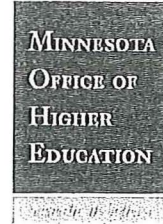


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## MEMORANDUM OF UNDERSTANDING

between

Board of Trustees of the Minnesota State Colleges and Universities

and

Minnesota Office of Higher Education

regarding

### Performance Measures for Minnesota State Colleges and Universities in Minn. Laws 2015, Chap. 69

The legislative language providing funding for the Minnesota State Colleges and Universities (MnSCU) for fiscal years 2016 and 2017 made five percent of MnSCU's fiscal year 2017 funding conditional on meeting one or more of five performance measures. The Board of Trustees and the Minnesota Office of Higher Education (OHE) must agree on specific numerical indicators and definitions for each of the five goals. Proposed definitions and data availability expectations are outlined below. Funds would be released once MnSCU has demonstrated to the Commissioner of Minnesota Management and Budget the achievement of three of the five specified performance measures.

This document specifies the numerical indicators and definitions that will be used to document achievement of the performance measures.

#### Legislative Language

The language on performance measures in the final higher education appropriations bill for the Minnesota State Colleges and Universities (Minn. Laws 2015, Chap. 69, Art. 1, Sec. 4, subd. 3) is as follows:

*Five percent of the fiscal year 2017 appropriation specified in this subdivision is available according to the schedule in clauses (1) to (5) in fiscal year 2017 when the Board of Trustees of the Minnesota State Colleges and Universities demonstrates to the commissioner of management and budget that the board has met the following specified number of performance goals:*

- (1) 100 percent if the board meets three, four, or five goals;*
- (2) 67 percent if two of the goals are met;*
- (3) 33 percent if one of the goals are met; and*
- (4) zero percent if none of the goals are met.*

*The performance goals are:*

*(1) increase by at least four percent in fiscal year 2015, compared to fiscal year 2008, degrees, diplomas, and certificates conferred and provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education on the separate changes in the number of degrees, diplomas, and certificates conferred;*

*(2) increase by at least five percent the fiscal year 2015-related employment rate for 2014 graduates, compared to the 2011 rate for 2010 graduates;*

*(3) for fiscal year 2016, reallocate \$22,000,000 of costs. The Board of Trustees is requested to redirect those funds to invest in direct mission activities, stem growth in tuition and student fees, and to programs that benefit students;*

*(4) decrease by at least ten percent the fiscal year 2015 headcount of students enrolled in developmental courses compared to fiscal year 2013 headcount of students enrolled in developmental courses; and*

*(5) increase by at least five percent the fiscal year 2015 degrees awarded to students who took no more than 128 credits for a baccalaureate degree and 68 credits for associate in arts, associate of science, or associate in fine arts degrees, as compared to the rate for 2011 graduates.*

*By August 1, 2015, the Board of Trustees and the Minnesota Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the Minnesota State Colleges and Universities' attainment of each goal. On or before April 1, 2016, the Board of Trustees must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the Minnesota State Colleges and Universities toward attaining the goals. The appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals. All of the appropriation that is not available due to failure to meet performance goals is appropriated to the commissioner of the Office of Higher Education for fiscal year 2017 for the purpose of the state grant program under Minnesota Statutes, section 136A.121.*

*Performance metrics are intended to facilitate progress towards the attainment goal under Minnesota Statutes, section 135A.012.*

**Board of Trustees of the Minnesota State Colleges and Universities and Minnesota Office of Higher Education Agree Upon the Following Numerical Indicators and Definitions**

**Measure Definitions**

The measures are defined as follows:

- 1) Degrees, Diplomas and Certificates Conferred:** The number of degrees, diplomas and certificates conferred in a fiscal year. Degrees, diplomas and certificates are the Board approved awards.



- 2) **Related Employment Rate:** The proportion of graduates in a fiscal year that were seeking related employment and reported a job related to their program or major on the system's graduate follow-up survey. Graduates from prison programs and graduates who are foreign nationals are excluded from the rate.
- 3) **Reallocation of Resources:** The dollar amount of resources reallocated in fiscal year 2016. Reallocation is the reassignment of resources to a different purpose from the one originally assigned. Reallocation includes both the reassignment of resources to a higher priority area, and the reallocation of resources made to balance the budget.
- 4) **Headcount of Students Enrolled in Developmental Courses:** The headcount of credit students enrolled in one or more developmental courses during a fiscal year.
- 5) **Cumulative Credits at Graduation:** The graduates' cumulative credits earned at graduation, including credits earned at the state college or state university of graduation and credits earned at any other state college or state university.

#### Data Sources

The data used to calculate the measures will be drawn from the following sources:

**The Integrated Statewide Record System (ISRS):** ISRS supports student records, courses sections, board approved awards, accounting and personnel payroll processes for all system colleges and universities. ISRS contains term and course enrollment data for each student, student demographic data elements, data on all courses offered and on graduates and their awards. ISRS data are used for the following measures: degrees, diplomas and certificates conferred, related employment rate, credit headcount developmental courses and credits at graduation.

**Graduate Follow-Up Survey:** Each college and university is required to conduct a survey of its graduates annually to collect information on graduate employment and continued education in the year after graduation. The data on graduate employment are entered into ISRS and used to calculate the related employment rate.

**Survey of College and University Reallocation:** An annual survey of college and university chief finance officers collects information on the reallocation amounts and purposes. The survey collects data on both the original use of general fund resources (reallocations from/deductions) and the reassigned use of general fund resources (reallocations to/investments/cuts made to balance the budget). Reallocation from/reductions categories will include:

- The number of programs impacted (suspended or closed programs)
- The number of layoffs, vacant positions eliminated or left unfilled (staff/administration and faculty)
- Reductions made to equipment, student services, repair and replacement, and the general operating budgets
- The dollar amount of the reallocations in each of the categories listed above

Reallocations to/investment categories will include:

- New, redesigned or enhanced programs
- Added or reassigned faculty positions

- Added or reassigned staff/administrative positions
- Investment in equipment and/or repair and replacement
- Investment in student services
- Investment in facilities
- Reallocations made to balance the budget (budget cuts) will also be reported separately.

In addition, colleges and universities and the system office will be asked to report reallocations which invest in direct mission activities, stem the growth in tuition and student fees, and/or support programs that benefit students.

#### Timing for Reporting Performance Goal Achievement

The system will report on achievement of the goals in March 2016. Preliminary data will be reported for degrees, diplomas and certificates because final data will not be available. Final data will be reported for the remaining measures.

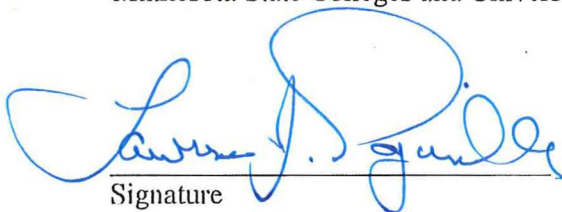
#### Baseline Values for Performance Measures

<u>Measure</u>	<u>Baseline Value</u>	<u>Notes</u>
Degrees, Diplomas and Certificates	35,086	FY 2008
Related Employment Rate	77.6%	FY 2011 Rate for FY 2010 Graduates
Reallocation of Resources	\$22,000,000	FY 2016
Headcount in Developmental Courses	46,679	FY 2013
Graduates With Cumulative Credits Under 68 (Associate) and 128 (Bachelor's) at Graduation	6,959	FY 2011



Signature  
Steven Rosenstone, Chancellor  
Minnesota State Colleges and Universities

8/5/15  
Date



Signature  
Larry Pogemiller, Commissioner  
Minnesota Office of Higher Education

8/6/15  
Date