

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Finance and Facilities Committee

Date of Meeting: November 14, 2012

Agenda Item: FY2014-2015 Biennial Legislative Request – Second Reading

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Every other year, as part of the state's operating budget process, the Minnesota State Colleges and Universities develops a biennial operating budget request. *Board Policy 5.9, Biennial and Annual Operating Budget Planning and Approval* requires the Board to approve the systemwide request.

Scheduled Presenter(s): Laura M. King, Vice Chancellor of Finance – CFO

Outline of Key Points/Policy Issues:

The board is being asked to approve the proposed fiscal year 2014-2015 budget request, *Working Together for Minnesota's Prosperity*, in the amount of \$97 million for the biennium. This is the second reading of the biennial budget request.

Background Information:

The proposal requests an increase in state support of \$97 million (8.9 percent) over the biennium (\$40 million in the first year and \$57 million in the second). This additional support would be directed to three specific areas tied directly to advancing the Strategic Framework:

- 1) Advance competitiveness of Minnesota's workforce
- 2) Increase access and affordability
- 3) Accelerate completion

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

ACTION ITEM

**2014-15 BIENNIAL BUDGET LEGISLATIVE REQUEST –
SECOND READING**

INTRODUCTION

Board Policy 5.9, *Biennial and Annual Operating Budget Planning and Approval*, requires the Board of Trustees to approve the systemwide operating budget request. This is the second reading of the 2014-15 Biennial Budget legislative request.

BACKGROUND

The 2014-15 Biennial Budget legislative request is a proactive strategy that addresses what was heard from key constituencies throughout the state in answer to the question: What does Minnesota need to prosper? In preparing the legislative proposal, counsel was sought from presidents, faculty, staff, students, families, trustees, state agency partners, bargaining unit representatives, business and industry, the governor's office and legislators. The resulting budget request targets investment to initiatives that will advance Minnesota's prosperity by producing graduates who are extremely well prepared to enter the workforce, by protecting and enhancing affordability and by ensuring that educational opportunities and success remain available to all Minnesotans.

The fiscal year 2014-2015 budget request, *Working Together for Minnesota's Prosperity*, recommends an increase of \$97 million in state support over the biennium (\$40 million in the first year and \$57 million in the second year). This additional state support would be directed to three initiatives which advance the system's Strategic Framework:

1. *Advance the Competitiveness of Minnesota's Workforce*: State support of \$41 million for internships, apprenticeships, leveraged equipment and education innovations.
2. *Increase Access and Affordability*: State support of \$10 million to produce more graduates in high-demand professions.
3. *Accelerate Completion*: State support of \$46 million for investment in high impact completion strategies and competitive salaries.

The 2014-2015 Biennial Budget legislative request contemplates a partnership with the state, the colleges and universities and the communities MnSCU serves. The partnership also commits to a cap on tuition rates of \$145 per year each year for full-time college students and

\$205 per year each year for full-time university students if state support is available as requested.

The 2014-15 Biennial Budget presentation from the October 2012 Board of Trustee meeting is attached to this report.

RECOMMENDED COMMITTEE ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees of the Minnesota State Colleges and Universities is committed to *Working Together for Minnesota's Prosperity* in partnership with the governor and the legislature, business and industry, Minnesota communities and its colleges and universities. The Board of Trustees approves the 2014-2015 biennial operating budget request in the amount of \$97 million and strongly urges the governor and the state of Minnesota to support the Minnesota State Colleges and Universities 2014-2015 biennial operating budget request.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees of the Minnesota State Colleges and Universities is committed to *Working Together for Minnesota's Prosperity* in partnership with the governor and the legislature, business and industry, Minnesota communities and its colleges and universities. The Board of Trustees approves the 2014-2015 biennial operating budget request in the amount of \$97 million and strongly urges the governor and the state of Minnesota to support the Minnesota State Colleges and Universities 2014-2015 biennial operating budget request.

Presented to the Board of Trustees: November 14, 2012

Working Together for Minnesota's Prosperity



FY2014 - FY2015 Budget Request
October 17, 2012

Minnesota State Colleges and Universities

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.

Urgent Challenges Facing Minnesota

- By the end of the decade, 620,000 jobs will become vacant and will need to be filled with employees with post-secondary credentials
- To meet demand, 150,000 additional certificates and degrees will be required
- Today, 25% of high school students (50% of students of color) do not graduate on time
- One-third of all high school graduates are not prepared for college



Outcomes that will Advance Minnesota's Prosperity

- Academic programs aligned with workforce needs
- Skills gap reduced
- More graduates in critical high-demand, high-growth professions
- More graduates with experience on state-of-the-art equipment and technologies
- Affordability protected and enhanced
- Increased enrollment, particularly among underserved communities
- Improved degree completion rates



Shared Values

- Every Minnesotan deserves the opportunity to create a better future for him/herself and contribute to our state's prosperity
- Minnesota and its regional economies must compete globally
- Minnesota must lead the nation, be among the best in the world in delivering high-quality, affordable education
- Minnesota State Colleges and Universities must deliver graduates with both the technical and foundational skills needed to advance Minnesota's competitiveness

