

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: November 18, 2014

Title: FY2016-FY2017 Legislative Request – Second Reading

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed
New Policy or
Amendment to
Existing Policy | <input checked="" type="checkbox"/> Approvals
Required by
Policy | <input type="checkbox"/> Other
Approvals |
| <input type="checkbox"/> Monitoring /
Compliance | <input type="checkbox"/> Information | |

Brief Description:

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 FY2016-FY2017 Biennial Budget legislative request.

Scheduled Presenter(s):

Laura M. King, Vice Chancellor - CFO

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

ACTION ITEM
FY2016-FY2017 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 prior to submission to the executive and legislative branches of state government. This is the second reading of the FY2016-FY2017 Biennial Budget legislative request.

BACKGROUND

The FY2016-FY2017 Biennial Budget legislative request is a proactive strategy that addresses what was heard from key constituencies throughout the state. In preparing the legislative proposal, counsel was sought from presidents, faculty, staff, students, and bargaining unit representatives. The resulting budget request is committed to protecting affordability and access for our students, providing the talented faculty and staff who deliver an extraordinary education to our students and prepare them for work and careers, and supporting the programs on our campuses that serve our students and enhance the economic vitality of our state.

The FY2016-FY2017 Biennial Budget legislative request proposes a partnership with the state, the colleges and universities and the communities MnSCU serves. The partnership seeks to improve state support and move towards a 50:50 relationship between state support and tuition. It will provide for inflationary costs in order to ensure continued high quality educational offerings and student services.

The Board of Trustees has been entrusted in state statute with the authority to govern and operate Minnesota State Colleges and Universities. The board, after full consultation with MnSCU constituencies, will make final budget decisions, including the matter of tuition, at the conclusion of the legislative session. If the legislative request is fully funded the board intends to hold resident tuition rates at current levels.

The FY2016-FY2017 Biennial Budget presentation for the November 2014 Board of Trustee meeting is attached to this report.

Underlined sections are additions to the October version

RECOMMENDED COMMITTEE ACTION:

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

November Board Motion

Minnesota's future depends upon a broad-based, highly-trained, highly-skilled workforce. To support increased educational and economic opportunities for all Minnesotans, the Board of Trustees of the Minnesota State Colleges and Universities is committed to protecting affordability and the access it provides to our academic programs and student success; providing the talented faculty and staff who deliver an extraordinary education to our students and prepare them for work and careers; and protecting the programs on our campuses that are vital to serving our students and communities across Minnesota and vital to the economic growth of our state.

The FY2016-FY2017 legislative request strengthens the state's commitment to access and affordability. The Board of Trustees approves the 2016-2017 biennial budget request in the amount of \$669,143,000 in FY2016 and \$717,143,000 in FY2017 for a total of \$1,386,286,000. The Board strongly urges the state of Minnesota to support the Minnesota State Colleges and Universities biennial budget request. The Board of Trustees has been entrusted in state statute with the authority to govern and operate Minnesota State Colleges and Universities. The Board, after full consultation with MnSCU constituencies, will make final budget decisions, including the matter of tuition, at the conclusion of the legislative session. If the legislative request is fully funded the board intends to hold resident tuition rates at current levels.

RECOMMENDED BOARD OF TRUSTEES MOTION:

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Presented to the Board of Trustees: November 18, 2014

FY2016-FY2017 Legislative Request



Board of Trustees
Finance and Facilities Committee
November 2014

Minnesota State Colleges and Universities

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

The Minnesota State Colleges and Universities represents the highest value, most affordable higher education in the state. Our legislative request is committed to strengthening the state's historic commitment to access, affordability and excellence.



Consultation

- 24 colleges and universities forwarded ideas from campus discussions
- All bargaining units and student associations consulted multiple times; written feedback received from MAPE, AFSCME, and IFO
- Common themes:
 - Access and affordability
 - Student success
 - Academic excellence
 - Workforce/community partnerships



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Goals for biennial legislative request

- Protect access and affordability
- Improve student success
- Advance academic excellence
- Meet community and workforce needs

... But the paradigm is shifting ...



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Addressing the shifting paradigm

Our need is urgent.

At this time in our state's history, we must maintain the quality of our educated workforce – a quality for which we are nationally known – to maintain our economic vitality.

