

**Minnesota**  
STATE COLLEGES  
& UNIVERSITIES

DEGREES OF SUCCESS: MAKING MINNESOTA WORK

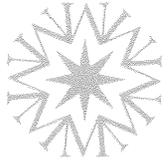
# Degrees of Success: Making Minnesota Work

presented to the

**Senate Higher Education Budget Division**

**James H. McCormick, Chancellor**  
**Minnesota State Colleges and Universities**

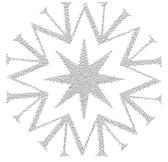
**January 25, 2005**



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## Who we are

- 370,000 students each year
- 80 percent of graduates stay in Minnesota
- Meeting the needs of the state



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# We make Minnesota work

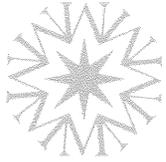
- 51% of new teaching graduates
- 78% of new nursing graduates
- 92% of law enforcement officers
- 49% of new business graduates
- 91% of new construction trades graduates
- 9,000 “first responders” each year



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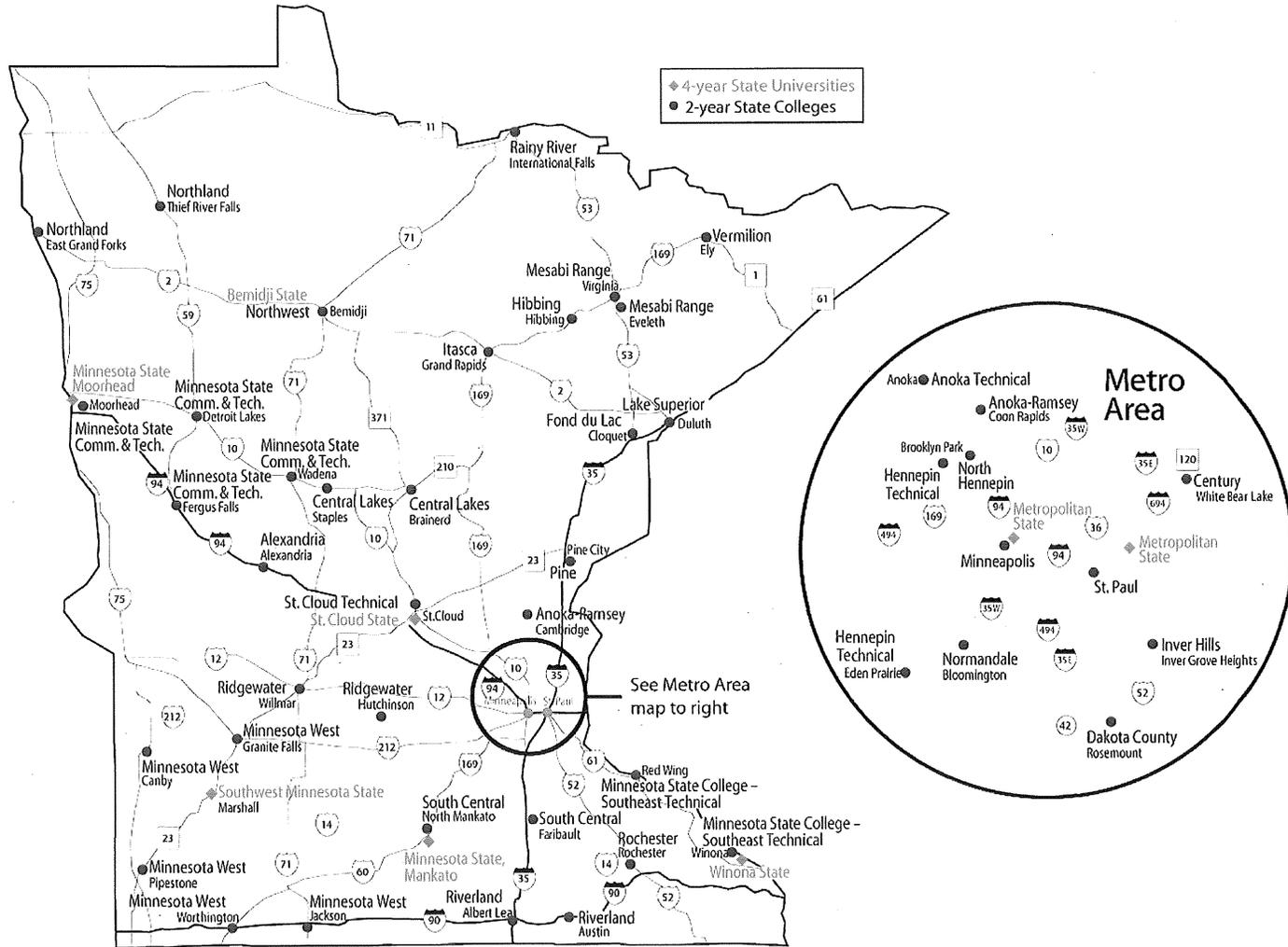
## Meeting students' needs

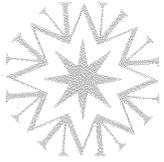
- 7 state universities – baccalaureate and advanced degrees
- 8 technical colleges – programs leading to employment
- 5 community colleges – transfer, occupational programs
- 11 combined community and technical colleges – community and technical college programs
- 1 tribal and community college



