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⇒ Designates that this item is a change item

Agency Purpose

Vision - The Minnesota State Colleges and Universities will enable the people of Minnesota to succeed by providing the most accessible, highest value education in the nation.

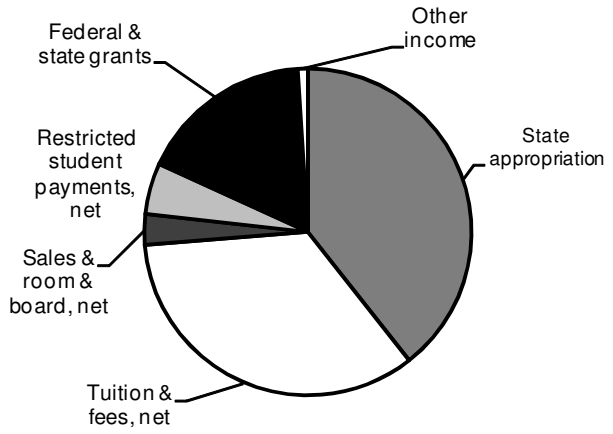
Mission - The Minnesota State Colleges and Universities system of distinct and collaborative institutions offers higher education that meets the personal and career goals of a wide range of individual learners, enhances the quality of life for all Minnesotans and sustains vibrant economies throughout the state.

Each state college and university has a distinct mission that is consistent with and supportive of the overall mission of Minnesota State Colleges and Universities.

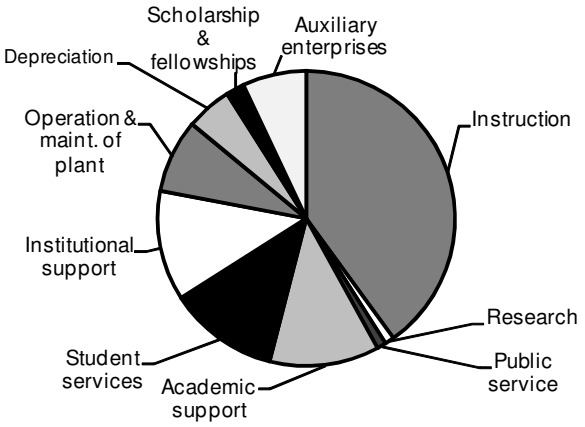
At a Glance

- The system has seven universities and 25 colleges on 54 campuses in 47 Minnesota communities
- Largest single provider of higher education in Minnesota, educating about 278,000 students in credit courses annually and another 172,000 students in non-credit courses
- Graduates 35,000 students each year
- Eighty-eight percent of students are Minnesota residents
- Eighty percent of graduates stay in Minnesota to work or to continue their education
- Produces the largest share of the state's new teachers, accountants, police officers, nurses, firefighters, technicians, trades people and others from a broad range of disciplines
- Fiscal year 2009 total general fund expenses $1.4 billion
- Employ more than 19,300 full-time and part-time faculty and staff

Fiscal Year 2009 Revenues by Source



Fiscal Year 2009 Expenses by Functional Category



Source: Minnesota State Colleges and Universities, Annual Financial Report for the years Ended June 30, 2009 and 2008

Strategies

The system's activities are guided by the strategic plan, *Designing the Future,* and the plan's five strategic directions:

- Increase access, opportunity and success;
- Achieve high-quality learning through a commitment to academic excellence and accountability;

- Provide programs and services that enhance the economic competitiveness of the state and its regions;
- Innovate to meet current and future educational needs; and,
- Sustain financial viability during changing economic and market conditions.

An annual action plan approved by the Board of Trustees is aligned with the strategic plan and guides the system and college and university planning. The annual action plan identifies areas of focus within the system strategic plan including the following examples from the fiscal year 2011 action plan:

- reaching underrepresented student populations;
- implementing a "Smart Transfer" plan to ease credit transfer between MnSCU campuses;
- supporting student engagement and enrollments in science, technology, engineering, and mathematics;
- improving outreach and responsiveness to business industry;
- increasing access and student success through online learning;
- implementing projects to provide seamless and shared services;
- expanding outreach and enhanced educational services to Minnesota businesses;
- advancing collaborative efficiencies across system institutions; and,
- ensuring energy conservation sustainability.