Inflationary costs are a factor for any organization. We hope to address them together, but at the same time protect the quality of the activities we provide our students and our ability to deliver the workforce the state desperately needs.



Our story

Minnesota State Colleges & Universities believe an opportunity to go to college should be available to everyone. We measure our value not by the number of students we turn away, but by the number of students we educate.

We provide higher education to the most Minnesotans (410,000 students last year) at the lowest cost possible – roughly ½ the average cost of other large public universities and roughly 1/5 the cost of private colleges and universities in the state. We have a college option for all, from doctoral programs to EMT certifications.

At a time when 74 percent of jobs in Minnesota will soon require some higher education, we feel a tremendous responsibility to provide the education our students require to prepare them for those careers and the quality of life that comes with higher education.

Is there a better investment?



Our ask

Our request is for funds to cover inflationary cost increases in order to protect affordability. This will provide the funds needed to avoid a tuition increase and to protect programs needed to serve students and communities across the state. We appreciate that state support per student FYE has begun to improve in constant dollars, but it is still 32% below 2002 levels, far from the 50:50 goal.

We need an increase in state support to continue to serve our students at the current level and to keep education at the lowest possible cost to those students – an affordable option for the students who often need it most.

State funds are not being requested to fund new initiatives. We will fund new investments internally by prioritization based on the needs of the students.

We must make sure students get the same level of extraordinary education they are getting today. Our request for \$142 million reflects the costs for providing the highest quality education. In order to protect both the quality of programs and affordability for our students, we are asking the state to fund a tuition freeze. We will fund new investments internally by prioritization based on the needs of students, employers and communities.



The face of MnSCU is the face of Minnesota

There is no "typical" student in our colleges and universities. Like Minnesota, our students represent a rich patchwork of backgrounds, stories and achievements, including:

Kevin Fitzgerald, a student in the Fire Program (ERTC Training Center) at Lake Superior College, left a desk job after earning an undergraduate degree when he realized he wanted to be the person that is there for people when they are likely having the worst day of their life.

Fadumo Abdi, a Psychology Major at Minneapolis Community & Technical College, was born in Kenya to parents who fled civil war in Somalia, and was elected President of the Student Senate for the 2013-2014 academic year.

Takanda Epps, a Hennepin Technical College graduate, was the first African-American female to graduate from the Automation Robotics Engineering Technology Program

Danika Stelton, who earned a Technology, Art and Design degree at Bemidji State University, designed the Exhibit Designers and Producers Association booth used at the 2014 EuroShop trade show in Düsseldorf, Germany.

Carl White, a student at Winona State University in Social Work, is married and the father of two young children: a 7-year old daughter with Down syndrome and a 4-year old son, and will become the first of his 14 brothers and sisters to graduate from college.

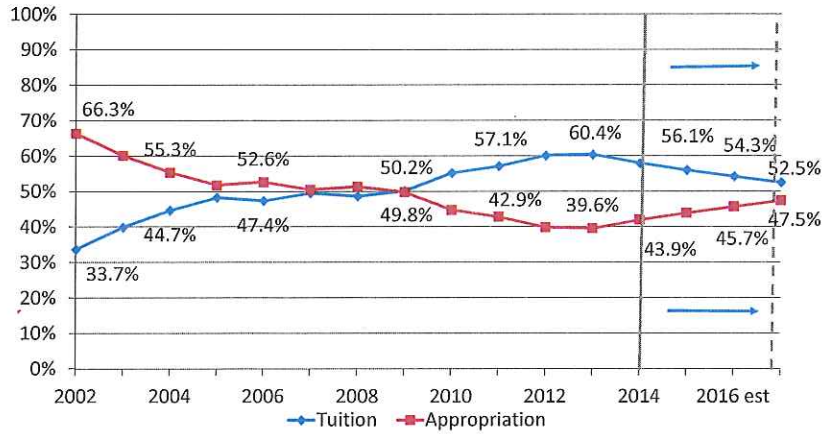
Desaleyn "D" Zemenfes is a high school student in Worthington (WHS) currently working at a local grocery, while also taking classes at Minnesota West Community & Technical College in a PSEO program. He is also very active in his high school, is the president of the WHS FFA chapter, chief programmer for the school's robotic team, participates in youth volunteer efforts and is preparing for the upcoming track season.

