

# Fiscal Year 2015 Operating Budget



Presented to the Finance and Facilities Committee  
Board of Trustees  
June 18, 2014

## Minnesota State Colleges and Universities

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

## Presentation outline

- Commitment to affordability
- Cost of attendance
- FY2015 operating budget overview
- All-funds operating budget
- General fund budget
- Additional highlights
- Board motions



## Commitment to affordability

- Tuition frozen for second year
- +
- Cost of tuition flat past three years
- +
- Lowest cost higher education provider in Minnesota
- +
- Increase in scholarships
- =

Increased affordability



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## Students benefit from tuition freeze and financial aid grant increases

|                                     | Savings per student* |              |                |
|-------------------------------------|----------------------|--------------|----------------|
|                                     | FY2014               | FY2015       | FY2014-15      |
| <u>College Students</u>             |                      |              |                |
| Freeze Savings                      | \$145                | \$290        | \$435          |
| State and Pell Grant Increases      | \$210                | \$380        | \$590          |
| <b>Potential Benefit to Student</b> | <b>\$355</b>         | <b>\$670</b> | <b>\$1,025</b> |
| <u>University Students</u>          |                      |              |                |
| Freeze Savings                      | \$205                | \$410        | \$615          |
| State and Pell Grant Increases      | \$119                | \$310        | \$429          |
| <b>Potential Benefit to Student</b> | <b>\$324</b>         | <b>\$720</b> | <b>\$1,044</b> |

\* Reflects the average change in state and Pell grants for eligible recipients



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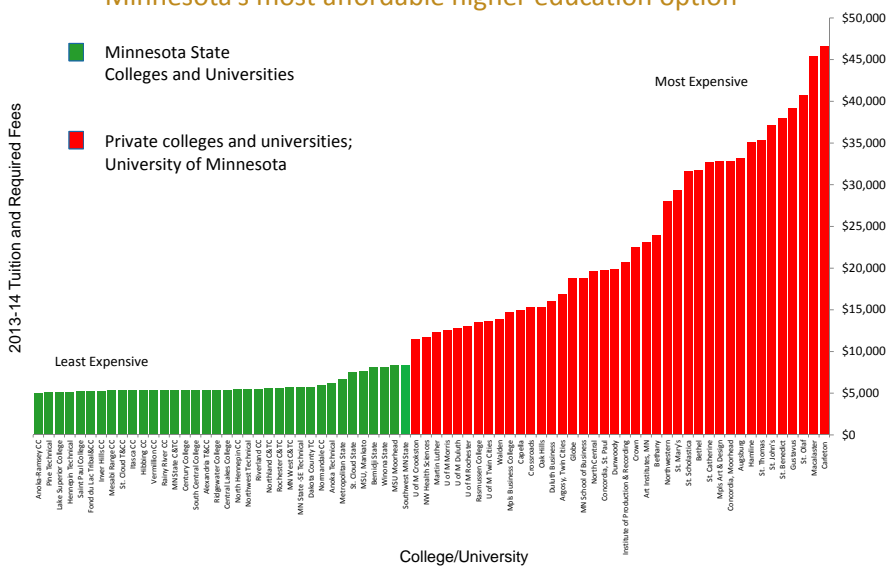
## Estimated Net Student Tuition Cost in Fiscal Year 2015

2014-2015 tuition rate for full-time students (30 Credits - 15 per term)  
minus estimated state and Pell grants

| State Colleges                           |                                        | State Universities                       |                                        |
|------------------------------------------|----------------------------------------|------------------------------------------|----------------------------------------|
| Income Levels for State Grant Recipients | Average 2014-2015 Student Tuition Cost | Income Levels for State Grant Recipients | Average 2014-2015 Student Tuition Cost |
| Less than \$20,000                       | \$626                                  | Less than \$20,000                       | \$801                                  |
| \$20,000 to \$39,999                     | \$1,197                                | \$20,000 to \$39,999                     | \$1,254                                |
| \$40,000 to \$59,999                     | \$2,062                                | \$40,000 to \$59,999                     | \$2,671                                |
| \$60,000 and above                       | \$3,134                                | \$60,000 and above                       | \$4,419                                |
| Average for all state grant recipients   | \$1,247                                | Average for all state grant recipients   | \$2,022                                |
| Non-state grant recipients               | \$4,816                                | Non-state grant recipients               | \$6,782                                |