The annual action plan provides the framework for each college and university to develop an institutional work plan. Each college and university develops strategies or identifies current practices that align with the system strategic and action plan priorities.

Operations

Minnesota's 25 state colleges and seven universities provide an array of high quality and low cost educational programs to residents in all parts of the state. The educational programs comprise:

- 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 developmental education;
- Baccalaureate programs which offer undergraduate instruction and degrees; and
- Graduate programs including instruction through the master's degree, specialist certificates and degrees, and applied doctoral degrees.

The Minnesota State Colleges and Universities system is governed by a 15-member Board of Trustees appointed by the governor. The Board has policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and rules and regulations.

The system develops initiatives to support the strategic and action plan priorities and provides appropriate measures to assess capacity and progress in advancing those priorities among system institutions. The following is a summary of activities organized by the system's strategic directions:

- Increase access and opportunity – The system provides geographic access to programs and services across the diversity of communities and students across the state. This includes partnerships with Minnesota communities not served by a system campus and outreach to a diversity of student populations, particularly those underrepresented in higher education.
- Achieve high-quality learning through a commitment to academic excellence and accountability – The system has a range of missions among institutions in support of diversity of programs and program awards from certificate to applied doctorate as well as a variety of credit and program lengths to meet the diversity of student needs.
- Provide programs and services that enhance the economic competitiveness of the state and its regions – The system engages and responds to the needs of industry through local program advisory boards, customized training for industry needs, and statewide efforts in that include biosciences, farm and small business management, and the Centers of Excellence serving healthcare, information technology, manufacturing and engineering.

- Innovate to meet current and future educational needs – The system advances innovation through new modes of learning including expanded online and blended course offerings, new collaborative efforts among system institutions and with external industry and higher education providers, and integration of new technologies to improve the effectiveness and efficiency of system operations and programs.
- Sustain financial viability during changing economic and market conditions – The most recently added strategic direction on financial viability is a direct response to the state fiscal climate. The system is committed to finding more efficiencies and sustaining its core mission, including shared services, energy conservation, and continuously assessing the value of its programs and services for the state.

Key Goals & Measures

The system leads public colleges and universities across the nation in the establishment of an integrated process of strategic planning, goal setting, measurement and accountability for results. As described above, the system's activities are guided by the Board of Trustees' strategic plan, *Designing the Future,* and the plan's five strategic directions:

- Increase access and opportunity;
- Achieve high-quality learning through a commitment to academic excellence and accountability;
- Provide programs and services that enhance the economic competitiveness of the state and its regions;
- Innovate to meet current and future educational needs; and,
- Sustain financial viability during changing economic and market conditions.

An annual action plan approved by the Board of Trustees is aligned with the strategic plan and guides the system and the colleges and universities planning. The annual action plan identifies areas of focus within the system strategic plan and sets a target for each goal. Examples of areas of focus and target measures from the fiscal year 2011 action plan follow:

- Reaching underrepresented student populations
  - Target: increase second fall persistence and completion rate of full time entering underrepresented students from 70.6 percent in 2007 to 73.7 percent in 2014.
    - The fall 2009 persistence and completion rate of full time entering underrepresented students increased to 72.8 percent.
- Supporting student engagement and enrollments in science, technology, engineering, and mathematics (STEM)
  - Target: increase the percent of students enrolled in one or more college level STEM courses by 2.9 percent, from 45.9 percent in fiscal year 2005 to 48.8 percent in fiscal year 2011.
    - The number of students enrolled in STEM courses increased by 16 percent from 108,998 in fiscal year 2005 to 126,756 (preliminary in fiscal year 2010).
- Increasing access and student success through online learning
  - Target: increase the percentage of credits provided system-wide through online and blended courses to 25 percent by fiscal year 2015.
    - The percentage of credits provided system-wide through online and blended courses increased to 17.1 percent in fiscal year 2010.
- Ensuring energy conservation sustainability
  - Target: use energy benchmarking data to support ongoing improvement and efficiency

Additional information about the strategic and action plan is available on the system website at: http://www.mnscu.edu/about/strategicplan.html

In June 2008, the system launched an online Accountability Dashboard. The dashboard, which has received national attention, allows policy makers and the public to obtain key performance metrics for each of the colleges and universities and the system as a whole in a transparent, accessible manner. Ten key performance measures are tied to the strategic directions within the strategic plan:

