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Minnesota State

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<http://www.mnscu.edu/>

AT A GLANCE

- 395,000 students served annually in both credit and noncredit courses
- 30 separately accredited two year colleges and 7 universities located on 54 campuses
- Programs offered are technical, pre baccalaureate, baccalaureate, graduate and applied doctoral degrees
- Approximately 41,000 degrees, diplomas and certificates awarded every year

PURPOSE

Minnesota State plays 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:

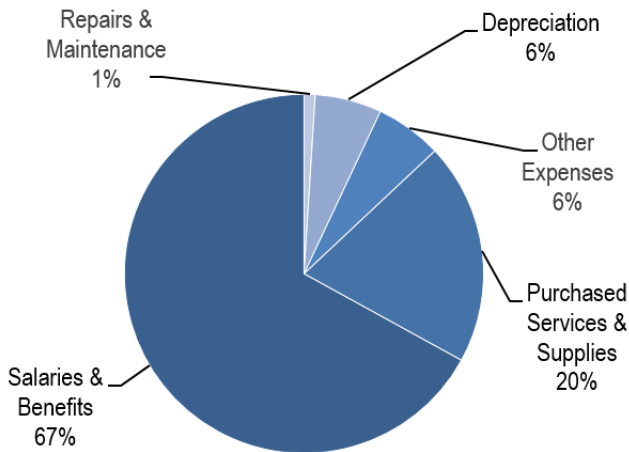
- Ensure access to an extraordinary education
- Be the partner of choice to meet Minnesota’s workforce and community needs
- Deliver the highest value and most affordable higher education option

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

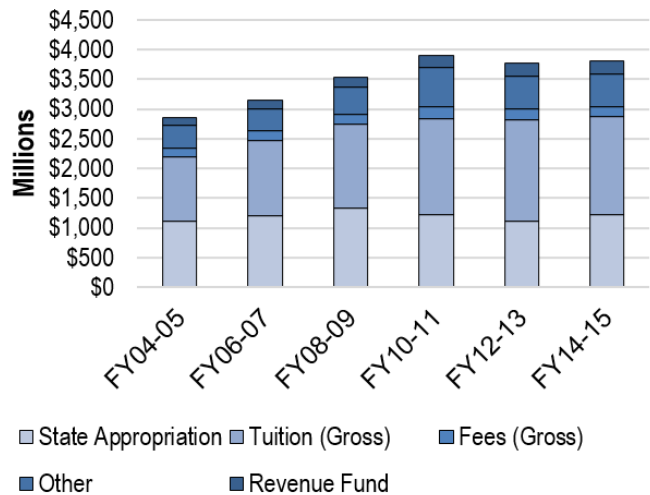
BUDGET

**Spending by Category
FY 15 Actual**



Source: Minnesota State FY 2015 Audited Financial Statements

Historical Spending



Source: Minnesota State Audited Financial Statements

- Our largest expenditure category is salary and benefits which account for two thirds of 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 embarked on a systemwide, campus led effort called Charting the Future which provides direction on how to implement this framework. 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. Competency based education focuses on the skills and knowledge students learn, rather than where the learning takes place or the length of time in a course.
- 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.

Implementation of the Charting the Future recommendations is currently underway and involves teams of representatives from all campuses, including representatives from the statewide student associations and collective bargaining units. These teams are determining the best strategies and creating key initiatives to implement these critical recommendations.

RESULTS

Minnesota State has developed performance measures that are aligned with the strategic framework and that monitor and assess performance over time. They 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	74.8	76.9	Fall 2012 in Fall 2013/Fall 2014 in Fall 2015
Result	Completion Rate (college/university)	50.9/53.5	50.7/52.0	Spring 2013 / Spring 2015
Result	Related Employment of Graduates	83.5	85.5	FY12 grads employed in FY13/FY14 grads in FY15
Quantity	System Share of Minnesota Resident Enrollment	65.3	65.5	Fall 2013 / Fall 2014
Quality	Percent Students of Color	22.7%	24.2%	FY 2013 / FY 2015

Definitions of the five measures are provided below.

Student Persistence and Completion is the percent of a fall entering cohort of full time degree and certificate seeking students that have been retained, graduated or transferred by the second fall term following original fall enrollment. Current: Fall 2014 in Fall 2015 / Previous: Fall 2012 in Fall 2013.

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. Current: Spring 2015 / Previous: Spring 2013.

Related Employment of Graduates is the percent of system graduates in a fiscal year that reported they were employed or seeking employment during the year after graduation and reported a job that was related to their program or major. Current: Preliminary FY 2014 graduates employed in FY 2015 / Previous: FY 2012 graduates employed in FY 2013.