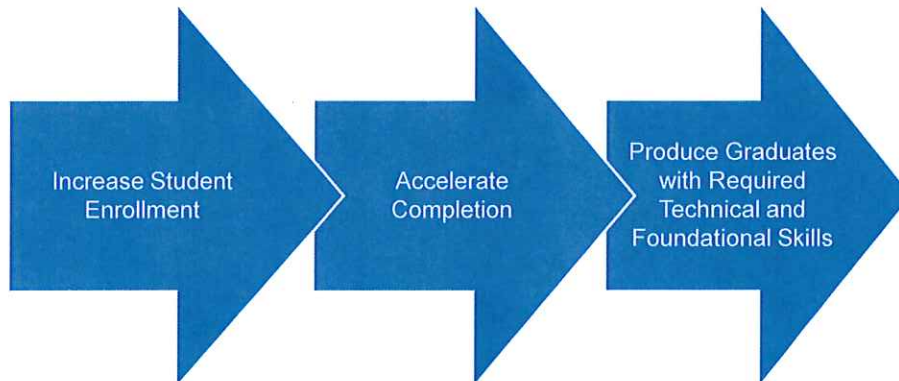


Working Together: A Shared Responsibility



Ensure Minnesota's Prosperity

Focused Strategies



Working Together for Minnesota's Prosperity

- Advance Competitiveness of Minnesota's Workforce
- Increase Access and Affordability
- Accelerate Completion



Advance Competitiveness of Minnesota's Workforce

- Internships and apprenticeships
 - \$12 million in state funding matched by \$12 million of employer funding
 - 10,000 internships and apprenticeships in 2015
- Leveraged equipment program
 - Train students on state-of-the-art equipment and technology
 - \$21 million in state funding matched by \$21 million of private funding
 - Matching funds secured, equipment in place or ordered within 12 months
- Faculty-driven educational innovations
 - Innovations focused on technology-driven learning and applied learning experiences
 - 50% of programs with defined outcomes in FY 2014



Increase Access and Affordability

- Meet critical needs in high-demand, high-growth professions
 - 5,000 additional students, 2,500 additional graduates in 25 high-demand academic programs by 2021
- Drive efficiencies to hold tuition down and improve quality
 - \$44 million in administrative efficiencies
- Modest tuition increases
 - \$145 for full-time college students, \$205 for full-time university students
- Complete a state-wide scholarship campaign
 - Raise > \$20 million in private funds to assist >16,000 students
- Provide access to the state grant program for part-time students
 - Expand financial aid availability for at least 7,500 additional students



Accelerate Completion

- Increase student retention and completion
 - Implement student progress tracking and predictive analytics
 - Improve persistence to at least 77% by 2017
 - Improve student success to at least 55% by 2021
- Expand PSEO and concurrent enrollment
 - Increase student participation to at least 27,000 students by 2015
- Provide competitive compensation to retain the talented faculty and staff needed to ensure student success
 - State support limited to one-third of cost; two-thirds supported through efficiencies and tuition



Biennial Budget Request: FY2014-FY2015

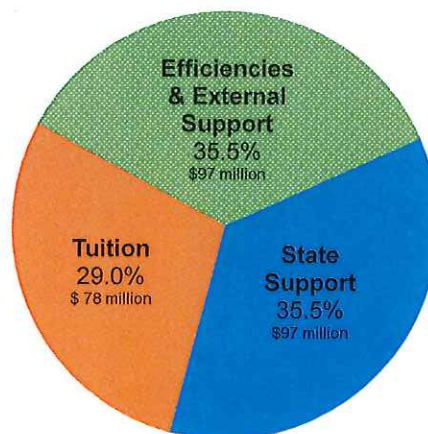
State Support

(\$ in millions)	2014	2015	Biennium
Advance Competitiveness of Minnesota's Workforce	\$ 18	\$ 23	\$ 41
Increase Access and Affordability	\$ 3	\$ 7	\$ 10
Accelerate Completion	\$ 19	\$ 27	\$ 46
Total	\$ 40	\$ 57	\$ 97
Percent change over prior year	7.3%	2.9%	
Biennial percent change			8.9%
State base support	\$ 545	\$ 545	\$1,091
Revised state support	\$ 585	\$ 602	\$1,188



Collaborative Funding Strategy

All Sources of Support



Working Together for Minnesota's Prosperity

- Advance Competitiveness of Minnesota's Workforce
- Increase Access and Affordability
- Accelerate Completion



Appendix

Biennial Budget Request: FY2014-FY2015

State Support — Detail

(\$ in millions)	2014	2015	Biennium
Advance Competitiveness	\$ 18	\$ 23	\$ 41
Internships/apprenticeships	\$ 4	\$ 8	\$ 12
Leverage equipment	\$ 10	\$ 11	\$ 21
Education Innovations	\$ 4	\$ 4	\$ 8
Increase Access and Affordability	\$ 3	\$ 7	\$ 10
High-demand professions	\$ 3	\$ 7	\$ 10
Accelerate Completion	\$ 19	\$ 27	\$ 46
High-Impact Strategies	\$ 8	\$ 4	\$ 12
Competitive Salaries	\$ 11	\$ 23	\$ 34
Total	\$ 40	\$ 57	\$ 97

