

Agency Purpose

The Minnesota State Colleges and Universities system of distinct and collaborative institutions offers higher education that meets the personal and career goals of a wide range of individual learners, enhances the quality of life for all Minnesotans and sustains vibrant economies throughout the state.

The diverse institutions within the system offer an unequalled breadth, variety and quality of educational opportunities across the state. Collectively and in partnership, the colleges and universities offer learning opportunities for a technologically sophisticated world that result in:

- ◆ contributing and empowered citizens;
- ◆ active participants in a democratic society;
- ◆ educated, skilled, and adaptable workers;
- ◆ innovative lifelong learners;
- ◆ practical research and development; and
- ◆ successful communities.

At A Glance

- ◆ Largest provider of higher education in Minnesota, educating about 242,000 students in credit courses annually
- ◆ Serves another 140,000 students in non-credit courses.
- ◆ Graduates 34,000 students each year
- ◆ Produces the largest share of the state's new teachers, accountants, police officers, nurses, firefighters, technicians, trades people and others from a broad range of disciplines.
- ◆ The system has 7 universities and 25 colleges on 53 campuses in 46 Minnesota communities. A 54th campus, located in Owatonna, is scheduled to be added to the system by the end of calendar year 2008.

Vision - The Minnesota State Colleges and Universities will enable the people of Minnesota to succeed by providing the most accessible, highest value education in the nation.

Mission - The Minnesota State Colleges and Universities system of distinct and collaborative institutions offers higher education that meets the personal and career goals of a wide range of individual learners, enhances the quality of life for all Minnesotans and sustains vibrant economies throughout the state.

Core Functions

Teaching and learning are the core functions of the Minnesota State Colleges and Universities.

Operations

The colleges and universities serve students in credit-based courses, non-credit courses and customized training. The colleges and universities offer an extremely wide array of credit-based courses leading to applied doctoral, masters, bachelors, and associate degrees, as well as occupational certificates and diplomas. They also offer non-credit continuing education courses and direct training services to businesses, nonprofit organizations and government agencies seeking to improve their employees' skills.

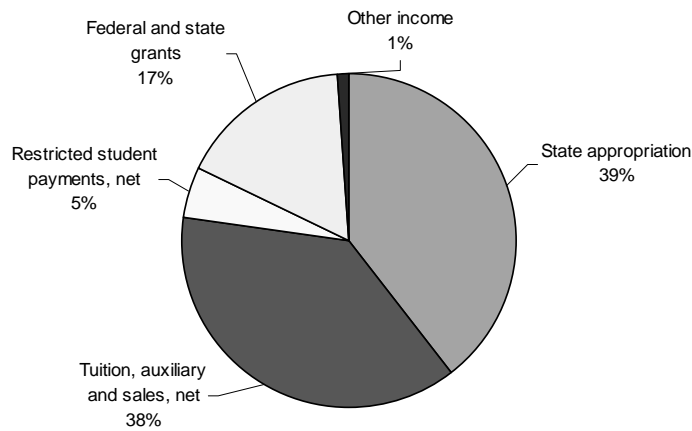
Educational programs are delivered at 53 campus locations statewide, comprising 26 million square feet of space, or approximately one-third of the state's building inventory. Each one of the 32 Minnesota state colleges and universities contribute to the civic, economic, and cultural life in the 46 communities in which they are located.

Budget

Revenue

Fiscal year 2007 operating revenues total \$1.5 billion. State appropriations comprised 39%, and tuition, auxiliary and sales (net) revenue 38% of the system's operating revenues. Other major revenue sources included federal and state grants. More than 95% of the state appropriation was distributed to the colleges and universities. All tuition and fee revenues generated by the colleges and universities remain with the institution that generates the revenues.

