

Fiscal Year 2014 Operating Budget



Presented to the Finance and Facilities Committee
Board of Trustees
June 19, 2013

Minnesota State Colleges and Universities

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

Outline

- Legislative Outcome
- Net Cost of Education
- All-Funds Budget
- General Fund Budget
- Revenue Fund Budget
- Supplemental Materials
- Recommended Committee Motion

Legislative highlights

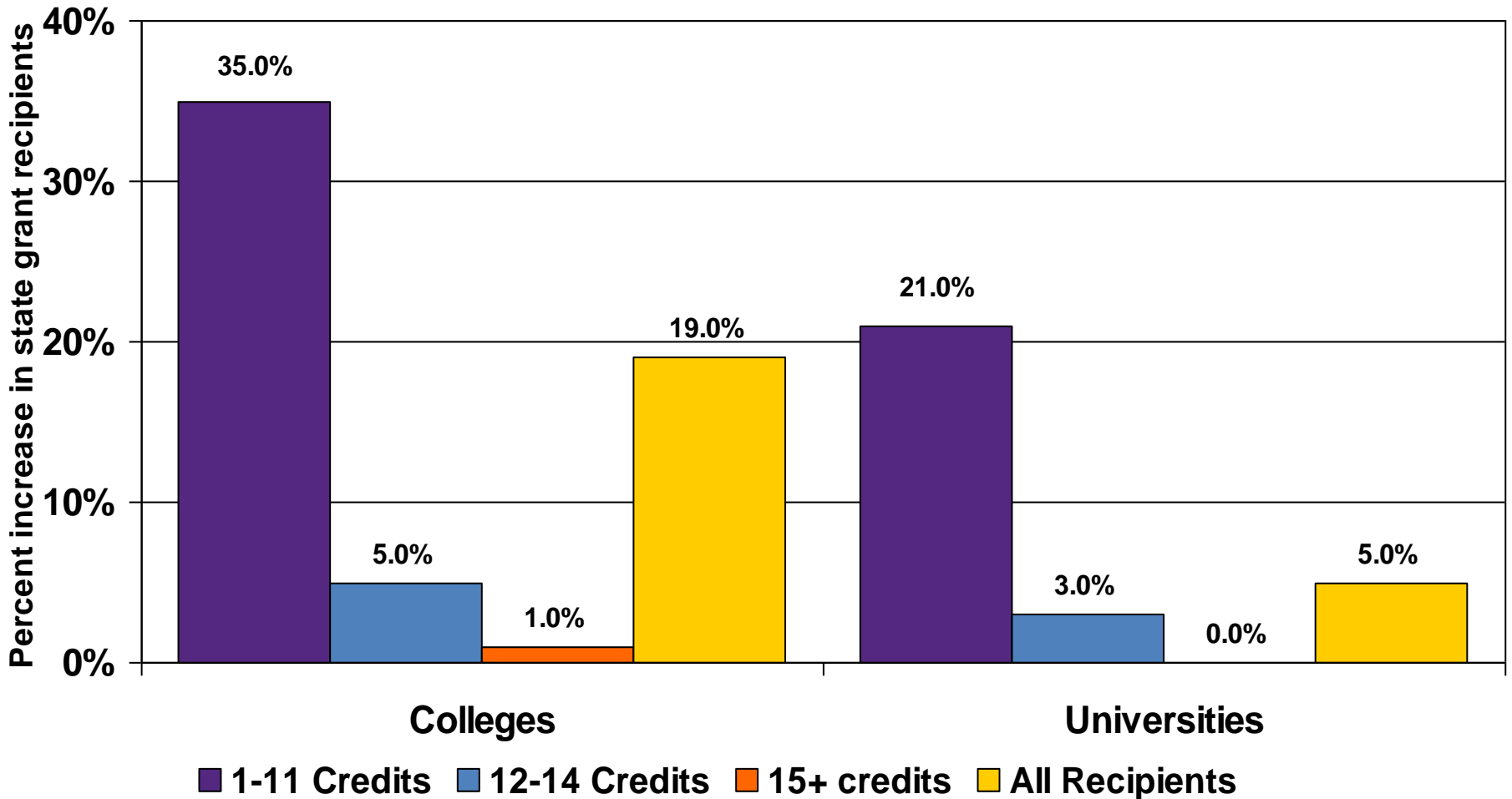
Higher education bill - \$250 million in new funding