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# We are located throughout the state

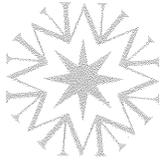




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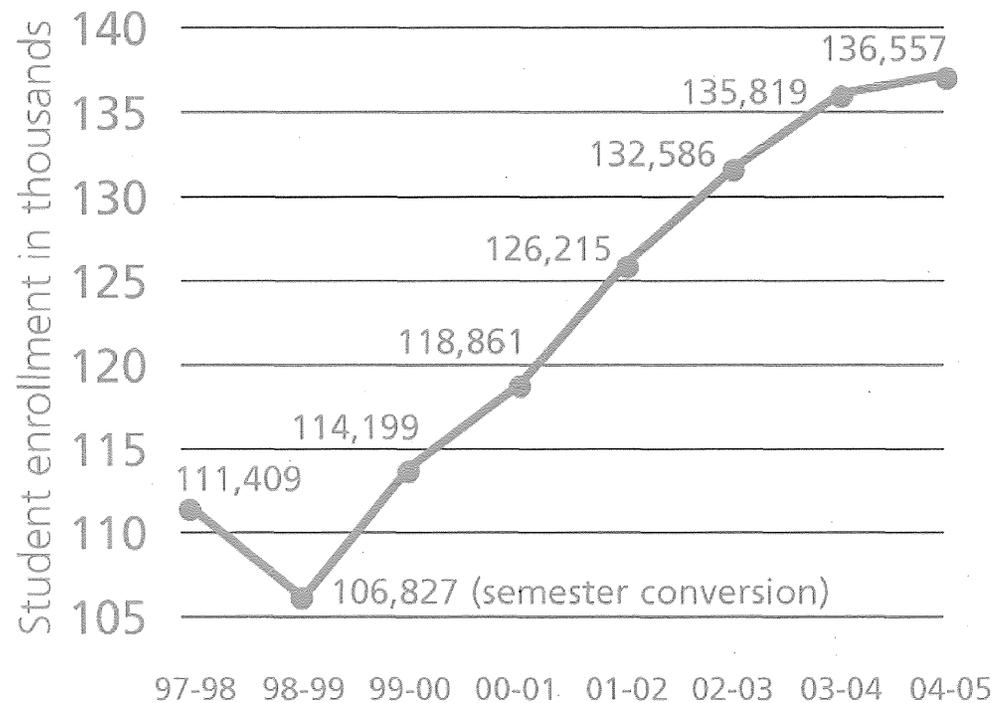
# Enrollment is healthy

- 240,000 students in credit-based courses
- An additional 130,000 students in non-credit courses
- 32,000 graduates last year

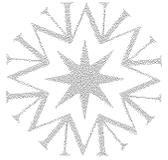


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# Enrollment has been growing steadily



FYE enrollment has increased every year since 1998-1999.

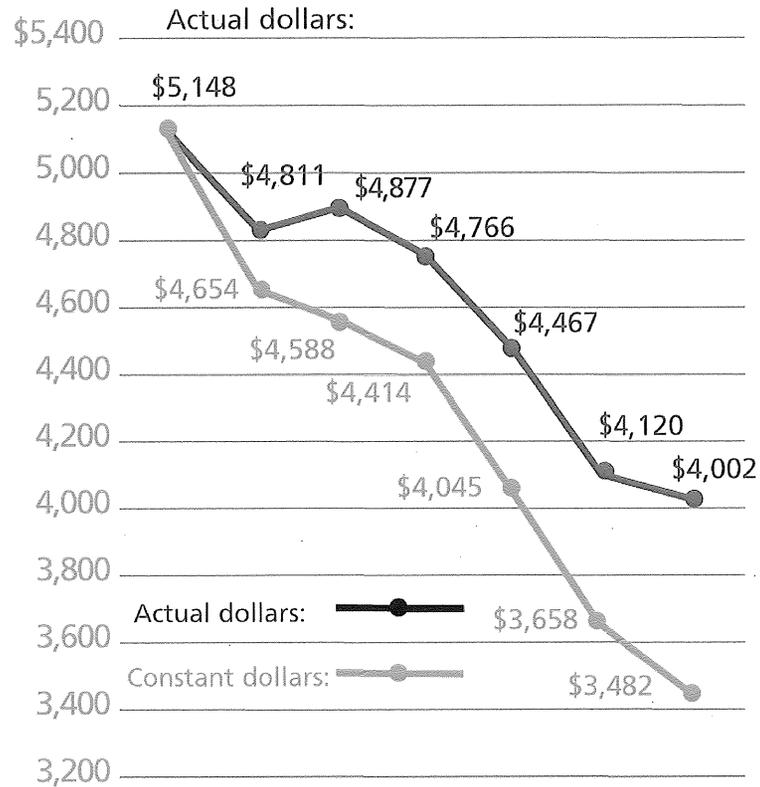


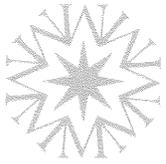
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# State spending per student has declined since 1999