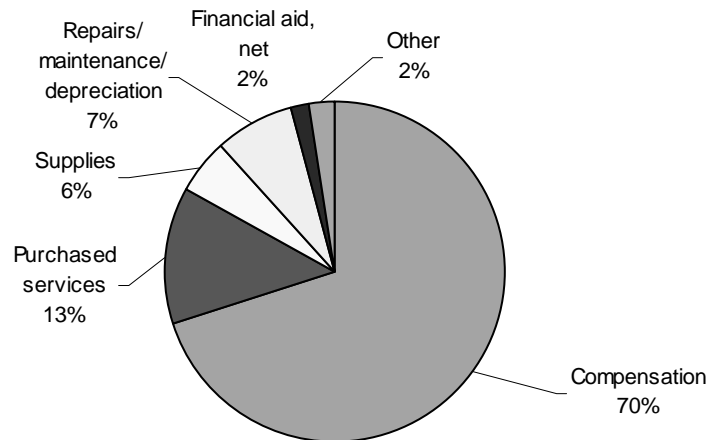
**Revenues – All Funds
Fiscal Year 2007 \$1.5 Billion**



Expenses

Operating expenses during fiscal year 2007 totaled \$1.5 billion. Compensation accounted for 70% of the Minnesota State Colleges and Universities total operating expenses.

**Expenses – All Funds
Fiscal Year 2007 \$1.5 Billion**



Laws of Minnesota for 2007 require the public post-secondary systems in Minnesota to report instructional and non-instructional expenses in the biennial budget document. For fiscal year 2007 (the most recent year of audited financial data), the Minnesota State Colleges and Universities system’s instructional expenses totaled \$617.4 million. The definition of instructional expenses is “a functional expense category that includes expenses of the colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. It includes both credit and non-credit instruction.” This definition was developed by the Integrated Postsecondary Education Data System (IPEDS) and is used by all higher education institutions for consistent reporting and cross-institution comparisons.

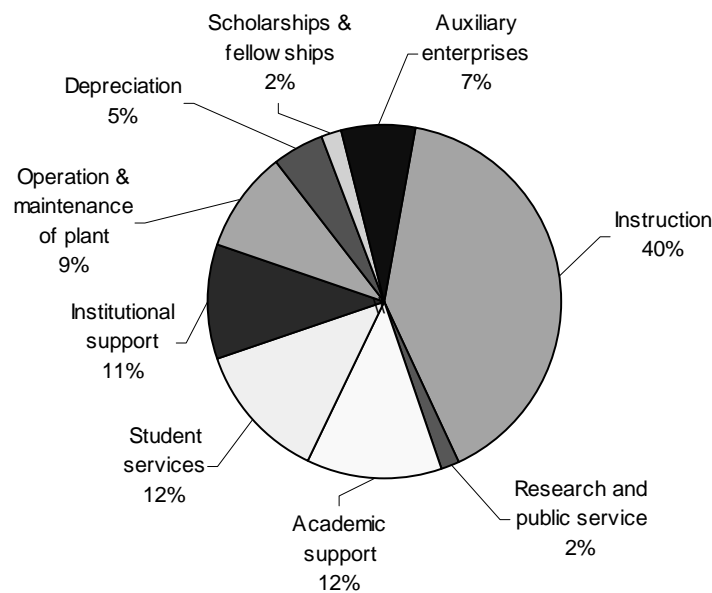
Non-instructional expenses for fiscal year 2007 totaled \$910.4 million. Non-instructional expenses included the following IPEDS categories: research, public service, academic support, student services, institutional support, operation and maintenance of plant, depreciation, scholarships and fellowships, and auxiliary enterprises.

**Operating Expenses
Fiscal Years 2006 and 2007 (\$ in millions)**

	Fiscal year 2006	Fiscal year 2007
Instructional expenses	\$603.3	\$617.4
Non-instructional expenses	\$855.3	\$910.4
Total operating expenses	\$1,458.6	\$1,527.8

Instructional activities comprised approximately 40% of the Minnesota State Colleges and Universities total operating expenses.