- \$102 million for Minnesota State Colleges and Universities
 - \$78 million for tuition relief (two-year tuition freeze)
 - \$17 million in *one-time* funds to retain quality faculty and staff
 - \$7.3 million for leveraged equipment in FY2015
- \$75.4 million investment in State Grant Program
 - MnSCU pilot program – 8,300 new grant recipients resulting from the change to the formula for part-time students (\$23 million)

Legislative actions

	2014-2015 biennium funding
Advance the competitiveness of Minnesota's Workforce	\$11.4 million
Leveraged equipment (FY2015 only)	\$7.278 million
Internships and apprenticeships (benefitting students)	
FastTRAC (\$1.5 million each year)	\$3.0 million
Manufacturing training pilot (FY2014 one-time funding)	\$0.987 million
Mental health counseling to farm business owners	\$0.188 million
Increase Access and Affordability	\$78 million
Tuition freeze	\$78 million
DREAM Act (eligible for in-state tuition & state grants)	
Part-time state grant pilot program (\$23 million benefit to students)	
State grant program – increase in LME (benefitting students)	
Accelerate Completion of an Extraordinary Education	\$18 million
Retain quality faculty & staff (FY2014 one-time funding)	\$17 million
PSEO increase in per-credit payment	\$0.910 million

Estimated increase in the number of state grant recipients by credit load: FY2014

