January 25/26, 2017

Minnesota House Higher Education and Career Readiness Policy and Finance Committee

Minnesota Senate Higher Education Finance and Policy Committee

Minnesota State Colleges and Universities
396,000 Students
• 260,000 in credit classes
• 136,000 in non-credit programs
• 58% in greater Minnesota
• 133,000 from underrepresented groups
• 50,000 first generation students
• 10,500 veterans

37 Colleges and Universities

54 Campuses
• 7 universities
• 30 colleges

47 Communities across the State
• From International Falls to Worthington
• Enrollment ranges from 445 to 32,131
Minnesota State: Overview of Today’s Discussion

- Access
- Affordability
- Talent
- Financial Accountability

Chemistry Lab
Minnesota Community & Technical College
Minnesota State: Strategic Framework

We play an essential role in growing Minnesota’s economy and opening the doors of educational opportunity to all Minnesotans.

To that end, we:

• Ensure access to an extraordinary education for all Minnesotans
• Are the partner of choice to meet Minnesota’s workforce and community needs
• Deliver to students, employers, communities and taxpayers the highest value/most affordable higher education option
Minnesota State: Governance

- 15-member Board of Trustees
- Appointed by Governor and confirmed by Senate
- 8 Trustees from Congressional districts
  - 4 at-large (6-year terms)
  - 3 student Trustees (2-year terms)

Minnesota State Trustee Alex Cirillo (second from left) at St. Cloud State University Commencement with Mayor Dave Kleis, Interim President Ashish Vaidya, and SCSU IFO President Tom Hergert
ACCESS

AFFORDABILITY

TALENT
We protect
ACCESS
We protect AFFORDABILITY

Private colleges and universities and the University of Minnesota

Minnesota State colleges and universities

[Graph showing tuition costs for various institutions]
Our colleges and universities serve:

- 63,400 students of color and American Indian students
- 48,500 first-generation college students
- 84,000 low-income students
- 10,000 veterans

In each of these categories, our colleges and universities serve more students than all of Minnesota’s other higher education options combined.
Jean Donald Charles
Inver Hills Community College
• Haitian-born survivor of the 2010 Haiti earthquake
• First-generation college Student
• Pursuing a degree in civil engineering
Minnesota State: Students We Serve
Minnesota State: Students We Serve
Minnesota State: Students We Serve
We prepare Minnesotans with the TALENT they need
By the year 2020, 74% of the jobs in Minnesota will require some post-secondary education.

Critical Workforce Challenges

1. Baby boomer retirements
2. Dip in the number of high school graduates
3. Population shifts
4. Growing diversity
5. Achievement gaps
What does it really mean to meet the workforce challenge that Minnesota faces?
Minnesota State: The Talent Solution

Listening Sessions
Building Relationships
Aligning Programs
Meeting Minnesota’s workforce needs means having graduates in the right places prepared with the right knowledge and capabilities to fill the jobs of the future.
The 40,000 students we graduate every year become Minnesota’s talented workforce

- 9 out of 10 mechanics
- 9 out of 10 in manufacturing
- 8 out of 10 in law enforcement
- 7 out of 10 in trades
- 7 out of 10 in agriculture
- 4 out of 10 business graduates
- 3 out of 4 nurses
- 1 out of 2 teachers
- 1 out of 2 IT professionals
Financial Accountability
Strong national credit rating for governance and financial management

• Annual externally audited financial statements – recognition of error free environment
• National credit review every other year
• Active independent internal and external audit function
• Recognized financial and debt management discipline
• Presidential/chancellor/board accountability and oversight on financial and facilities leadership/management
• All colleges and universities accredited by the Higher Learning Commission
# Minnesota State: Financial Accountability

**Data book provided**

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic data</td>
<td>programs, transfer pathways, etc</td>
</tr>
<tr>
<td>Student data</td>
<td>enrollment history, graduate rates, student debt trends, demographics, tuition and fee history</td>
</tr>
<tr>
<td>Human resources data</td>
<td>headcount and FYE history, diverse employee history</td>
</tr>
<tr>
<td>Facilities data</td>
<td>Facilities condition trends, space distribution, deferred maintenance, HEAPR performance</td>
</tr>
<tr>
<td>Administrative costs data</td>
<td>administrators history, system office budget, institutional spending history</td>
</tr>
<tr>
<td>Financial data</td>
<td>operating budgets for all colleges and universities, allocation formula, reallocation history, financial statements</td>
</tr>
<tr>
<td>Technology data</td>
<td>core system process maps, Next Gen project plan</td>
</tr>
</tbody>
</table>
## All funds budget ($s in millions)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY 2017 Budget</th>
<th>$ Change from FY2016</th>
<th>% Change from FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,576.8</td>
<td>$8.0</td>
<td>0.5%</td>
</tr>
<tr>
<td>Other Funds</td>
<td>$382.6</td>
<td>$(7.8)</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Total budgeted revenues</td>
<td>$1,959.4</td>
<td>$.2</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

| Expenses                                       |                |                      |                      |
| Compensation                                  | $1,286.3       | $14.2                | 1.1%                 |
| Other operating costs                         | $662.4         | $(9.1)               | (1.4%)               |
| Total budgeted expenses                       | $1,948.7       | $5.1                 | 0.3%                 |