State appropriation per FYE

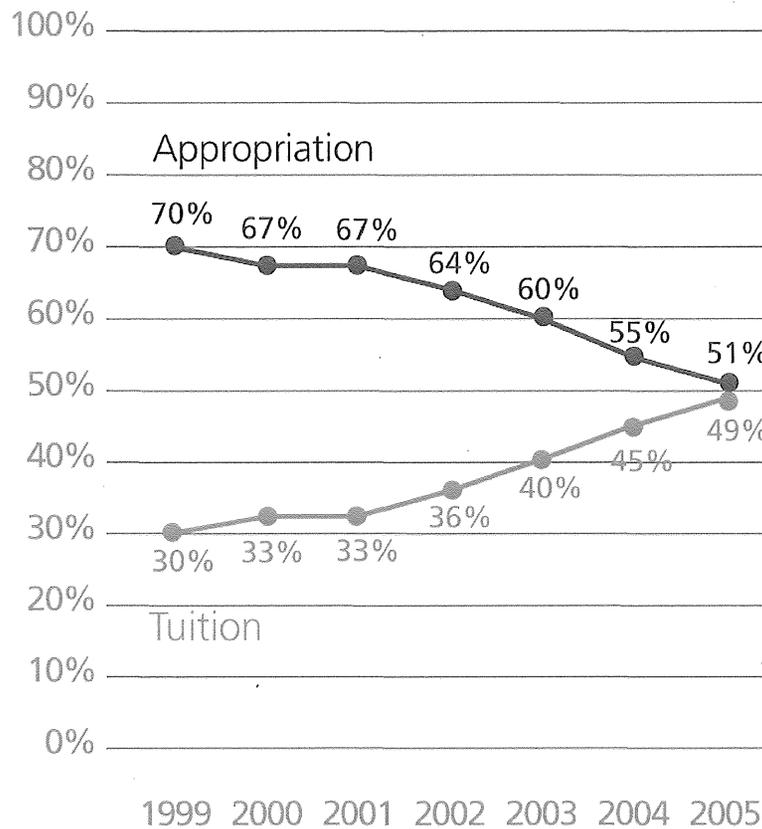
1999 2000 2001 2002 2003 2004 2005

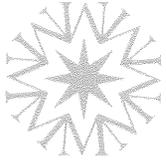




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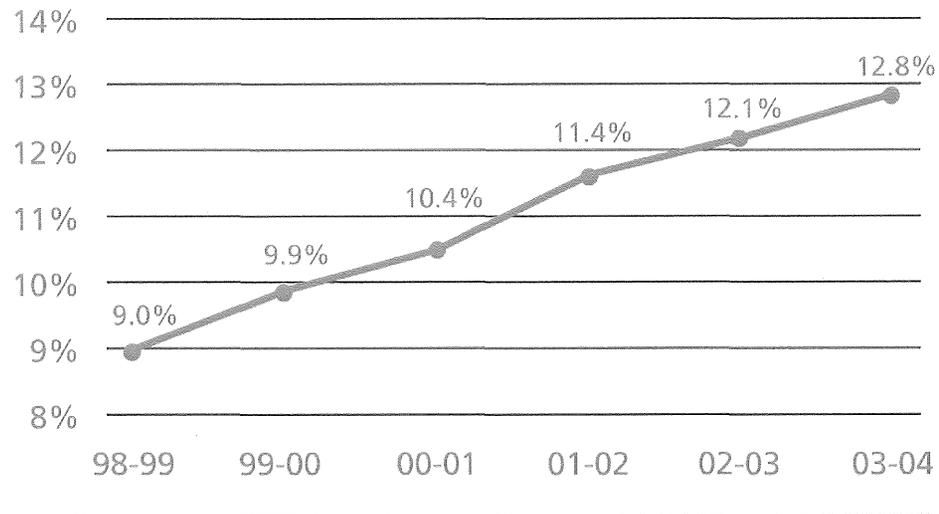
# Students and their families are shouldering more of the financial burden



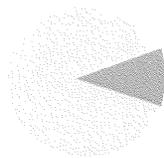


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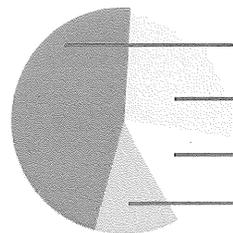
# Students are diverse



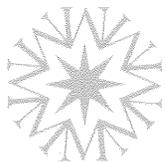
Students of  
color: 12.8%



Total students of  
color: 24,990



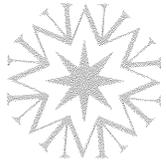
African American: 6.3%  
Asian: 3.5%  
Hispanic: 1.5%  
American Indian: 1.5%



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# Our students are diverse

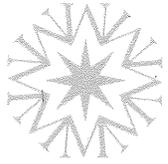
- Average age is about 26½
- 45% male, 55% female
- 1/3 are from families where neither parent attended college



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# We are a dynamic system

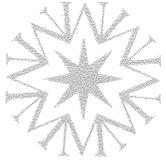
- Authority to accredit online programs
- 25,000 students taking online courses
- Programs are dynamic
  - 527 new programs
  - 1,400 redesigned programs
  - 603 programs closed or suspended over past two years
- Commitment to access



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# Board of Trustees provides governance

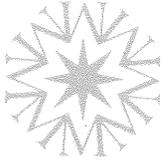
- 15 members, appointed by the governor
- 8 represent Congressional districts (6-year terms)
- 4 at large (6-year terms)
- 3 students with full voting rights (2 year terms)