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 a state colleges or state universities. Current: Fall 2014 / Previous: Fall 2013.

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 2015 / Previous: FY 2013.

Minnesota Statutes Chapter 136F (<https://www.revisor.mn.gov/statutes/?id=136F>) provides the legal authority for Minnesota State.

Expenditures By Fund

	Actual	Actual	Actual	Estimate	Forecasted Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
2050 - Environment & Natural Resource	62	0	212	1,172	0	0	0	0
4000 - Mn State Colleges/Universities	1,493,671	1,505,528	1,506,572	1,520,698	1,532,618	1,549,510	1,595,118	1,637,010
4002 - Mnscu Special Revenue	15,066	14,072	12,349	12,349	12,349	12,349	12,349	12,349
4003 - Mnscu Federal Fund	62,351	60,519	63,983	64,340	64,340	64,340	64,340	64,340
4004 - Mnscu Gift Fund	582	294	416	416	416	416	416	416
4005 - Mnscu Enterprise Activities	10,234	9,947	10,100	10,196	10,192	10,192	10,192	10,192
4030 - Mnscu Agency Fund	32,198	32,119	35,337	41,800	34,295	34,295	34,295	34,295
7350 - Sub Supplemental & Ira Retire	240	273	308	308	308	308	308	308
Total	1,614,404	1,622,752	1,629,277	1,651,279	1,654,518	1,671,410	1,717,018	1,758,910
<i>Biennial Change</i>				43,400		45,372		195,372
<i>Biennial % Change</i>				1		1		6
<i>Governor's Change from Base</i>								150,000
<i>Governor's % Change from Base</i>								5

Expenditures by Program

Program: MNSCU	1,614,404	1,622,752	1,629,277	1,651,279	1,654,518	1,671,410	1,717,018	1,758,910
Total	1,614,404	1,622,752	1,629,277	1,651,279	1,654,518	1,671,410	1,717,018	1,758,910

Expenditures by Category

Compensation	1,236,556	1,256,867	1,260,436	1,264,162	1,276,161	1,293,053	1,315,006	1,351,485
Operating Expenses	375,042	354,449	356,967	375,213	366,457	366,457	390,112	395,525
Grants, Aids and Subsidies	2,806	11,436	11,873	11,904	11,900	11,900	11,900	11,900
Total	1,614,404	1,622,752	1,629,277	1,651,279	1,654,518	1,671,410	1,717,018	1,758,910

1000 - General

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Direct Appropriation	587,915	622,143	672,925	673,516	673,316	673,316	735,816	760,816
Net Transfers	(587,915)	(622,143)	(672,925)	(673,516)	(673,316)	(673,316)	(735,816)	(760,816)

2050 - Environment & Natural Resource

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	77	0	0	679	0	0	0	0
Direct Appropriation	0	0	891	493	0	0	0	0
Expenditures	62	0	212	1,172	0	0	0	0
Balance Forward Out	15	0	679	0	0	0	0	0
<i>Biennial Change in Expenditures</i>				1,322		(1,384)		(1,384)
<i>Biennial % Change in Expenditures</i>				2,132		(100)		(100)

4000 - Mn State Colleges/Universities

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	518,616	514,751	514,402	559,108	577,324	582,920	577,324	582,920
Receipts	932,830	912,448	909,830	902,094	902,094	902,094	902,094	902,094
Net Transfers	556,976	592,731	641,448	636,820	636,120	636,120	698,620	723,620
Expenditures	1,493,671	1,505,528	1,506,572	1,520,698	1,532,618	1,549,510	1,595,118	1,637,010
Balance Forward Out	514,751	514,402	559,108	577,324	582,920	571,624	582,920	571,624
<i>Biennial Change in Expenditures</i>				28,071		54,858		204,858
<i>Biennial % Change in Expenditures</i>				1		2		7
<i>Gov's Exp Change from Base</i>								150,000
<i>Gov's Exp % Change from Base</i>								5

4002 - Mnscu Special Revenue

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	8,858	9,308	8,437	7,292	6,145	4,998	6,145	4,998
Receipts	15,516	13,201	11,204	11,202	11,202	11,202	11,202	11,202
Expenditures	15,066	14,072	12,349	12,349	12,349	12,349	12,349	12,349
Balance Forward Out	9,308	8,437	7,292	6,145	4,998	3,851	4,998	3,851

4002 - Mnsctu Special Revenue

<i>Biennial Change in Expenditures</i>		(4,440)	0	0
<i>Biennial % Change in Expenditures</i>		(15)	0	0
<i>Gov's Exp Change from Base</i>				0
<i>Gov's Exp % Change from Base</i>				0