Budget balance: $10.7
## General fund budget ($s in millions)

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 Budget</th>
<th>$ Change over FY2016</th>
<th>% Change over FY2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriation</td>
<td>$673.5</td>
<td>$0.6</td>
<td>0.1%</td>
</tr>
<tr>
<td>Tuition</td>
<td>$758.6</td>
<td>$(7.4)</td>
<td>(1.0%)</td>
</tr>
<tr>
<td>Other revenues</td>
<td>$125.0</td>
<td>$0.8</td>
<td>0.6%</td>
</tr>
<tr>
<td>Programmed fund balance</td>
<td>$19.7</td>
<td>$14.0</td>
<td></td>
</tr>
<tr>
<td><strong>Total budgeted revenues</strong></td>
<td>$1,576.8</td>
<td>$8.0</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td>$1,178.8</td>
<td>$14.5</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>$390.8</td>
<td>$(1.2)</td>
<td>(0.3%)</td>
</tr>
<tr>
<td><strong>Total budgeted expenses</strong></td>
<td>$1,569.6</td>
<td>$13.3</td>
<td>0.9%</td>
</tr>
<tr>
<td><strong>Budget balance</strong></td>
<td></td>
<td>$7.2</td>
<td></td>
</tr>
</tbody>
</table>
Two general fund revenue sources are dedicated to faculty and staff support

Revenue
- Appropriation: 49%
- Tuition: 43%
- Other: 8%

Expense
- Compensation: 25%
- Other operating costs: 75%

$1.5 Billion
Long-term reductions in state support have caused more dependency on tuition revenue.
Tuition rates have remained flat over the past four years.
Undergraduate tuition accounts for almost all tuition revenue

- Undergraduate: 90%
- Customized Training/Continuing Ed: 4%
- Graduate: 5%
- Other: 1%
## Debt of Minnesota State Graduates

<table>
<thead>
<tr>
<th></th>
<th>MN State % With No Debt</th>
<th>Median Debt for All Graduates</th>
<th>Median Debt for Graduates Who Borrowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates/Diplomas</td>
<td>46.4%</td>
<td>$2,055</td>
<td>$11,030</td>
</tr>
<tr>
<td>Associate Degrees</td>
<td>34.3%</td>
<td>$8,390</td>
<td>$16,000</td>
</tr>
<tr>
<td>Baccalaureate Degrees</td>
<td>26.3%</td>
<td>$18,616</td>
<td>$25,560</td>
</tr>
</tbody>
</table>

*Cumulative student loan debt for 2015 graduates*

*Source: System Office Research – Academic and Student Affairs*
State support distributed to campuses

- 88% of all state funds goes directly to colleges and universities as a block grant
- Formula based on national averages, enrollment, and cost efficiency
- The balance supports the technology platform, system office, a portion of debt service, and the attorney general contract
Employee compensation is our largest cost

- **Instructional Faculty**: 56%
- **Professionals**: 17%
- **Service & Support**: 15%
- **Managers & Supervisors**: 5%
- **Administrators**: 7%

$1.2 billion
### Employees focused on students

<table>
<thead>
<tr>
<th>Minnesota State</th>
<th>FY2016 FTE</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faculty</td>
<td>8,655</td>
<td>59%</td>
</tr>
<tr>
<td>Classified Employees</td>
<td>5,325</td>
<td>36%</td>
</tr>
<tr>
<td>Administrators</td>
<td>520</td>
<td>3%</td>
</tr>
<tr>
<td>Other Non-represented</td>
<td>245</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,745</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Minnesota State: Financial Accountability**
Minnesota State’s workforce increasingly diverse

Between 2007 and 2016 the number of employees system wide decreased by 6.8 percent while employees of color increased 27 percent
Institutional support spending ranks low compared to peer systems

- Minnesota State ranks 33 out of 50 states and DC in administrative spending per student FYE
- Overall, institutional support spending has declined from 12.4% in FY2011 to 11.8% in FY2015
Administrative costs have been reduced

System Office as % of total System GEN revenue

--- | --- | --- | --- | --- | --- | --- | ---
$43.5 | $41.0 | $39.8 | $36.7 | $33.1 | $33.1 | $33.1 | $33.1
3.0% | 2.7% | 2.4% | 2.2% | 2.2% | 2.2% | 2.2% | 2.1%
System office dedicated to campus services

• Enterprise level ITS services supported by 42% of the system office all funds budget in FY2016 and 48% of the FTE
• System office down 58.5 FTE since 2010
Minnesota’s higher ed funding trails U.S. average significantly

State and Local Educational Appropriations for Higher Education per FTE Student from 1995 to 2015

Source: SHEEO (2015). SHEF FY 15. Estimates have been adjusted for inflation.
Reallocation (cuts) trends

Millions

FY08: $22.9
FY09: $27.1
FY10: $45.0
FY11: $36.1
FY12: $53.7
FY13: $24.5
FY14: $29.3
FY15: $33.8
FY16: $38.8

Minnesota State: Financial Accountability
Minnesota State: We Are the Solution

Minnesota State Mascots
Minnesota State Day at Target Field
Legislative Overview

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