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# Duties of trustees

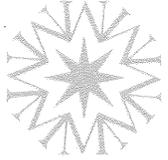
- Hire the chancellor and institution presidents
- Broad policy responsibility
  - system planning
  - fiscal management
  - personnel
  - admission requirements
  - tuition and fees
  - policies



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## Strategic plan has four themes

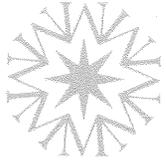
- Increase access and opportunity
- Expand high-quality learning programs and services
- Strengthen community development and economic vitality
- Fully integrate the system



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# Budget process

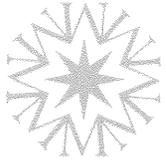
- Began in December 2003
- Biennial Budget Stakeholder Group
  - provided input and feedback to the Chancellor
  - met monthly
  - members included
    - student associations
    - bargaining units
    - college and university administration
    - senior staff
- Recommendations to Chancellor



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# Budget process

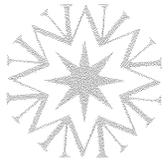
- Discussed at Leadership Council
- Chancellor recommended to the Board in September
- Public hearings in September and October
- Board approved the biennial budget request in October



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# Request takes a balanced approach

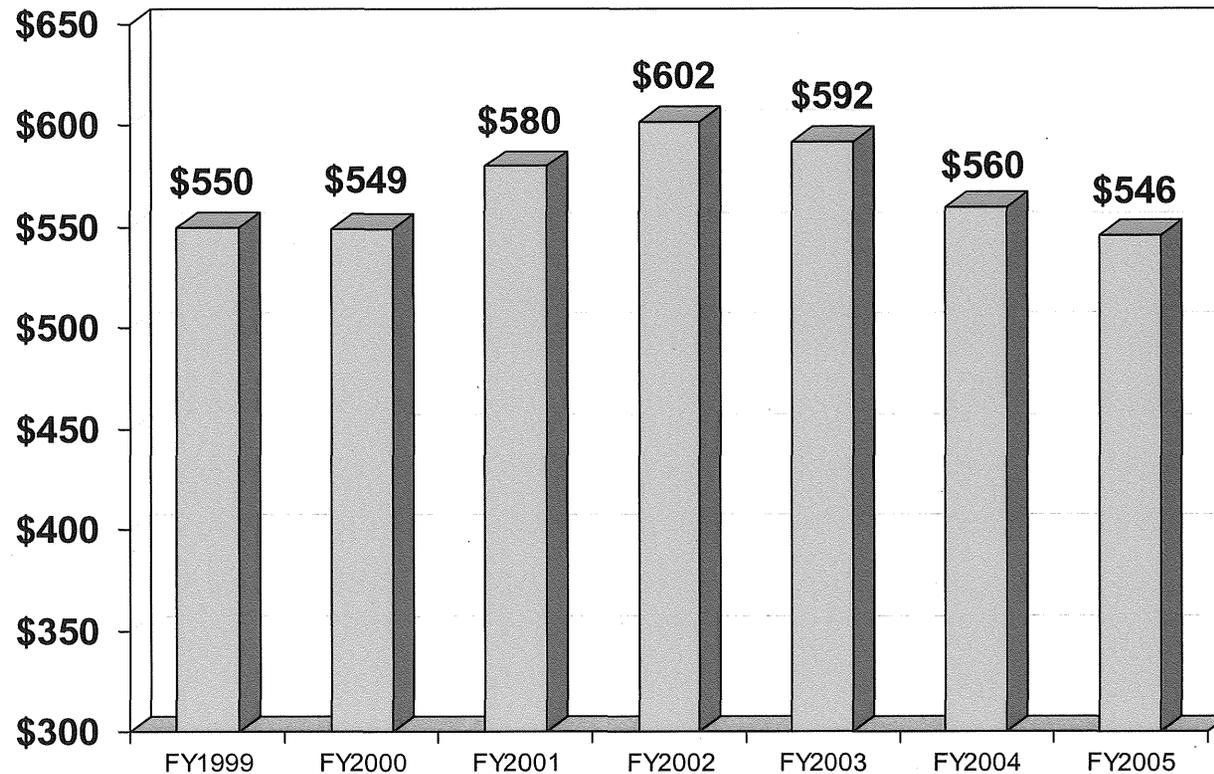
- State appropriation
- Tuition increase
- Reallocate existing resources



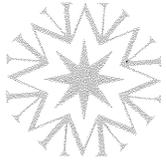
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# FY2005 state appropriation is slightly lower than FY1999

