

## **BUDGET SUB MEET & CONFER**

**Tuesday, October 22, 2013**

**1:30 p.m. – CSU238**

**Please note: Budget Sub Meet & Confer agendas and supporting documents are located on web site <http://www.mnsu.edu/finadm/submeetconfer/>.**

Attendees: Rick Straka, Co-Chair, Marie Pomije, Co-Chair, Casey Duevel, Nancy Fitzsimmons, Roland Nord, John Seymour, Brian Schneider, Jerry Jeffries, Mike McLaughlin, Kristel Seth, Sandra Loerts, Doug Hendley, Mike Peters, Kevin Buisman, David Cowan, Kimberly Greer, Joe Reising, Steve Smith, Sandra King, Debra Norman, Walter Zakahi and Vickie Hanson.

### **1) Changes/Additions to the Agenda**

### **2) Budget Update**

Requests have gone out for the strategic initiatives. There has been discussion at Budget Assessment and Planning to get a timeline set up to review and score the strategic investments and institutional equipment at the same time. November 15 has been set as a goal that requests would be due from the Deans to the VP Offices and December 2 for the VP Offices to get them into the Budget Office for compiling with an early January date for looking at the scoring process.

#### **a) Tuition billing**

Steve Smith recapped the FY13 vs. FY14 general fund tuition revenue comparison for the end of September for both summer and fall terms with some of the changes made with the metro model, and the tuition revenue not being in the band. You will see in the fall term there is a change in the first two items, Metro fall tuition and Fall tuition-undergrad res on-campus because of the change in the metro model. The previous year they were all just in the one line and now it is broken out to track how much tuition is coming in from the metro area. Each row is a student residency type with different tuition rates based on their residency status. It's also a factor in us judging what our revenue is going to be because changes between categories can have some big implications, especially if there are changes in non-residence undergrad tuition. Overall it was a good summer term with over \$1M higher in revenue than the previous year. Our expenses were only \$200,000 to \$300,000 more over the previous year, so a very positive summer term. The model drives net proceeds back to colleges and will give the deans more flexibility than they had in previous years. VP Straka-This will be the last year we will see an increase to the tuition rate with the tuition freeze. The next two summers we will see no increase in the tuition rate and we will see the implementation rate in the new salary increases settled at the end of the year and anticipation in bargaining as we move forward. We are moving into an era where tuition rates will not continue to outpace our expense rates the way they have over the last decade. Be aware as we move forward there will be a reverse for two years in the economics. Steve Smith-Beginning with this fall term our undergrad tuition has been frozen for two years by the legislature.

### 3) 28 Performance Measures – Lynn Akey (1:30 p.m. time certain)

The MnSCU Strategic Framework was established two years ago when Chancellor Rosenstone joined us. Prior to that the System had an accountability dashboard, when that dashboard was created 5-7 years ago, it made a lot of media in the country and was called “accountability by the dashboard light”. There are 7-9 measures that make up that dashboard. Alignment, Action & Achievement is composed of Strategic Priorities, Performance Indicators and MnSCU Strategic Framework. When the strategic framework was adopted, the Board of Trustees directed the Chancellor and others at the Office of the Chancellor to reexamine the performance measures. When it was reviewed we grew in the number of performance indicators that we have as a system. We went from 7-9 to 22 as an institution that we are accountable for. Some of the measures are reportable at the institutional level and some are just reportable at the System level. The performance measures are aligned to the strategic framework. What you will see for all of the performance measures is some past history (actual, 5-8 years of the trend line) goal target to hit for each of the institutions. The targets are set over a 5 years until 2016.

Goal 1: Provide Access to Extraordinary Education for all Minnesotans

Area: Quality of Graduates. There are two performance measures in this area; one is still undefined (program learning outcomes), licensure exam pass rate has been defined. For us this only covers three programs: Police officer, nursing and teacher candidates.

Area: Student Success. Student Persistence and Completion (more commonly talked about retention between first and second year). This also looks at the number of students that enrolled with us that successfully transferred to another higher education institution. The historic measures we report to the federal government are very narrow and built upon the traditional college student, who stays at the 4 year institution and completes in 4-6 years. There is a national movement, SAM (student achievement measure) to establish and validate new measures that they believe are more inclusive and more representative of our current day student population. We are supporting that pilot effort right now, but it’s a few years away where there will be enough movement to change the federal reporting guidelines.

Completion Rate. Traditional completion rate, looking at undergraduate, first time undergraduate transfer students and those that are completing an award within 6 years at the university level (certificate or BA degree).