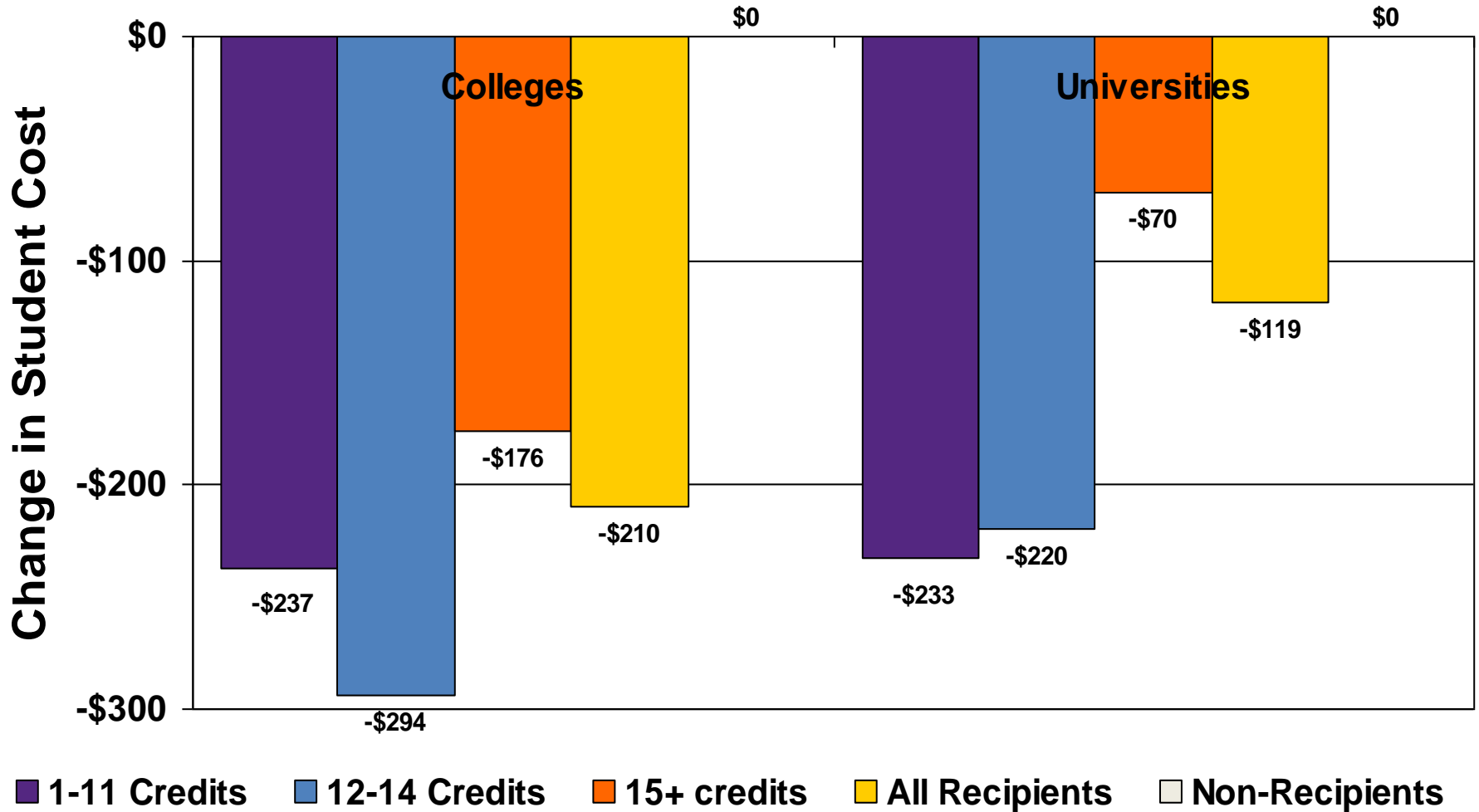


Total State Grant Recipients: Colleges = 48,745 Universities = 15,757

Source: System Office Research, Planning and Policy



Estimated change in student cost by credit load: FY2014*

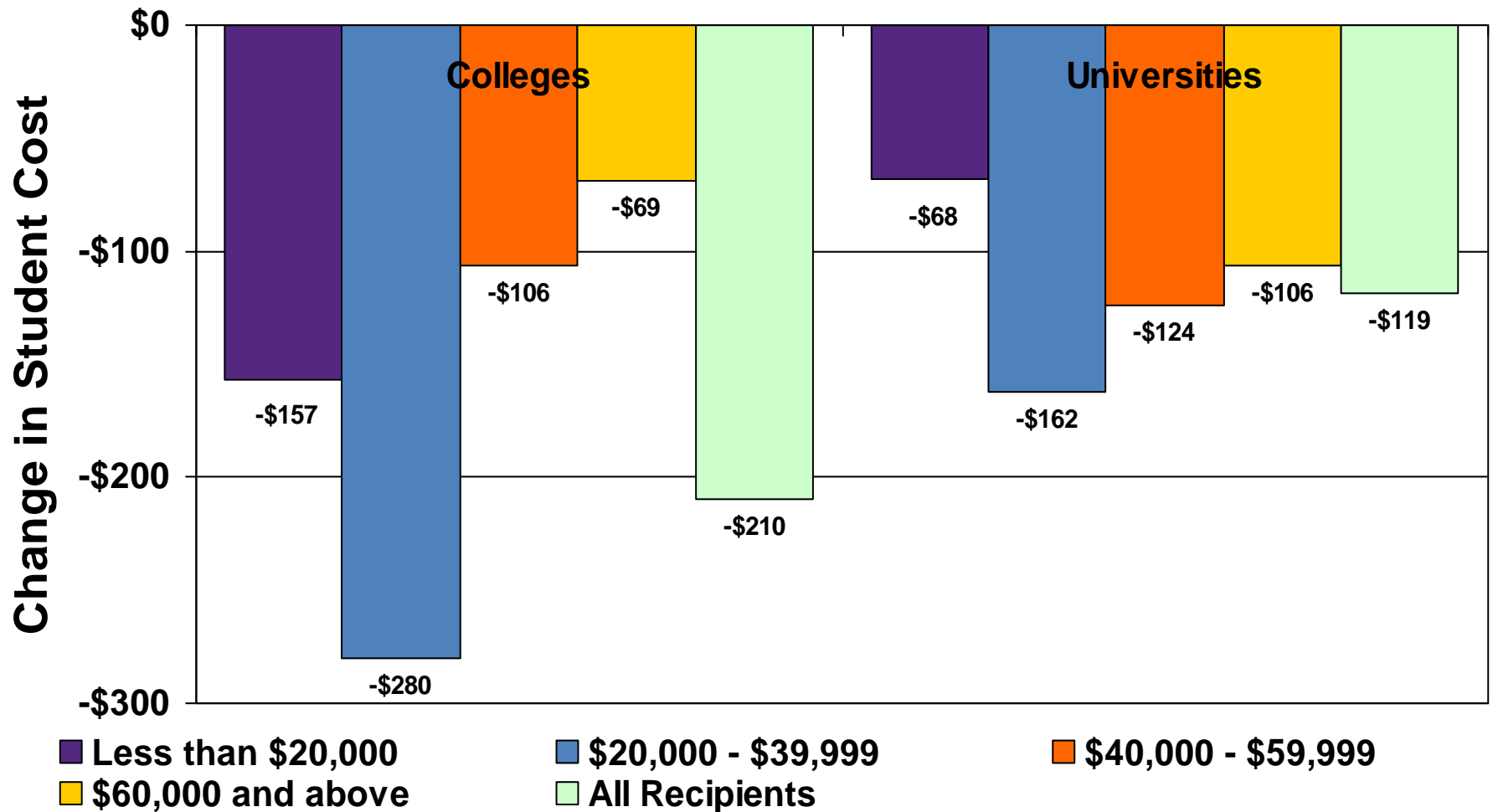


* Student cost equals tuition minus state and Pell grants

Source: System Office Research, Planning and Policy



Estimated change in student cost by income: FY2014*



* Student cost equals tuition minus state and Pell grants

Source: System Office Research, Planning and Policy



Estimated student tuition cost in FY2014*

College Students

<i>State Grant Recipients</i>	<i>FY2014 Student Cost</i>
Less Than \$20,000	\$737
\$20,000 to \$39,999	\$1,453
\$40,000 to \$59,999	\$2,288
\$60,000 and Above	\$3,399
All Recipients	\$1,421
Non-State Grant Recipients	\$4,816

University Students

<i>State Grant Recipients</i>	<i>FY2014 Student Cost</i>
Less Than \$20,000	\$989
\$20,000 to \$39,999	\$1,614