Leah Fisher, a lawyer who graduated from Lake Superior College, began her education at a two-year college and graduated with zero debt, helping her eventual finance of her upper level degrees.

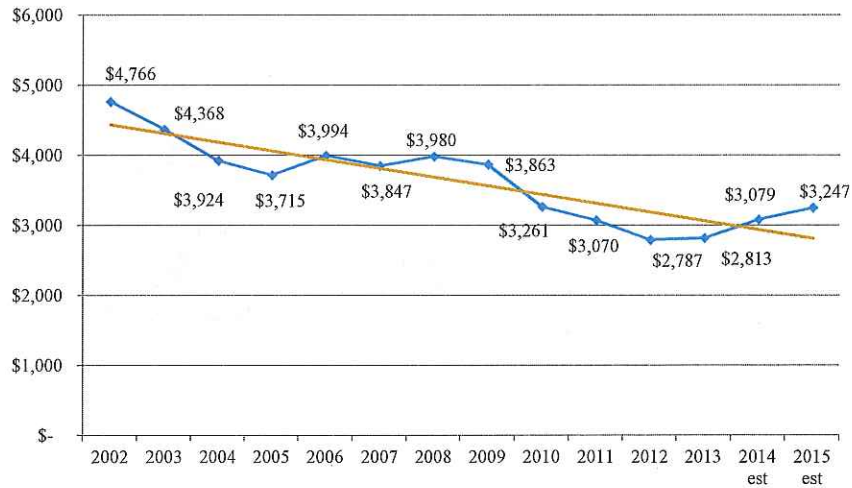


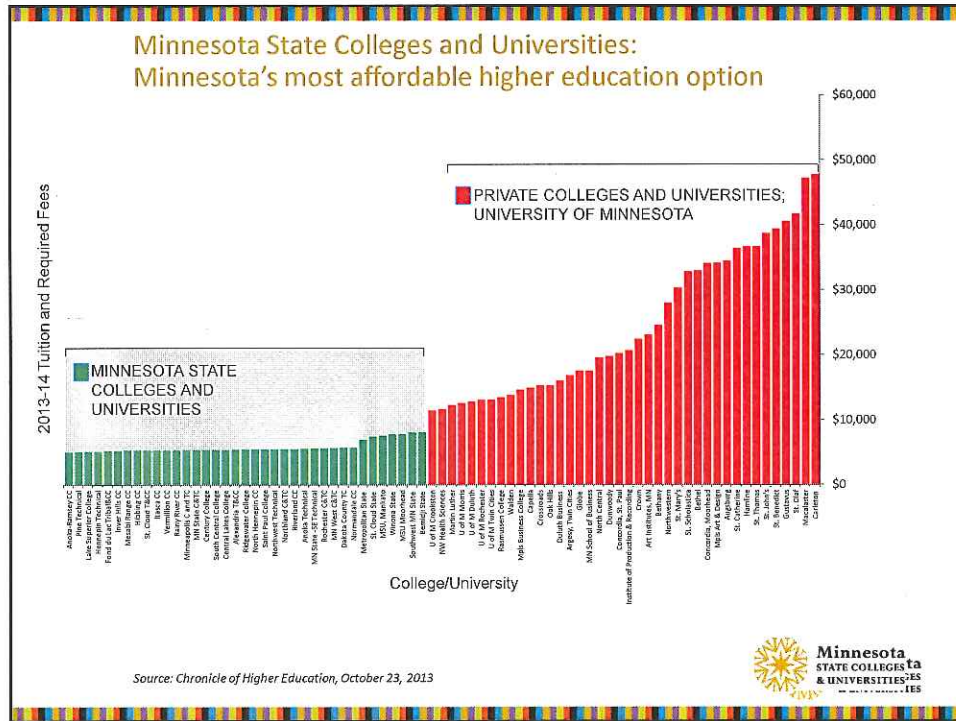
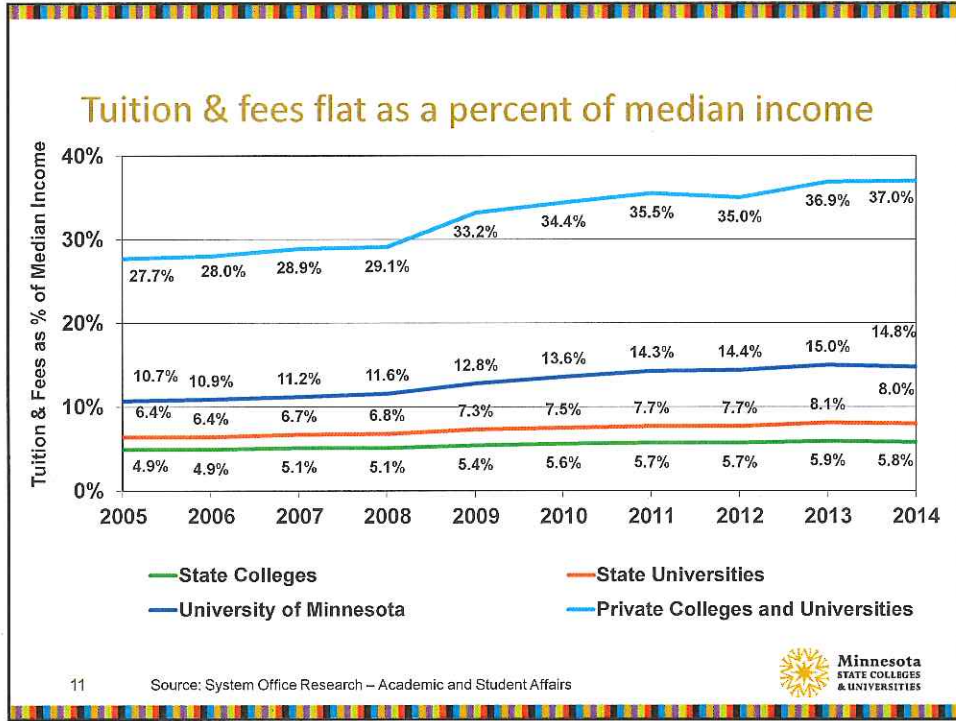
Move state support toward 50:50