Area: Affordability. This is a hot topic and current issue continuing for our state and system. The measure that has been used is change in tuition fees from previous fiscal year. Looking at how fast or what extent we are growing our tuition and fees. The goal that has been set is \$215 which was set before the most recent legislative session which set our actual down to zero.

Area: Diversity (5 areas). Percentage of employees and students reported. You will see some contextual measures which are measures that there are no performance goals, but gives us additional information about our student body. In the past, the System has looked very closely at elements of diversity such as Pell eligibility proxy for low income students, first generation students and then a measure of composite of Pell eligible, student of color and/or first generation (underrepresented students). The percentage of Pell eligible students has continued to grow for us as an institution, which is an important factor as we think about affordability and student debt and cost. Even if our tuition and fees are reasonable, the student ability to pay for that can influence how much debt they might accrue over time.

Student Success. In the past the System looked at this as a percentage in this revision it has been taken further with closing the gap between the success rate of students of color and our white students. We would like to close that gap with a 1.0 ratio.

All the data presented thus far represents undergraduate students. We have the information instructionally on graduate students but it is not a part of the System’s accountability measures. Graduate student numbers are included in Student Diversity and Certificates and Degrees Awarded. The reporting of graduate students is a concern among the IR Directors and their feedback was provided. It continues to be a point of conversation. We need to be prepared as an institution to tell our story in the area of graduate education. Part of that story needs to involve data, measures and information. HLC will expect us to report this. It is an important part of

our identity as an institution and an important part of our mission. The hope is that the Board and Chancellor will incorporate this as we move forward, but it will take all of the universities to tell their story.

Nancy Fitzsimmons commented on those programs on campus that only do graduate education. How do you fit the importance and significance into this when you are not reflected into anything that seems to be of importance to the System? What's frustrating for some faculty is workforce development, the ability to be an institution that is a choice for people to come to for graduate education is one of the ways to grow when we have fewer traditional age individuals with a lot of potential there with no vision of what we could be. VP Straka, when talking with MnSCU regarding the workforce, he has worked in vocational/technical education. At that education they are looking at the entry level horizontally across the bottom of an organizational chart. At MSU we provide workforce vertically throughout company's organizational charts, providing entry-level and mid-level staff. For school district's we are providing executive level staff. To get that discussion away from workforce only looking horizontally at the bottom of the organizational chart to understand that we are providing workforce for the entire organizational chart, when we look at professional graduate degrees and master's degrees we have to expand that conversation.

John Seymour commented that MSU Mankato should knock the socks off the HLC standards reporting back to MnSCU our success.

Lynn Akey, the left hand side (University Goals) of the Alignment, Action & Achievement graph is so important as we need to be able to recognize what our university goals are to know what our strategic priorities are. Certainly we can demonstrate in the areas that we need to, that we are doing the things the System is asking us to do, but we also have a responsibility from the larger context to recognize the influences that the System has on us and in the places where we can use that to our advantage to achieve what we want to achieve. But in the places it doesn't, it shouldn't stop us to recognize and make sure that we are not limiting ourselves to this. That's the beauty and challenge of being a public comprehensive university, we are part of a complex system where we have to deal with the state legislature, deal with the growing influence of our students and the market demand they place upon us as we are reliant on them for tuition dollars, because of less state funding. Our parents and other governing agencies, like HLC, are more intrusive than ever before. The risk to us as an institution if we are not solid and clear can bounce all over the place in relation to each force. This type of mapping is so important to visually conceptually see the forces that are acting upon us as an organization without losing control.

VP Straka, we need to be aware of our environment which is full of Chronicle, Forbes, Time and Newsweek articles saying what is a return on investment. Is a university degree worth it, what are you getting out of it. They are tying it back to a career. We need to look at what the environmental factors are. The increase in accountability expectations is not unique to our system. President Obama came out with a report card, talked about issues and outcomes, our legislature put five performance measure out in front of us, which we will meet three of those five. There are other influences around us that we will have to pay attention to and be aware of. Many of these measures are things we should be very concerned about and are the direct result of our mission. We need to be aware that this is the President's performance evaluation for the year.

Goal 2: Be the Partner of Choice to Meet Workforce and Community Needs

2.1 Certificates and Degrees Awarded. Very flat measure. Fiscal year count of the numbers awarded.

2.3 Related Employment of Graduates. Looking at the number of students that after they have earned an award are in a field related to their degree as reported by the student. It takes out deceased students or overseas and/or pursuing an advanced education.