\$40,000 to \$59,999	\$3,153
\$60,000 and Above	\$4,664
All Recipients	\$2,285
Non-State Grant Recipients	\$6,782

*Student cost equals FY 2014 tuition rate for 30 credits (15 per term) minus the estimated state and Pell grants.



FY2014 - FY2015 sources and uses

\$s in millions

Sources

FY2014-2015

Tuition Buy-Down	Ongoing	78.0
Reallocations	Ongoing	44.0
Retain Quality Staff	One-time	<u>17.0</u>
Total Sources		139.0

Uses

Compensation (2.6% per year)	Ongoing	87.0
Compensation (0.77% each year)	One-time	<u>17.0</u>
Total Compensation		104.0
Other Operating (3.0% per year)	Ongoing	<u>35.0</u>
Total Uses		139.0

FY2014 all-funds budget

<i>(\$ in millions)</i>	FY2013 Current Budget	FY2014 Proposed Budget	\$ Change	% Change
Revenues	\$1,840.5	\$1,889.1*	\$48.6	2.6%
Expenses	<u>\$1,821.7</u>	<u>\$1,883.6</u>	<u>\$61.9</u>	<u>3.4%</u>
Budget balance	\$18.8	\$5.5		

*\$17 million of additional one-time state appropriation is excluded from FY2014 revenue at this time.