In Millions



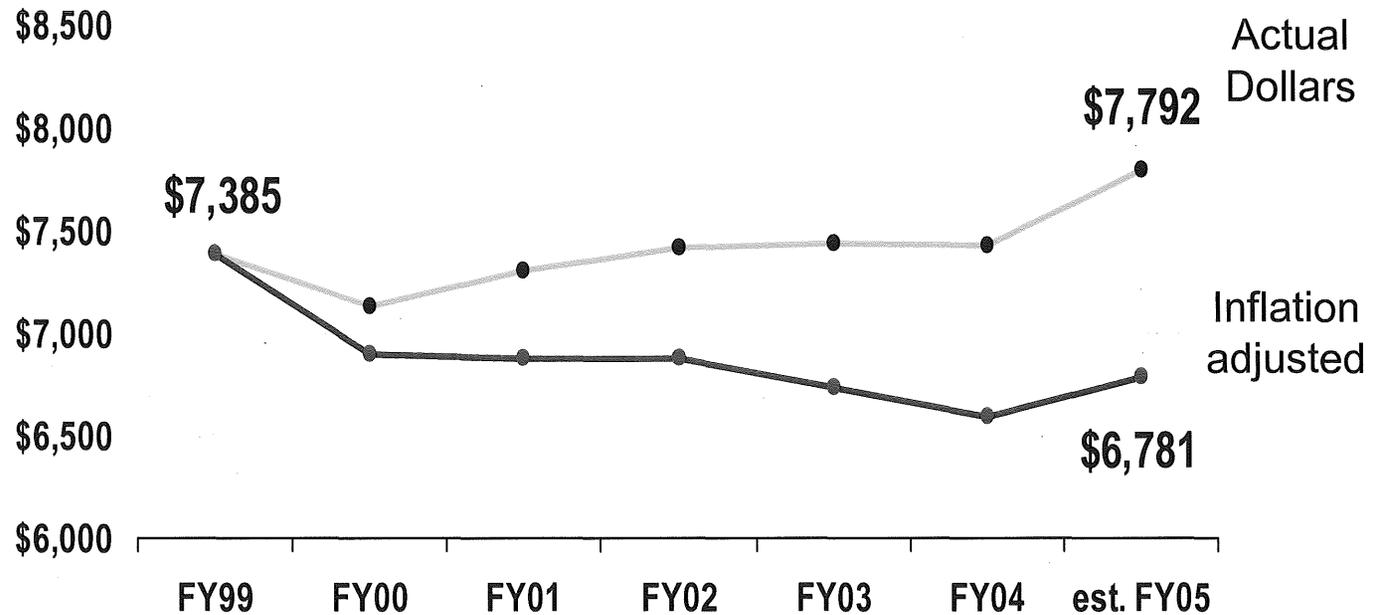
Source: Minnesota State Colleges and Universities Finance Division



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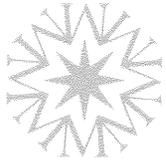
# Tuition and state appropriation per student has not kept pace with inflation

### Tuition and State appropriation per FYE



Base year 1999; CPI-U

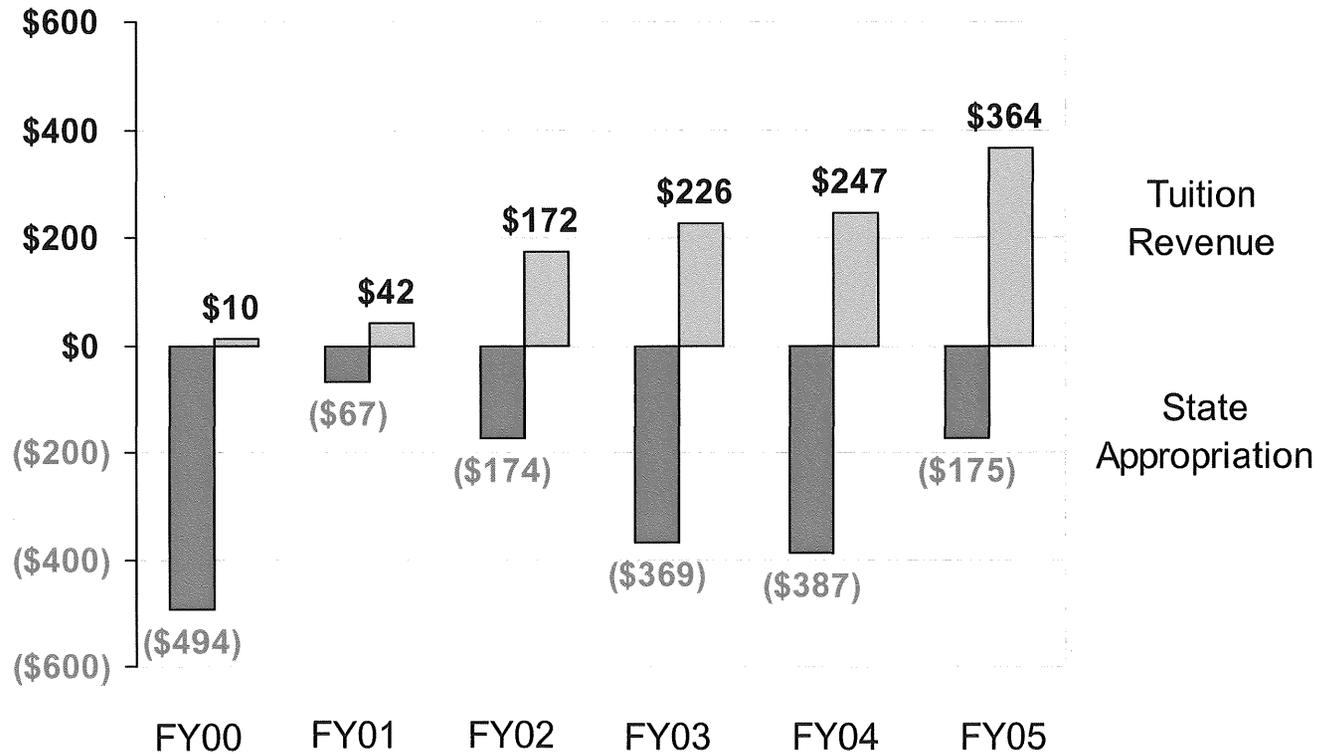
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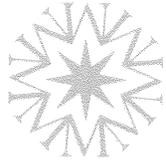
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# Tuition increases have followed state appropriation reductions

