programs which prepare students for skilled occupations that do not require a baccalaureate degree.

Pre-baccalaureate programs which offer lower division instruction in academic and occupational fields designed for transfer to a baccalaureate degree and in developmental education.

Baccalaureate programs which offer undergraduate instruction and degrees.

Graduate programs including instruction through the master's degree, specialist certificates and degrees, and applied doctoral degrees.

In FY 2011, over 279,000 students enrolled in credit courses, with 195,000 (70 percent) enrolled in two year colleges and 84,000 (30 percent) in state universities. Approximately 40,400 degrees, diplomas, and certificates were awarded.

MnSCU's student population also includes nearly 25,000 Minnesota high school students who earn college credit through the Post-Secondary Enrollment Options (PSEO) program. Students participate in the PSEO program by attending college classes at a MnSCU institution, enrolling in on-line courses, or attending college-level courses taught in their high school through the PSEO concurrent enrollment option. MnSCU serves approximately 82 percent of all the state's PSEO students.

In addition to its students, MnSCU serves Minnesota businesses, industries and communities who depend on a well-educated, highly trained workforce to meet their employment needs and keep communities economically vibrant. MnSCU institutions partner with approximately 6,000 Minnesota employers and annually train approximately 120,000 workers through its occupational, professional, and customized training programs. These partnerships play an important role in keeping Minnesota businesses and workforce competitive in an increasingly competitive global economic environment.

The MnSCU system was established in 1995 through a merger of the state's technical colleges, community colleges and state universities and is governed by a 15-member Board of Trustees appointed by the governor.

The system is funded from three primary revenue sources: tuition and fees, state appropriation, and federal and state grants (which include federal and state student financial aid). Over the past decade, state funding for higher education has fallen. Colleges and universities have responded to state funding cuts by reducing costs, implementing efficiencies, and increasing their reliance on tuition.

Strategies:

To accomplish its mission, the Board of Trustee has adopted a strategic framework that guides its policy, governance and management decisions. The strategic framework includes three components each of which contributes directly to one or more statewide outcomes.

Ensure access to an extraordinary education for all Minnesotans

Minnesota State Colleges and Universities will provide the best education available in Minnesota and prepare graduates to lead in every sector of Minnesota's economy. To accomplish the dual goals of access and quality, the system will:

Partner with communities traditionally underserved by higher education to improve college readiness, recruitment, and student success.

Increase access to baccalaureate degrees by enabling students at two-year colleges to complete a MnSCU baccalaureate degree without relocating.

Develop thoughtful measures of learning outcomes and deliver programs that enable graduates to meet those standards.

Redesign the classroom experience and curriculum to create signature learning experiences.

Increase collaboration among faculty to create the best possible courses and learning experiences that can be shared across the system.

Be the partner of choice to meet Minnesota's workforce and community needs

MnSCU faculty and staff will enable Minnesota to meet its need for a substantially better educated workforce by increasing the number of Minnesotans who complete certificates diplomas and degrees and by increasing the skills and capacities of graduates. To accomplish the goal of preparing Minnesota's workforce, the system will:

Significantly increase retention and completion and reduce time to completion.

Implement the results of regional, sector-by-sector workforce needs assessment to ensure programmatic alignment of the state's workforce needs.

Better align with post-secondary education to increase college readiness, expand dual enrollment and ensure more students are on the right path.

Expand customized training offerings to Minnesota business and industries.

Collaborate with DEED and others to enable more people to more easily update their skills.

Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option

Minnesota State Colleges and Universities will continue to aggressively manage costs, improve efficiency and enhance productivity to provide affordable higher education opportunities throughout the state. To accomplish this goal, the system will:

Strengthen and expand the Campus Service Cooperative to reduce administrative overhead costs in human resources, finance, financial aid, purchasing, payroll, and information technology services.

Strengthen the financial model to create incentives to achieve the outcomes in the strategic framework.

Redesign organizational structures and processes to increase effectiveness and eliminate redundancies.

Results:

The Minnesota State Colleges and Universities system is recognized as a national leader in higher education performance measurement. Cutting edge work continues as new performance metrics are developed to align with the strategic framework and progress is tracked over time. Performance measurements allow the system's leadership to objectively determine if its strategies are working.

Building on MnSCU's web-based accountability dashboard, additional benchmarks are being developed for key performance outcomes. These metrics will complement current performance measures and are designed to objectively measure, monitor, and assess performance.

MnSCU's performance metrics measure the quality of graduates, student success, affordability, diversity, efficient use of resources, enrollment, and stewardship of financial and physical resources. To learn more about MnSCU's performance measurement, visit MnSCU's website:

<http://www.mnscu.edu/board/accountability/index.html>

Performance Measures	Previous	Current	Trend
1. Student Persistence and Completion	75.3	74.2	Worsening
2. Completion Rate (college/university)	53.5 / 52.4	53.6 / 53.2	Stable
3. Related Employment of Graduates	77.6	81.0	Improving
4. System Share of Minnesota Resident Enrollment	63.1%	56.0%	Improving
5. Percent Students of Color	19.8%	20.8%	Improving

Performance Measures Notes:

1. 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. Previous Data: Fall 2010 / Current Data: Fall 2011.