4003 - Mnsctu Federal Fund

	Actual		Actual		Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	Estimate FY17	FY18	FY19	FY18	FY19
Balance Forward In	911	1,339	1,540	1,945	1,768	1,591	1,768	1,591
Receipts	62,779	60,720	64,388	64,163	64,163	64,163	64,163	64,163
Expenditures	62,351	60,519	63,983	64,340	64,340	64,340	64,340	64,340
Balance Forward Out	1,339	1,540	1,945	1,768	1,591	1,414	1,591	1,414
<i>Biennial Change in Expenditures</i>				5,453		357		357
<i>Biennial % Change in Expenditures</i>				4		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

4004 - Mnsctu Gift Fund

	Actual		Actual		Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	Estimate FY17	FY18	FY19	FY18	FY19
Balance Forward In	712	671	735	732	729	726	729	726
Receipts	541	358	413	413	413	413	413	413
Expenditures	582	294	416	416	416	416	416	416
Balance Forward Out	671	735	732	729	726	723	726	723
<i>Biennial Change in Expenditures</i>				(44)		0		0
<i>Biennial % Change in Expenditures</i>				(5)		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

4005 - Mnsctu Enterprise Activities

	Actual		Actual		Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	Estimate FY17	FY18	FY19	FY18	FY19
Balance Forward In	5,223	4,960	4,901	5,388	5,287	5,190	5,287	5,190
Receipts	9,971	9,888	10,587	10,095	10,095	10,095	10,095	10,095
Expenditures	10,234	9,947	10,100	10,196	10,192	10,192	10,192	10,192
Balance Forward Out	4,960	4,901	5,388	5,287	5,190	5,093	5,190	5,093

4005 - Mnsctu Enterprise Activities

<i>Biennial Change in Expenditures</i>		115	88	88
<i>Biennial % Change in Expenditures</i>		1	0	0
<i>Gov's Exp Change from Base</i>				0
<i>Gov's Exp % Change from Base</i>				0

4006 - Mnsctu Endowment Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	101	101	101	102	102	102	102	102
Receipts	0	0	1	0	0	0	0	0
Balance Forward Out	101	101	102	102	102	102	102	102

4030 - Mnsctu Agency Fund

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	615	796	1,587	1,294	1,049	804	1,049	804
Receipts	32,379	32,910	35,044	41,555	34,050	34,050	34,050	34,050
Expenditures	32,198	32,119	35,337	41,800	34,295	34,295	34,295	34,295
Balance Forward Out	796	1,587	1,294	1,049	804	559	804	559
<i>Biennial Change in Expenditures</i>				12,820		(8,547)		(8,547)
<i>Biennial % Change in Expenditures</i>				20		(11)		(11)
<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	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY14	FY15	FY16	FY17	FY18	FY19	FY18	FY19
Balance Forward In	237	287	191	155	119	83	119	83
Receipts	290	177	272	272	272	272	272	272
Expenditures	240	273	308	308	308	308	308	308
Balance Forward Out	287	191	155	119	83	47	83	47
<i>Biennial Change in Expenditures</i>				103		0		0
<i>Biennial % Change in Expenditures</i>				20		0		0
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Minnesota State

FY18-19 Biennial Budget Change Item

Change Item Title: Campus Support

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	50,000	75,000	75,000	75,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	50,000	75,000	75,000	75,000
FTEs	0	0	0	0

Recommendation:

The Governor is recommending an increase of \$50 million in FY18 and \$75 million beginning in FY19 to fund operating cost increases at Minnesota State.

The Governor urges Minnesota State to fund activities that address the educational attainment gap. As the state's demographics continue to shift, and communities of color continue to grow, a significant intervention is necessary to reduce the state's large racial disparities in academic achievement and educational attainment.

Rationale/Background:

Minnesota State serves more than 400,000 at 30 colleges and 7 universities located in 47 communities across Minnesota. They provide higher education to the most Minnesotans (400,000 students) at roughly half the average cost of other large public universities and roughly one-fifth the cost of private colleges and universities in the state. Minnesota State serves more racially and economically diverse students than all other higher education providers in the state combined. These students are the future workforce, and so their success is critical to Minnesota's success.

Minnesota State's colleges and universities rely on two primary sources of revenue: tuition and state appropriation. State support per full year equivalent student has improved over the past years in constant dollars, however, it remains 23 percent below 2002 levels in inflation-adjusted dollars. To keep tuition affordable for students and their families and to reduce student debt, additional operating dollars are needed.

Minnesota State's consultation with their key constituency groups (statewide bargaining units, student associations, and Minnesota State's Leadership Council) found there is strong support for ensuring affordability, meeting the state's need for talent, helping address Minnesota's economic and racial disparities, and funding inflationary costs to protect students, programs, and campuses.