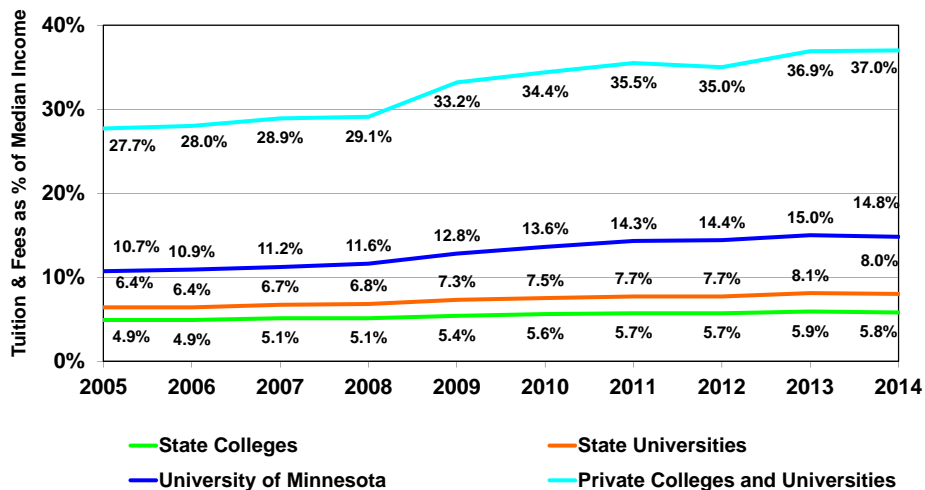
## Minnesota State Colleges and Universities: Minnesota's most affordable higher education option



Source: Chronicle of Higher Education, October 23, 2013



## Affordability: Tuition & fees as a percent of median income



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Source: System Office Research – Academic and Student Affairs

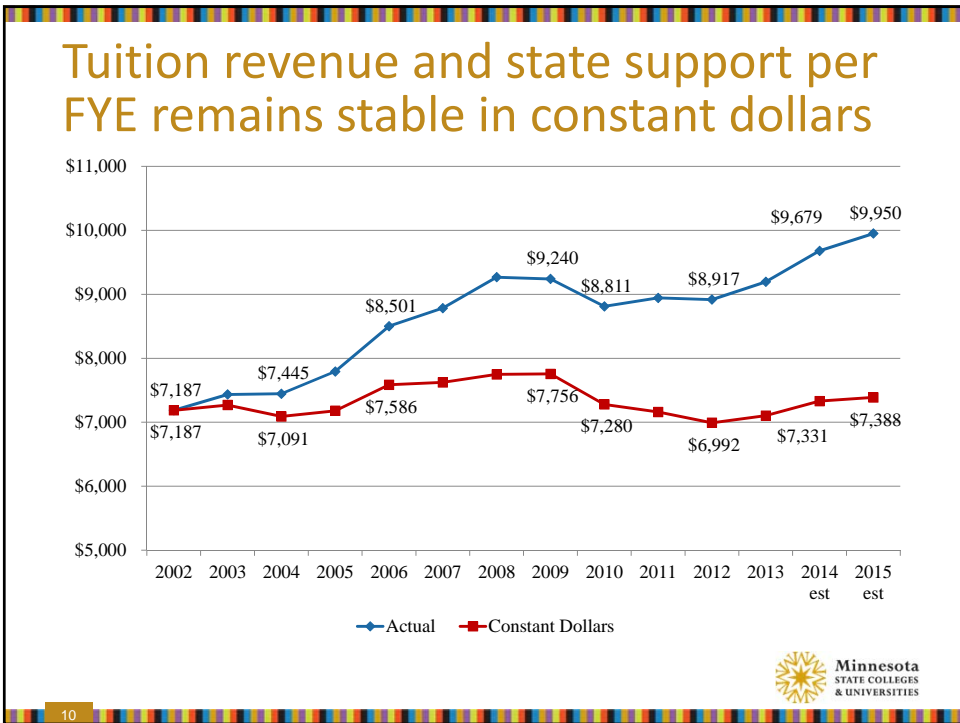
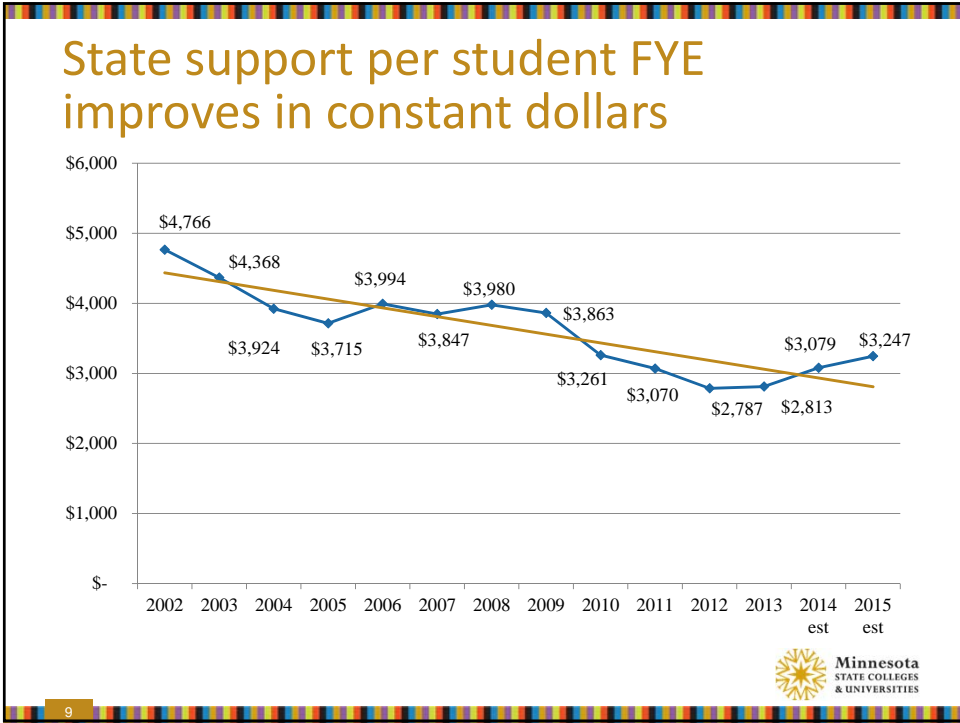