State appropriation distribution

	FY2013	% of Total	FY2014	% of Total
Institution allocations	\$467.7	85.4%	\$509.9	86.4%
- Basic allocations	\$452.1		\$451.0	
- Tuition buy-down			\$25.5	
- Priority allocations	\$15.6		\$16.4	
- Retain staff/faculty*			\$17.0	
Systemwide set asides	\$42.9	7.8%	\$42.8	7.3%
Learning Network of Minnesota	\$4.1	0.8%	\$4.1	0.7%
System Office	<u>\$33.1</u>	<u>6.0%</u>	<u>\$33.1</u>	<u>5.6%</u>
Total state resources	\$547.8		\$589.9	

*Strategy for allocating one-time funding consistent with statute will be developed by Leadership Council



General fund budget

	FY2013 Current Budget	FY2014 Proposed Budget	\$ Change	% Change
Revenues				
State appropriation	\$545.4	\$570.9*	\$25.5	4.7%
Tuition	\$841.3	\$836.7	(\$4.6)	(0.6%)
Other revenues	\$104.2	\$105.3	\$1.1	1.1%
Programmed fund balance	<u>\$10.4</u>	<u>\$11.7</u>	<u>\$1.3</u>	<u>12.5%</u>
Total budgeted revenues	\$1,501.3	\$1,524.6	\$23.3	1.6%
Expenses				
Compensation	\$1,108.8	\$1,134.7	\$25.9	2.3%
Other operating costs	<u>\$379.5</u>	<u>\$388.5</u>	<u>\$ 9.0</u>	<u>2.4%</u>
Total budgeted expenses	\$1,488.3	\$1,523.2	\$34.9	2.3%
Budget balance	\$13.0	\$1.4		

*\$17 million of one-time funds to retain staff and faculty is not yet included pending further discussion.
Total appropriation in FY2014 is \$587.9



Revenue fund budget

(\$ in millions)	FY2013 Proposed Budget	FY2014 Proposed Budget	\$ Change	% Change
Revenues	\$107.6	\$108.2	\$0.6	0.56%
Expenses	\$95.7	\$97.1	\$1.4	1.46%
Net Income	\$11.9	\$11.1		

Additional highlights

- Appendix
- Attachments
 - Tuition & Revenue fund fees
- Supplemental Packet
 - Tuition & fee information
 - Allocation of state appropriation detail
 - College and university operating budgets
 - FYE enrollment
 - Reserve balances
 - Student consultation

Recommended committee motion

- Adopt all-funds budget
- Approve tuition structure
- Approve Revenue fund rates/fees

Recommended committee motion

- Adopt the annual total operating budget for fiscal year 2014 in Table F. Pursuant to Board Policy 5.9, the Board of Trustees will be periodically provided systemwide budget updates for all funding sources on an exception reporting basis.
- Approve the proposed tuition structure recommendations for fiscal year 2014 as detailed in Attachments 1A through 1E.
- All tuition increases are effective Summer Term or Fall Term 2013 at the discretion of the president. The chancellor is authorized to approve tuition structures for new courses or programs proposed after this date, as well as any required technical adjustments, and is requested to incorporate any approvals at the time fiscal year 2015 tuition recommendations are presented to the Board of Trustees.
- The Board of Trustees continues the policy of market-driven tuition for closed enrollment courses, customized training, and non-credit instruction, continuing education, and contract postsecondary enrollment option programs.
- Approve the Revenue Fund and related fiscal year 2014 fees for room and board, student union, wellness and recreation facilities, and parking ramps/surface lots as detailed in Attachments 2A through 2D, including any housing fees that the campuses may charge for occupancy outside the academic year. Approve the fiscal year 2014 fees structure for room and board for colleges who either own or manage student housing as detailed in Attachments 2E and 2F. The Chancellor is authorized to approve fee structures for any new revenue fund programs as well as any technical adjustments, and is requested to incorporate any approvals at the time fiscal year 2015 recommendations are presented to the Board of Trustees.