Proposal:

This proposal would provide funding to cover inflationary cost increases, which Minnesota State estimates at 3 percent each year.

Equity and Inclusion:

Education is the most effective strategy known to lift people out of poverty and eliminate economic and racial disparities. An education that prepares graduates for high-demand jobs without saddling them with enormous student debt will have a bigger impact than anything else the state can do to reduce disparities.

The campus support proposal will provide core funding to sustain the educational programs and services Minnesota State campuses offer, including key services that help all students regardless of their backgrounds succeed--services such as

tutoring, intrusive advising, bridge programs, support groups, and individualized instruction. The Governor strongly recommends Minnesota State make a targeted investment to increase student retention and persistence to graduation for students of color.

Minnesota State serves more racially and economically diverse students than all other higher education providers in Minnesota combined. By keeping tuition affordable and protecting the quality of their programs and services, this request will directly benefit their diverse student population, which includes:

- 62,800 students of color or 24% of students
- 50,000 first generation college students or 19% of students
- 92,000 low-income (Pell eligible) students or 36% of students
- 10,500 veterans and service members or 4% of students

Half of Minnesota State's students are included in one or more of these underrepresented groups.

Results:

The success of campus support request will be measured by Minnesota State's ability to maintain quality programming, keep tuition affordable, attract and retain quality faculty, and support the financial health of their colleges and universities. Tuition at Minnesota State colleges is lower today than it was during the 2012-2013 academic year. Average annual tuition at Minnesota State colleges is \$4,767; in the fall of 2012 it was \$4,816. Tuition rates at Minnesota State universities have increased a modest 3.4% on average from the rates in place during 2012-2013 academic year.

Change Item Title: ISRS Next Generation

Fiscal Impact (\$000s)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund				
Expenditures	12,500	12,500	12,500	12,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,500	12,500	12,500	12,500
FTEs	0	0	0	0

Recommendation:

The Governor recommends investing \$25 million in FY18-19 to support the replacement of Minnesota State’s outdated, 20-year old enterprise data system, Integrated Statewide Record System (ISRS). The development and implementation of ISRS Next Generation would be a multi-year technology infrastructure project.

Rationale/Background:

ISRS (Integrated Statewide Record System) is *the* data system for Minnesota State colleges and universities and their students, faculty, and staff. It plays a critical role in the success of Minnesota State students, from applicant to graduate and nearly every process in between. It touches everyone and has a role in nearly every activity including application, registration, course scheduling, housing, financial aid, transcripts and more. It is Minnesota State’s finance, accounting and human resource system as well as their student system.

ISRS is an internally developed assembly of multiple modules that is now reaching its technological end of life. It is 20 years old and cannot meet the needs of 21st century students, colleges, and universities. Replacement is the only option; Minnesota State does not have the staff or resources that would be required to make the upgrades necessary to meet current demands. This is a *must do* and not a nice to do technology infrastructure investment. Replacement of ISRS is a once in a generation event that will take seven years to complete, beginning in fiscal year 2018.

An extensive consultation and planning process is underway and will continue throughout the ISRS Next Generation project. Two cycles of campus listening sessions have already been held. There is strong support from students, faculty and staff that an examination of the options regarding ISRS is long overdue.

Proposal:

Under this proposal, the State of Minnesota and Minnesota State would enter a 50/50 cost sharing agreement to fund a new enterprise data system, ISRS Next Generation. The development and implementation of the new system will take seven years to complete at a total cost of \$150 million. Minnesota State has requested a \$12.5 million annual increase in their general fund appropriation over the next six years in order to complete this project on time and within budget.

IT Related Proposals:

The detailed six year budget is shown below. Dollars shown in thousands (\$000s).

Category	FY18	FY19	FY20	FY21	FY22	FY23	Total
FTE (cost based on rate) (Doesn't include ITS existing staff)	\$530	\$2,350	\$5,350	\$6,600	\$6,100	\$3,350	\$24,280
Professional/ Technical	\$1,900	\$10,400	\$12,000	\$15,000	\$24,000	\$4,250	\$67,550
Enterprise Services							\$0
Local Services							\$0
New (Software or Hardware)	\$2,500	\$8,500	\$9,500	\$9,500	\$9,500	\$9,500	\$49,000
Training		\$1,714	\$1,714	\$1,914	\$1,914	\$1,914	\$9,170
Miscellaneous							\$0
Total	\$4,930	\$22,964	\$28,564	\$33,014	\$41,514	\$19,014	\$150,000

Results:

The success of the ISRS Next Generation project will be measured by the timely completion of the project within budget and with the increased functionality outlined in this proposal.