## Annual Change in State Appropriation and Tuition Revenue per FYE Enrollment (inflation adjusted)

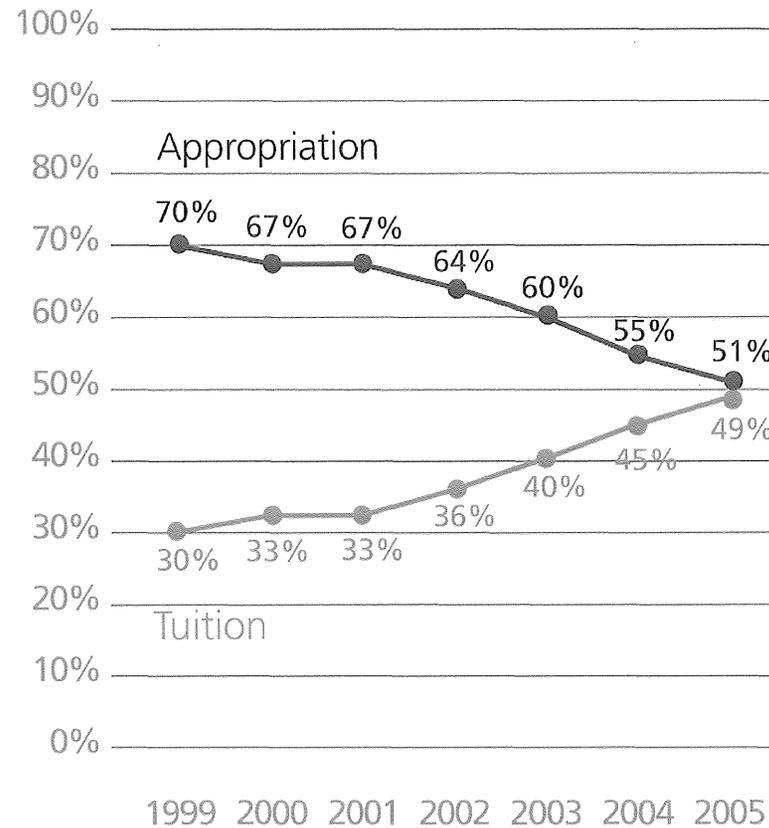


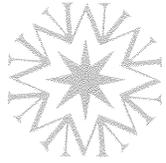
Source: Minnesota State Colleges and Universities Finance Division



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# Students and their families are shouldering more of the financial burden





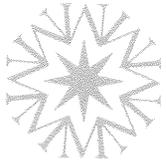
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# Enrollment adjustment

M.S. 135A.031, Subd. 4:

- “a) Each public post-secondary system’s instructional services base shall be adjusted for estimated changes in enrollments...
- c)...If the actual enrollment differs from the estimated enrollment, an adjustment shall be made in the next biennium.”

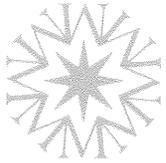
Note: DOF is recognizing in the Governor’s budget



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# Effects of rapid enrollment growth

- Enrollment has increased without state support every year for the past 5 years. Tuition skyrocketed in order to slow the disinvestment.
- State resources per FYE have declined 22% from 1999 to 2005.
- Investments in and around the classroom have shrunk
  - Technology
  - Building repair
  - Instructional equipment
  - New program development
  - Student support



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# State appropriation budget

\$ in millions

**FY2006/FY2007  
Biennium**

Adjusted base\*

\$1,236.8

Request

\$66.5

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Total state appropriation

\$1,303.3

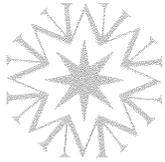
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Tuition assumption (4%)

\$62.9

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\*Adjusted base includes \$130.8 million enrollment adjustment for past enrollment growth, comprised of \$36 million in base money and \$58.8 million in one-time funds.

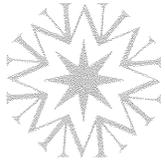


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# Strategic priorities

\$ in millions

<u>Request</u>	<u>FY2006</u>	<u>FY2007</u>	<u>Biennium</u>
1. Critical state needs	\$7.8	\$8.2	\$16.0
2. Minnesota Online	\$3.5	\$4.6	\$ 8.1
3. Outreach to underserved	\$6.0	\$6.0	\$12.0
4. Innovations Fund	\$2.5	\$3.0	\$ 5.5
5. Repair and replacement	\$5.0	\$6.0	\$11.0
6. Competitive salaries	\$4.6	\$9.3	\$13.9
<b>Total request</b>	<b>\$29.4</b>	<b>\$37.1</b>	<b>\$66.5</b>