- Percent change in enrollment
- Net tuition and fees as percent of median income

- Licensure exams pass rate
- Persistence and completion rate
- High quality learning
- Student engagement
- Transfer
- Related employment of graduates
- Composite financial index
- Facilities condition index

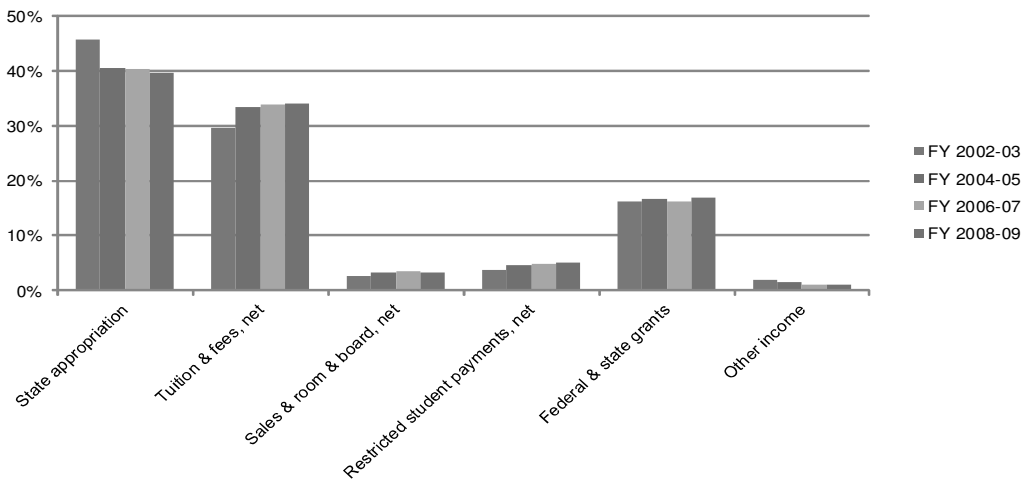
Additional information about the Accountability Dashboard is available on the system website at: http://www.mnscu.edu/board/accountability/index.html

Budget Trends

Revenues. Fiscal year 2009 total operating revenues were $1.71 billion. The three primary sources of revenue were state appropriations at 39 percent, tuition and fees (net of scholarship allowances) at 34 percent, and federal and state grants (which include federal and state student financial aid) at 17 percent. All tuition and fee revenues generated remain with the college or university that generates the revenues.

Expenses. Operating expenses during fiscal year 2009 totaled $1.72 billion. Compensation accounted for 71 percent of the Minnesota State Colleges and Universities total operating expenses.

Operating Revenues by Source



Source: Minnesota State Colleges and Universities, Annual Financial Reports

External Factors

External factors affecting the Minnesota State Colleges and Universities are the state and national economic outlook and competing legislative priorities with limited state resources. The system continues to rely on state operating appropriation support to implement new programs tailored to the needs of the state's workforce, to maintain ongoing operations, and to devise the innovative strategies necessary to successfully manage the future challenges presented by a weak economy and a constantly evolving higher education marketplace. Most economic forecasts call for a slow recovery from the recession. State revenues have declined and the system has experienced appropriation reductions in fiscal years 2009 as well as the 2010-2011 biennium. The appropriation reductions during the 2010-2011 biennium have been offset somewhat with one-time federal stimulus funds.

The workforce will change significantly with baby boomers entering into retirement years and new skills needed for the changing economy both of which will require higher levels of education for the next generations. The changing face of Minnesota includes substantial growth of many immigrant and other minority populations that are succeeding in our education systems and are underrepresented in higher education. The emergence of new technologies and program delivery options are supporting new learning opportunities for students and growth of new providers in the higher education marketplace. The next generation learner has access to technology, information, and networking anytime and anywhere and will bring similar expectations of responsiveness and flexibility into their learning experience. The substantial investments needed in technology and physical space will challenge many service related industries, including higher education, to make strategic decisions about sustaining local access to a range of programs and services.

The most significant pressures facing the system during the upcoming biennium relate to providing high-quality, accessible and affordable educational opportunities to Minnesotans, managing compensation pressures, and maintaining the infrastructure of 54 campuses located across the state.

