



Minnesota
STATE COLLEGES
& UNIVERSITIES

June 9, 2016

Mr. Steven J. Rosenstone, Chancellor

Dear Chancellor Rosenstone,

Today, we convey the final report of the Long Term Financial Sustainability workgroup. In October of 2015, you formed the workgroup and charged it with developing a long-term financial strategy that would ensure the system's colleges and universities could fulfill their mission over the next decade and beyond. For eight months, from October 2015 to June 2016, the workgroup used its monthly meetings to learn about demographic trends, financial conditions, and the design, delivery and administration of the programs and services we provide to students. Based on the lessons learned from expert presentations, group discussions and member surveys, the workgroup developed a set of recommendations, which are described in this report.

The workgroup took seriously your encouragement to ask difficult questions, challenge tradition and be bold in the search for new approaches to ensuring financial sustainability. If nothing is done to interrupt the current financial trend, the system can expect to have a structural funding gap of between \$66 million and \$475 million by the year 2025. This sobering reality produced a set of recommendations that propose major structural changes to the way our colleges, universities and the system operate, including proposed changes to the way we design and deliver education, how we organize ourselves and, most importantly, how well we produce success for our students.

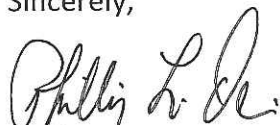
Some of the recommendations contained in this report will cause discomfort. The workgroup proposed changes that would disrupt practices, relationships and traditions that have become the norm. While there is a great deal to admire about the work we do for students, the realities of the fiscal, social and cultural environment in which we operate and will operate in the future, require urgent change. The financial structure on which our system is built is not sustainable without major change.

The longer we wait to make change, the more difficult it will be to improve our financial foundation. While the need for action is urgent, a great deal of work lies ahead before any new

strategies can or should be adopted. The workgroup acknowledges that more discussion about the recommendations is needed and there must be further testing of the recommendations' potential to produce the desired results. We know that you are committed to broad consultation with student associations, employee unions and other stakeholders and look forward to robust conversations about the findings and recommendations contained in the report. Only then can the best strategies be selected and action plans developed for their implementation.

We applaud the commitment to success that each member of the workgroup brought to this assignment. The members of workgroup shared the common value of placing student success at the center of efforts to achieve financial sustainability. The meeting environment was intellectually stimulating and members treated each other with a deep sense of respect. Members listened to one another, asked good questions, challenged ideas respectfully and adopted new positions based on what they learned from the presentations and the discussions. We were impressed with the commitment to students and passion for the work that members brought to the effort.

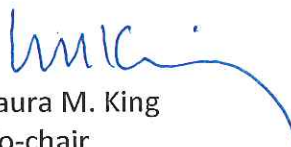
Sincerely,



Phillip L. Davis

Co-chair

Associate Vice Chancellor – Managing
Director of Campus Services Cooperative



Laura M. King

Co-chair

Vice Chancellor for Finance – Chief Financial
Officer