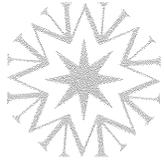


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# Critical state needs

## Nursing

- Proposal addresses the severe shortage of nurses in Minnesota by:
  - Expand capacity to educate **440** RNs
  - Increase access to bachelor's degree
  - Expand practical nursing
  - Recruit 40 nursing faculty
  - \$10 million

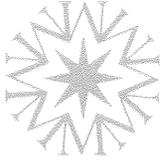


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# Critical state needs

## Teacher Education

- Partner with P-12
- Meet needs in critical areas
- Design alternative/ accelerated pathways
- Provide Web-based clearinghouse
- \$3 million

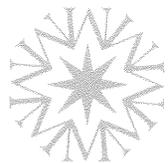


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# Critical state needs

## Farm/Small Business Management

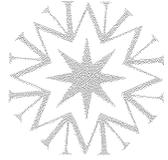
- Serve diverse populations
- Student support
- Tuition relief
- Capacity building
- Increase collaboration
- \$3 million



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# Minnesota Online

- Expand tutoring and training services
- Expand the call center
- Enhance technical support
- Create online programs
- Develop increased services to corporate clients
- Promote collaboration
- \$8.1 million



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# Outreach to underserved

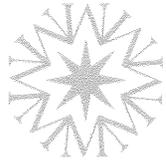
- Improve educational diversity
- Close achievement gap
- Model after successful TRIO program
- Collaborate with K-12
  - Educational partners
  - enrichment, tutoring, mentoring
  - summer bridge programs
- \$12 million



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# Innovations Fund

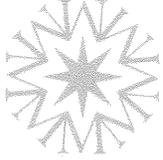
- Address rapidly-changing needs
- Development and design of emerging programs and curriculum
- Focus on the state's critical needs
- \$5.5 million



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# Repair and replacement

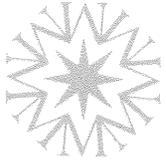
- Need to repair and replace infrastructure
- Backlog is increasing
- HEAPR represents “catch-up”
- Request represents “keep-up”
- More cost-effective means of facilities maintenance
- \$11 million



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# Competitive salaries

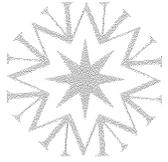
- Competitive salaries
- Encourage excellence from faculty and staff
- High demand academic disciplines
- Reward actions and outcomes
- Subject to the collective bargaining process
- \$13.9 million



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# What the state gains in request

- More nurses
- Better prepared teachers
- Rural development
- Increased access to courses and programs for underserved populations
- Increased access through online
- Further innovation in rapidly changing world
- Safer, more efficient facilities
- Enhanced competitiveness



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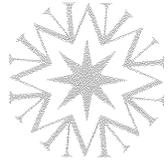
# Degrees of Success: Making Minnesota Work

presented to the

**House Higher Education Finance Division**

**James H. McCormick, Chancellor**  
**Minnesota State Colleges and Universities**

**January 19, 2005**



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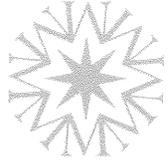
# Enrollment adjustment

## Support growing enrollments, access, & core investments

In Millions \$

	<u>FY2006</u>	<u>FY2007</u>	<u>Biennium</u>
Support enrollment growth			
and provide access	\$36.0	\$36.0	\$72.0
Minnesota Online	\$13.9		\$13.9
Leveraged equipment	\$14.1		\$14.1
Technology	\$20.0		\$20.0
Repair and replacement	\$10.8		\$10.8
<b>Total</b>	<b>\$94.8</b>	<b>\$36.0</b>	<b>\$130.8</b>

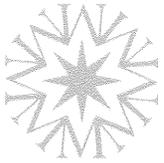
\*The \$36 million for the "support enrollment growth" is base and will continue into FY2008.



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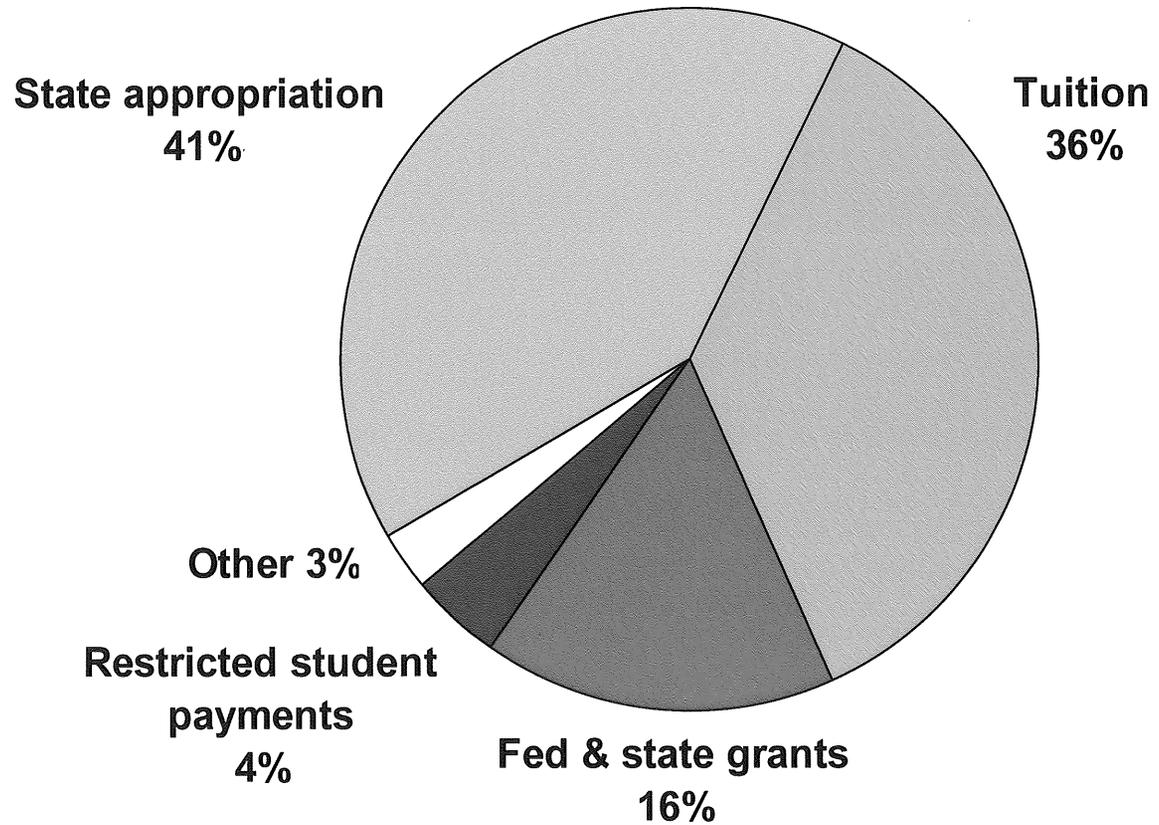
# State Grant Program