State buying down tuition and investing to cover inflationary costs will keep college affordable



State support per student FYE has begun to improve in constant dollars, but is still 32% below 2002 levels





Estimated net student tuition cost Academic year 2014-2015

2014-15 tuition rate for full-time students (30 credits, 15 per term) minus estimated state and Pell grants:

**MnSCU
COLLEGE
STUDENTS**

**MnSCU
UNIVERSITY
STUDENTS**

INCOME LEVELS FOR GRANT RECIPIENTS	AVERAGE 2014-15 STUDENT TUITION COST	AVERAGE 2014-15 STUDENT TUITION COST
Less than \$20,000	\$626	\$801
\$20,000 to \$39,999	\$1,197	\$1,254
\$40,000 to \$59,999	\$2,062	\$2,671
\$60,000 and above	\$3,134	\$4,419



Math behind the request: Additional resources needed in the next biennium to cover inflationary costs

Increase in
resources needed for
the biennium

3% compensation increase = \$108 million

3% inflationary increases in operating costs = \$ 34 million

Total required: \$142 million

State funds are not being requested to fund new initiatives. We will fund new investments internally by prioritization based on the needs of the students.



Biennial budget request FY2016-FY2017

\$ in thousands

Base budget	\$622,143	\$622,143	\$1,244,286
Requested increase	\$47,000	\$95,000	\$142,000
<u>Total requested appropriation</u>	<u>\$669,143</u>	<u>\$717,143</u>	<u>\$1,386,286</u>

Two year percent increase in base to fund tuition buy-down 5.8%

Two year percent increase in base to fund inflationary expenses 5.6%



Student benefits

- With the state's support, the legislative request enables undergraduate tuition to remain at 2012-2013 levels
- Annual university undergraduate student savings of \$205
- Annual college student savings of \$145
- A full time university student enrolled as a freshman in the fall of 2012 would save \$2,050 over four years
- A full time college student enrolled in a two-year program would save \$435 if they enrolled anytime between the fall of 2012 and the fall of 2016



How should we fund inflationary costs in compensation, utilities and supplies?

\$s in millions

Recommended FY2016-2017 legislative request

Tuition revenue from tuition increase	0
State appropriation increase	142
<hr/>	
Total inflationary costs	\$ 142



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Goals for biennial legislative request

- Protect access and affordability
- Improve student success
- Advance academic excellence
- Meet community and workforce needs



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Board motion

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Board motion (continued)

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