2.4 Customized Training/Continuing Education Enrollment. Looks at the number of individuals that are enrolled. As a university, we have a very high number in relation to some of the other MnSCU universities.

Goal 3: Provide Highest Value/Most Cost-Effective Higher Education Option

Some of these were measures that existed out there before.

- 3.1 Institutional Support Expenses. Looking at a percentage of our expenses going toward institutional support vs. the rest of our expenses on an annual basis.
  - 3.2 Space Utilization. We continue to be very high.
  - 3.3 Instructional Cost per FYE. Very common measure where we do very well.
  - 3.4 Composite Financial Index (CFI). This is a regular measure that we report to the System and creditor.
  - 3.5 Facilities Condition Index (FCI). Very solid in this area.
- Some of these are newer measures.
- 3.6 Private Giving. Looking at ratio dollars raised vs. the amount of dollars invested to raise those funds. You will notice a lot of variability in this, would like to see more of a trend line.
  - 3.7 Grants. Looking at the amount of dollars we are bringing in.
  - 3.8 Customized Training & Continuing Education Revenue. Looking at the amount of revenue minus the net of state appropriations that were invested in that area.

Goal 4: Collective Success of the MnSCU System in Serving the State and Regions

- 4.1 Transfer Credits Accepted: Receiving Institutions. Looking at the number of credits we accept of transfer students. It does not mean that those credits are applicable towards a degree or award it just means that we code those and have accepted the transfer.

The question was asked if any of these stand out as areas with the greatest opportunity for improvement. Lynn Akey, those would be areas where the President and Provost have identified and are mostly focused on students; Student Persistence and Completion, Completion Rate and the gap between our white students and students of color are important.

**4) Institutional Equipment Allocation**

If you are interested in serving on the committee for institutional equipment scoring email Steve W. Smith at [steven.smith@mnsu.edu](mailto:steven.smith@mnsu.edu).

**5) Revised Parking Budget** (Tabled until next month-David Cowan)

**6) Review Impact of Vehicle Fleets** (Tabled until next month-David Cowan)

**7) Primer on Budget**-Rick Straka gave a budget overview:

Macro Higher Ed Budget Issues

- Federal budget concerns
  - Fiscal Cliff (will financial aid play a part of federal budget fix?)
  - Impact on federal student services grant
    - Trio, Carl Perkins
  - Student debt bubble
- State budget concerns
  - Legislature mandated undergrad tuition freeze
  - Performance funding account
    - 5% holdback if performance measures not met for FY15

National Educational Trends

- Impact online/hybrid learning on student life and facility implications
- Commoditization of higher ed
  - Compile credits from multiple institutions
- Competition from private for-profit institutions
- Refocus on acct. for outcomes
- Accreditation focus on integrated planning, resource allocation and assessment
  - HLC wants to see strategic and assess plan

### MSU Micro Budgeting Issues

- Current emphasis on enrollment management
  - Budget balanced between recruitment and retention
  - Trying to gain larger share of declining high school graduates
  - Looking outstate and international for students
- Charting the Future / CSC (Cooperative Services)
  - Office Max/PCard/Grainger
    - Driver for the System
  - Administrative collaboration in non-academic areas
- HLC use of CFI for assessment of financial health

### MSU Budget Process

- Operating budget is primarily incremental in nature
  - < last year base + / - incremental change
- Incremental change aligned with state goals
- Legislative/bargaining challenging

### General Fund Budget Subcategories

- Basic Operations
- Equipment
- Strategic Priority – zero based
- Repair and Betterment – zero based

### Fund Budgeting

- General Fund – Tuition and appropriation
- Student Activity/Health Services/Athletic Operations – Student activity fee funding
- Student Union – Student fee funded
- Res Life – Room and board fee

Parking is a self-supporting auxiliary fund.

Nancy Fitzsimmons brought up the topic and would like to see more transparency and accountability as part of the strategic process. VP Straka would like more discussion on this topic at Assessment Meet & Confer. A meeting will be scheduled with Steve Smith, Lynn Akey and Rick to discuss.

### **8) CSC – Cooperative Servicing Update**

Look for a transition plan on office supplies. We will be moving from Innovative Office to Office Max. Some of these changes include:

- Moving from up front pricing to higher prices with rebates
- Suggestions of generic items that can drive significant savings

MnSCU also has contracts with Grainger for janitorial supplies and Sherwin Williams.

The question was raised regarding key/door access. There has been much discussion regarding card access and the hardware lifetime of only 5-6 years and the hidden costs in card readers.

### **Other:**

The meeting was adjourned.