Contact

Minnesota State Colleges and Universities Finance Division: 651.201.1732
Website: www.mnscu.finance.edu

Minnesota State Colleges and Universities
Website: http://www.mnscu.edu

Dollars in Thousands

	Current FY2010	Current FY2011	Governor Recomm. FY2012	Governor Recomm. FY2013	Biennium 2012-13
Direct Appropriations by Fund					
Mn State Colleges/universities					
Current Appropriation	614,169	605,494	605,494	605,494	1,210,988
Recommended	**614,169**	**605,494**	**592,530**	**592,530**	**1,185,060**
Change		0	(12,964)	(12,964)	(25,928)
% Biennial Change from 2010-11					-2.8%
Federal Stimulus					
Current Appropriation	79,166	0	0	0	0
Recommended	**79,166**	**0**	**0**	**0**	**0**
Change		0	0	0	0
% Biennial Change from 2010-11					-100%
Expenditures by Fund					
Direct Appropriations					
Environment & Natural Resource	20	3	0	0	0
Mn State Colleges/Universities	614,169	605,494	592,530	592,530	1,185,060
Federal Stimulus	36,023	43,143	0	0	0
Statutory Appropriations					
Mn State Colleges/Universities	820,773	984,520	945,906	952,066	1,897,972
Mnscu Special Revenue	13,973	15,740	15,740	15,740	31,480
Mnscu Federal Fund	50,178	51,804	51,182	51,182	102,364
Mnscu Agency Fund	29,021	28,954	28,954	28,954	57,908
Mnscu Gift Fund	2,455	2,820	2,820	2,820	5,640
Sub Supplemental & Ira Retire	94	85	85	85	170
Mnscu Enterprise Activities	9,538	9,671	9,671	9,671	19,342
Mnscu Endowment Fund	0	4	4	4	8
Total	**1,576,244**	**1,742,238**	**1,646,892**	**1,653,052**	**3,299,944**
Expenditures by Category					
Local Assistance	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
Total	**1,576,244**	**1,742,238**	**1,646,892**	**1,653,052**	**3,299,944**
Expenditures by Program					
Mn State Colleges & Univer	1,576,244	1,742,238	1,646,892	1,653,052	3,299,944
Total	**1,576,244**	**1,742,238**	**1,646,892**	**1,653,052**	**3,299,944**

Dollars in Thousands

	FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Fund: MN STATE COLLEGES/UNIVERSITIES				
FY 2011 Appropriations	**605,494**	**605,494**	**605,494**	**1,210,988**
Technical Adjustments				
Current Law Base Change		24,857	24,857	49,714
Subtotal - Forecast Base	**605,494**	**630,351**	**630,351**	**1,260,702**
Change Items				
Operations and Maintenance Reduction	0	(37,033)	(37,033)	(74,066)
Central Office Shared Services Reduction	0	(500)	(500)	(1,000)
Learning Network Reduction	0	(288)	(288)	(576)
Total Governor's Recommendations	**605,494**	**592,530**	**592,530**	**1,185,060**
Fund: FEDERAL STIMULUS				
FY 2011 Appropriations	**0**	**0**	**0**	**0**
Subtotal - Forecast Base	**0**	**0**	**0**	**0**
Total Governor's Recommendations	**0**	**0**	**0**	**0**
Fund: MN STATE COLLEGES/UNIVERSITIES				
Planned Statutory Spending	**984,520**	**945,906**	**952,066**	**1,897,972**
Total Governor's Recommendations	**984,520**	**945,906**	**952,066**	**1,897,972**
Fund: MNSCU SPECIAL REVENUE				
Planned Statutory Spending	**15,740**	**15,740**	**15,740**	**31,480**
Total Governor's Recommendations	**15,740**	**15,740**	**15,740**	**31,480**
Fund: MNSCU FEDERAL FUND				
Planned Statutory Spending	**51,804**	**51,182**	**51,182**	**102,364**
Total Governor's Recommendations	**51,804**	**51,182**	**51,182**	**102,364**
Fund: MNSCU AGENCY FUND				
Planned Statutory Spending	**28,954**	**28,954**	**28,954**	**57,908**
Total Governor's Recommendations	**28,954**	**28,954**	**28,954**	**57,908**
Fund: MNSCU GIFT FUND				
Planned Statutory Spending	**2,820**	**2,820**	**2,820**	**5,640**
Total Governor's Recommendations	**2,820**	**2,820**	**2,820**	**5,640**
Fund: SUB SUPPLEMENTAL & IRA RETIRE				
Planned Statutory Spending	**85**	**85**	**85**	**170**
Total Governor's Recommendations	**85**	**85**	**85**	**170**
Fund: MNSCU ENTERPRISE ACTIVITIES				
Planned Statutory Spending	**9,671**	**9,671**	**9,671**	**19,342**
Total Governor's Recommendations	**9,671**	**9,671**	**9,671**	**19,342**
Fund: MNSCU ENDOWMENT FUND				
Planned Statutory Spending	**4**	**4**	**4**	**8**
Total Governor's Recommendations	**4**	**4**	**4**	**8**