## FY2015 state funding highlights

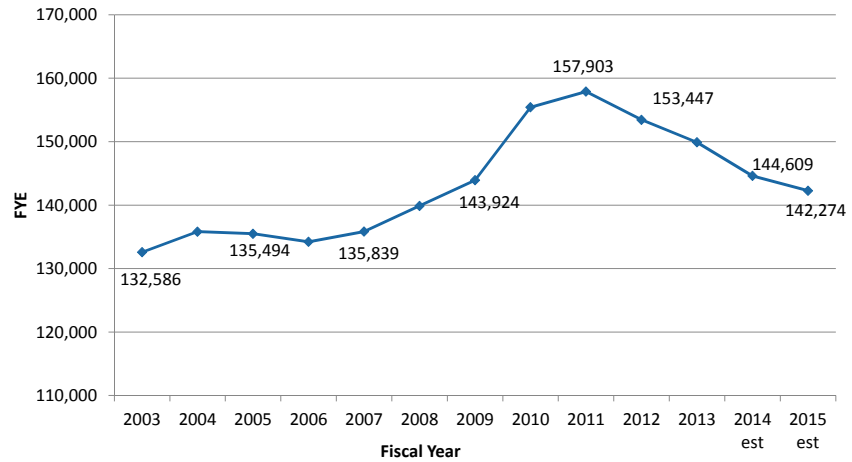
- Protecting affordability
  - \$52.5 million in on-going funds for tuition relief
- Investing in faculty and staff
  - \$17 million in additional funding in FY2015
  - \$34 million added to system's base for FY2016-2017 biennium (the tails)
- Instructional Equipment
  - \$7.278 million for state-of-the-art equipment



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## FYE enrollment is returning to pre-recession levels



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## MN State Colleges and Universities All-funds budget

| (\$ in millions)      | FY2014         | FY2015          | Dollar Change | Percent Change |
|-----------------------|----------------|-----------------|---------------|----------------|
|                       | Current Budget | Proposed Budget |               |                |
| Revenues              | \$1,919.9      | \$1,924.7       | \$4.8         | 0.3%           |
| Expenses              | \$1,907.3      | \$1,919.9       | \$12.6        | 0.7%           |
| <b>Budget balance</b> | <b>\$12.6</b>  | <b>\$ 4.8</b>   |               |                |



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## MN State Colleges and Universities General fund budget

| (\$ in millions)               | FY2014<br>Current<br>Budget | FY2015<br>Proposed<br>Budget | Dollar<br>Change | Percent<br>Change |
|--------------------------------|-----------------------------|------------------------------|------------------|-------------------|
| <b>Revenues</b>                |                             |                              |                  |                   |
| State appropriation            | \$587.9                     | \$622.1                      | \$34.2           | 5.8%              |
| Tuition                        | \$811.8                     | \$793.5                      | (\$18.3)         | -2.3%             |
| Other revenues                 | \$113.4                     | \$104.8                      | (\$8.6)          | -7.6%             |
| Programmed fund balance        | \$14.9                      | \$15.0                       | \$0.1            | 0.3%              |
| <b>Total budgeted revenues</b> | <b>\$1,528.0</b>            | <b>\$1,535.4</b>             | <b>\$7.4</b>     | <b>0.5%</b>       |
| <b>Expenses</b>                |                             |                              |                  |                   |
| Compensation                   | \$1,139.9                   | \$1,156.7                    | \$16.8           | 1.5%              |
| Other operating costs          | \$379.4                     | \$376.5                      | (\$2.9)          | -0.8%             |
|                                | \$1,519.3                   | \$1,533.2                    | \$13.9           | 0.9%              |
| <b>Budget balance</b>          | <b>\$8.7</b>                | <b>\$2.2</b>                 |                  |                   |



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## Additional highlights

- Tuition and fees
  - Undergraduate tuition frozen at 2012-2013 levels
  - Average annual fee increase \$21 or 0.4%
- Reallocations
  - \$33 million planned for FY2015
  - \$29 million in FY2014
- Reserves
  - Board policy: Maintain reserves of 5-7%
  - Systemwide average: 6.8%



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## Recommended motion

- Approve the FY2015 all-funds operating budget
- Approve the proposed tuition structure recommendations for FY2015
- Approve revenue fund and related FY2015 fees
- Approve fee maximum waiver for St. Cloud State University
- Budget effective July 1, 2014