2. 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 colleges. Because the measures are different for colleges and universities, the measurements are given separately for each institution type. Previous Data: Spring 2010 / Current Data: Spring 2011.

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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. Previous Data: FY 2010 grads employed in FY 2011 / Current Data: Preliminary FY 2011 grads 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. Previous Data: Fall 2008 / Current Data: 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. Previous Data: FY 2010 / Current Data: FY 2011.

Minnesota State Colleges and Universities**Current, Base and Governor's Recommended Expenditures - Rev**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)		\$3,058,281		\$3,058,281
Current Law Expenditures (FY 2014-15)	\$0	\$3,165,827	\$0	\$3,165,827
Governor's Recommended Expenditures (FY2014-15)	\$0	\$3,245,827	\$0	\$3,245,827
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$0	\$80,000	\$0	\$80,000
% Change from FY 2014-15 Current Law to Governor's Rec	0%	3%	0%	3%

Minnesota State Colleges and Universities

Sources and Uses of Total Funds

(Dollars in Thousands)

	Biennium FY14-FY15		
	General Funds	Other State Funds	Federal Funds
BALANCE FORWARD IN	\$0	\$539,636	
REVENUE	\$0	\$2,114,652	
TRANSFERS IN		\$1,212,200	
APPROPRIATION	\$1,170,730	\$0	
SOURCES OF FUNDS	\$1,170,730	\$3,866,488	
BALANCE FORWARD OUT		\$524,441	
TRANSFERS OUT	\$1,170,730	\$96,220	
EXPENDITURES	\$0	\$3,245,827	\$0
PAYROLL EXPENSE	\$0	\$2,419,055	
GRANTS, AIDS AND SUBSIDIES	\$0	\$826,772	\$0
USES OF FUNDS	\$1,170,730	\$3,866,488	\$0

State Colleges and Universities

Governor's Changes

(Dollars in Thousands)

	FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Advance Competitiveness of Minnesota's Workforce

The Governor recommends that MnSCU advance Minnesota's workforce competitiveness through three programs: Internships and Apprenticeships, Leveraged Equipment, and Faculty Driven Educational Innovations. The Internships and Apprenticeships program, with a \$12 million state investment, and the Leveraged Equipment program, with a \$26 million state investment, will match state funding with private contributions to provide students hands-on learning experiences in high-demand, high-skill trades. The Faculty Driven Innovations program, with an \$8 million state investment, will enable faculty to enhance the quality of instruction and accelerate student progress through technology-driven learning. This proposal directly supports students' career readiness by ensuring MnSCU students have the skills to compete in the job market upon graduation.

Performance Measures:

By 2017, the related-employment rates of graduates will increase by 3.5%, from 80.9% to 84.4%. \$3 million in non-state matching funds will be secured for internship/apprenticeships before FY 2015 funds are released. \$7.5 million in matching funds will be secured for leveraged equipment before FY2015 funds are released.

General Fund	Expenditure	20,500	25,500	46,000	25,500	25,500	51,000
Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	20,500	25,500	46,000	25,500	25,500	51,000

Retain High-Quality Faculty and Staff

The Governor recommends state funding, in partnership with savings from administrative efficiencies and student tuition, to allow MnSCU to retain high-quality faculty and staff. This proposal seeks to mitigate the effects of increasing costs related to obligations such as health insurance and limit increases in tuition for MnSCU students, which could otherwise rise significantly in order to meet these obligations. State support will provide one-third of the funding for faculty and staff retention, and savings from administrative efficiencies and student tuition will fund the remaining two-thirds.

Performance Measures:

An increase in student tuition will be limited to 3%. Tuition will increase by a maximum of \$145 for full-time college students and by \$205 for full-time university students. MnSCU will identify and implement \$44 million in administrative efficiencies.

General Fund	Expenditure	11,000	23,000	34,000	23,000	23,000	46,000
Other Funds	Expenditure	0	0	0	0	0	0
Other Funds	Revenue	0	0	0	0	0	0
	Net Change	11,000	23,000	34,000	23,000	23,000	46,000

Net All Change Items	General Fund	31,500	48,500	80,000	48,500	48,500	97,000
	Other Funds	0	0	0	0	0	0
	Net Change	31,500	48,500	80,000	48,500	48,500	97,000

Minnesota State Colleges and Universities

Revenue Summary

(Dollars in Thousands)

		Biennium FY14-15			
		General Fund	Other State Funds	Federal Funds	All Funds
Dedicated	TAXES	0	38		38
	FEDERAL GRANTS	0	106,818		106,818
	INVESTMENT INCOME	0	3,756		3,756
	ALL OTHER	0	2,004,040		2,004,040
	Subtotal	0	2,114,652		2,114,652
Total		0	2,114,652		2,114,652