- Extend eligibility for grant funds to students in their fifth year of college
- Allow students to receive state grant funds for summer session
- Calculate state grants for part-time students in the same manner as the Pell Grant Program
- Modify the grant eligibility calculation for independent students
  - No longer count student income twice



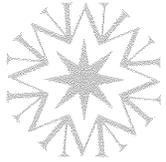
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# System revenue



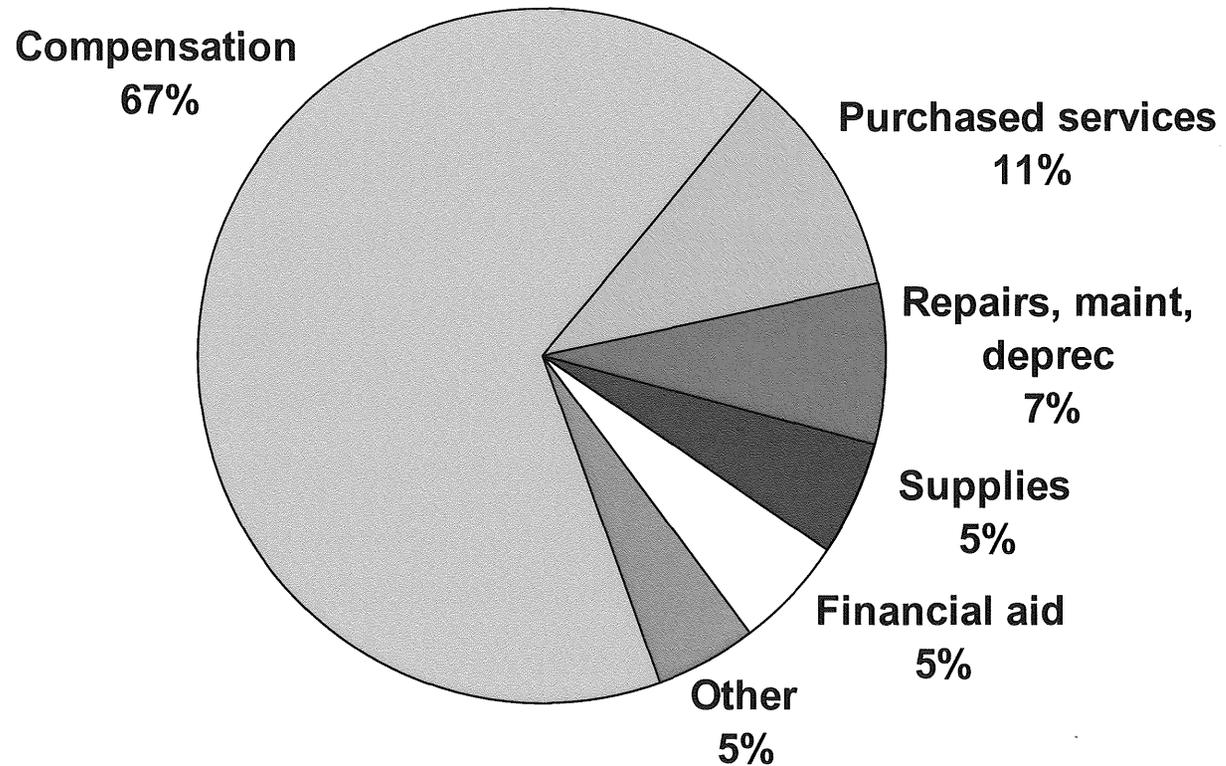
FY2004, All funds  
Total: \$1.4 billion

Source: MnSCU audited financial statements



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# System expenses



FY2004, All funds  
Total: \$1.4 billion

Source: Minnesota State Colleges and Universities audited financial statements