Fiscal Impact ($000s)	FY 2012	FY 2013	FY 2014	FY 2015
General Fund				
Expenditures	$(37,821)	$(37,821)	$(37,821)	$(37,821)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues				
Net Fiscal Impact	$(37,821)	$(37,821)	$(37,821)	$(37,821)

Recommendation

The Governor recommends a 6% reduction to the Minnesota State Colleges and Universities (MnSCU) base budget General Fund appropriations in FY 2012 and FY 2013, for a total biennial reduction of $75.642 million. This includes MnSCU's operating and maintenance, central office and shared services, and Learning Network appropriations.

The Governor recommends that the reductions be taken in the following manner:

Appropriation	Reduction
Operations and Maintenance	$(37,033,000)
Central Office/Shared Services	(500,000)
Learning Network	(288,000)
Total	**$(37,821,000)**

The Governor calls upon the Board of Trustees of MnSCU in this challenging time to focus their activities on increasing student access and affordability, leveraging MnSCU's resources to spur job creation, and collaborating with other state institutions to nurture innovation in the delivery of higher education.

Rationale

Higher education is a top priority of this administration. However, given the current budget climate, reductions in this area must be made. To reduce the impact on the core workforce development mission of MnSCU, MnSCU is encouraged to maximize efficiency in activities that are not directly related to this mission. This is a 6% reduction from MnSCU's FY 2012-13 base, and a one percent reduction from the FY 2010-11 funding level.

Dollars in Thousands

	Actual FY2010	Budgeted FY2011	Governor's Recomm. FY2012	Governor's Recomm. FY2013	Biennium 2012-13
Non Dedicated Revenue:					
Total Non-Dedicated Receipts	**0**	**0**	**0**	**0**	**0**
Dedicated Receipts:					
Grants:					
Mn State Colleges/universities	25,472	26,350	15,831	15,831	31,662
Mnscu Special Revenue	7,004	7,484	7,484	7,484	14,968
Mnscu Federal Fund	51,284	51,182	51,182	51,182	102,364
Federal Stimulus	36,023	43,143	0	0	0
Mnscu Gift Fund	24	24	24	24	48
Other Revenues:					
Mn State Colleges/universities	853,986	886,836	905,056	911,216	1,816,272
Mnscu Special Revenue	1,604	1,593	1,593	1,593	3,186
Mnscu Federal Fund	31	0	0	0	0
Mnscu Agency Fund	5	5	5	5	10
Mnscu Gift Fund	2,796	2,796	2,796	2,796	5,592
Sub Supplemental & Ira Retire	3	3	3	3	6
Mnscu Enterprise Activities	9,664	9,664	9,664	9,664	19,328
Mnscu Endowment Fund	-5	4	4	4	8
Other Sources:					
Mn State Colleges/universities	8,505	24,925	24,925	24,925	49,850
Mnscu Special Revenue	6,663	6,663	6,663	6,663	13,326
Mnscu Federal Fund	88	0	0	0	0
Mnscu Agency Fund	28,949	28,949	28,949	28,949	57,898
Sub Supplemental & Ira Retire	82	82	82	82	164
Mnscu Enterprise Activities	0	7	7	7	14
Taxes:					
Mn State Colleges/universities	13	0	0	0	0
Mnscu Enterprise Activities	-7	0	0	0	0
Total Dedicated Receipts	**1,032,184**	**1,089,710**	**1,054,268**	**1,060,428**	**2,114,696**
Agency Total Revenue	**1,032,184**	**1,089,710**	**1,054,268**	**1,060,428**	**2,114,696**