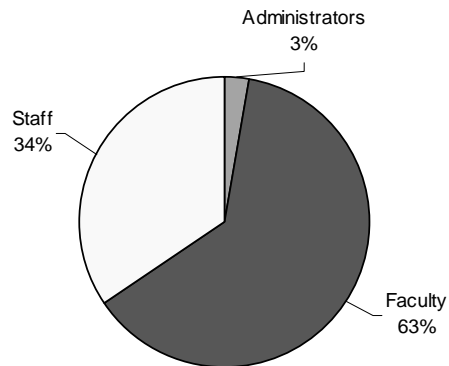
**Operating Expenses by Functional Category
Fiscal Year 2007 \$1.5 billion**



Employees

Faculty comprise 63% of the 19,486 total employee headcount; staff 34% of the total; and administrators 3%.

**Employee Headcount
Fiscal Year 2007**



Contact

Linda Kohl
Public Affairs Division: 651.296.9595

Minnesota State Colleges and Universities website:
www.mnscu.edu

Minnesota State Colleges and Universities Finance Division website:
www.finance.mnscu.edu

STATE COLLEGES & UNIVERSITIES

Agency Overview

Dollars in Thousands

	Current		Governor Recomm.		Biennium 2010-11
	FY2008	FY2009	FY2010	FY2011	
<u>Direct Appropriations by Fund</u>					
Environment & Natural Resource					
Current Appropriation	371	0	0	0	0
Recommended	371	0	0	0	0
Change		0	0	0	0
% Biennial Change from 2008-09					-100%
Mn State Colleges/universities					
Current Appropriation	665,883	682,417	682,417	682,417	1,364,834
Recommended	665,883	682,417	608,597	608,597	1,217,194
Change		0	(73,820)	(73,820)	(147,640)
% Biennial Change from 2008-09					-9.7%
<u>Expenditures by Fund</u>					
Direct Appropriations					
Environment & Natural Resource	136	235	0	0	0
Mn State Colleges/Universities	665,940	682,817	608,597	608,597	1,217,194
Statutory Appropriations					
Minnesota Technology Inc	1,746	1,968	1,968	1,968	3,936
Mn State Colleges/Universities	747,174	784,740	792,540	799,940	1,592,480
Mnscu Special Revenue	10,354	10,876	10,300	10,300	20,600
Mnscu Federal Fund	46,049	45,762	45,762	45,762	91,524
Mnscu Agency Fund	26,389	25,833	25,833	25,833	51,666
Mnscu Gift Fund	4,201	4,350	4,350	4,350	8,700
Sub Supplemental & Ira Retire	331	101	101	101	202
Mnscu Enterprise Activities	9,652	9,283	9,283	9,283	18,566
Mnscu Endowment Fund	5	4	4	4	8
Total	1,511,977	1,565,969	1,498,738	1,506,138	3,004,876
<u>Expenditures by Category</u>					
Local Assistance	1,511,977	1,565,969	1,499,038	1,506,438	3,005,476
Transfers	0	0	(300)	(300)	(600)
Total	1,511,977	1,565,969	1,498,738	1,506,138	3,004,876
<u>Expenditures by Program</u>					
Mn State Colleges & Univer	1,511,977	1,565,969	1,498,738	1,506,138	3,004,876
Total	1,511,977	1,565,969	1,498,738	1,506,138	3,004,876
Full-Time Equivalents (FTE)	52.7	0.0	0.0	0.0	

STATE COLLEGES & UNIVERSITIES

Change Summary

	<i>Dollars in Thousands</i>			
	FY2009	Governor's Recomm.		Biennium
		FY2010	FY2011	2010-11
Fund: ENVIRONMENT & NATURAL RESOURCE				
FY 2009 Appropriations	0	0	0	0
Subtotal - Forecast Base	0	0	0	0
Total Governor's Recommendations	0	0	0	0
Fund: MN STATE COLLEGES/UNIVERSITIES				
FY 2009 Appropriations	682,417	682,417	682,417	1,364,834
Technical Adjustments				
Current Law Base Change		(100)	(100)	(200)
One-time Appropriations		(720)	(720)	(1,440)
Subtotal - Forecast Base	682,417	681,597	681,597	1,363,194
Change Items				
Base Reduction	0	(73,000)	(73,000)	(146,000)
Total Governor's Recommendations	682,417	608,597	608,597	1,217,194
Fund: MINNESOTA TECHNOLOGY INC				
Planned Statutory Spending	1,968	1,968	1,968	3,936
Total Governor's Recommendations	1,968	1,968	1,968	3,936
Fund: MN STATE COLLEGES/UNIVERSITIES				
Planned Statutory Spending	784,740	792,540	799,940	1,592,480
Total Governor's Recommendations	784,740	792,540	799,940	1,592,480
Fund: MNSCU SPECIAL REVENUE				
Planned Statutory Spending	10,876	10,300	10,300	20,600
Total Governor's Recommendations	10,876	10,300	10,300	20,600
Fund: MNSCU FEDERAL FUND				
Planned Statutory Spending	45,762	45,762	45,762	91,524
Total Governor's Recommendations	45,762	45,762	45,762	91,524
Fund: MNSCU AGENCY FUND				
Planned Statutory Spending	25,833	25,833	25,833	51,666
Total Governor's Recommendations	25,833	25,833	25,833	51,666
Fund: MNSCU GIFT FUND				
Planned Statutory Spending	4,350	4,350	4,350	8,700
Total Governor's Recommendations	4,350	4,350	4,350	8,700
Fund: SUB SUPPLEMENTAL & IRA RETIRE				
Planned Statutory Spending	101	101	101	202
Total Governor's Recommendations	101	101	101	202
Fund: MNSCU ENTERPRISE ACTIVITIES				
Planned Statutory Spending	9,283	9,283	9,283	18,566
Total Governor's Recommendations	9,283	9,283	9,283	18,566
Fund: MNSCU ENDOWMENT FUND				
Planned Statutory Spending	4	4	4	8
Total Governor's Recommendations	4	4	4	8

STATE COLLEGES & UNIVERSITIES

Change Item: Base Reduction

Fiscal Impact (\$000s)	FY 2010	FY 2011	FY 2012	FY 2013
General Fund				
Expenditures	\$(73,000)	\$(73,000)	\$(73,000)	\$(73,000)
Revenues	0	0	0	0
Other Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact	\$(73,000)	\$(73,000)	\$(73,000)	\$(73,000)

Recommendation

The Governor recommends a reduction of \$73 million in FY 2010 and \$73 million in FY 2011 to the Minnesota State Colleges and Universities (MnSCU) general fund operating budget. This represents an 10.7% reduction to the general fund operating budget. The Governor intends that MnSCU should focus its operating funds on maintaining its highest priority services. In addition, the Governor expects MnSCU to reduce duplication among its programs and reallocate funds to protect its priorities before resorting to increases in tuition. The Governor also recommends the MnSCU Board of Trustees institute a firm cap on tuition increases.

Background

Given the current budget climate, MnSCU must be expected to eliminate duplication in its programs and focus on its core priorities in order to continue meeting student needs. To ensure that rising tuition costs do not unduly harm students, the Governor also encourages the MnSCU Board of Trustees to institute a firm cap on tuition increases. In academic 2007-2008 tuition at MnSCU four year institutions ranked fifteenth in the country and above the national average. In addition, tuition at MnSCU two year institutions ranked third in the country. This recommendation is consistent with the reductions that state agencies are expected to make in other state-funded activities.

Relationship to Base Budget

An 10.7% general operating fund reduction would provide a challenge to the system to prioritize within existing resources. This reduction represents a 10.7% reduction from FY 2009 funding levels and is a \$146 million decrease from FY 2010-11 base levels.

Statutory Change: Not Applicable