



Minnesota
STATE COLLEGES
& UNIVERSITIES

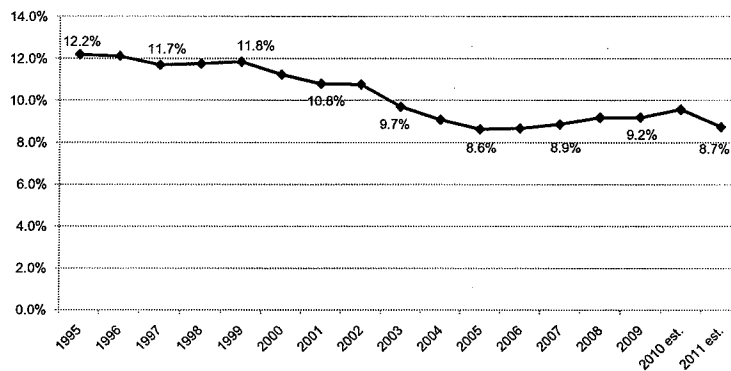
State of Minnesota Economic Outlook: Implications for the Minnesota State Colleges and Universities

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



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Higher education share of state's budget



Fiscal year 2011 estimate includes unallotment. Higher education includes the Minnesota State Colleges and Universities, the University of Minnesota, and the Minnesota Office of Higher Education.

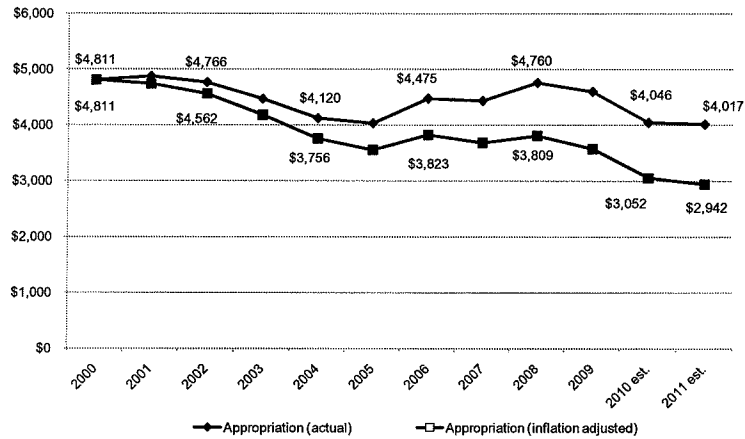
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State appropriation per FYE student

During past decade, appropriation per FYE student has decreased \$765 (16 percent); adjusted for inflation decrease is \$1,759 (36.5 percent)



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Fiscal year 2011 estimate includes \$50 million unallotment.



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Board of Trustees Financial Strategies

- Campus autonomy within Board policies
- Balanced budgets and sound financial management
- Regionally competitive tuition policy
- Development of outside revenue sources
- Allocation of state aid based on efficiencies at the academic program level

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Board of Trustees Financial Management Metrics

- Operating margins – Northland 3 years negative
- Fund balance and reserves – Fund balance below standard
- Level of debt - average
- Tuition rate competitiveness and family burden – Northland rates high
- Facilities condition - challenges

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College and University Operating Budget Planning Principles

- Four year planning – preserve reserves
- Structural balance in 2012-2013 – without use of fund balance
- Federal funds as bridge funding – funds gone in 2012
- Tuition assistance with federal funds – 2010 assistance only
- One-time campus assistance with federal funds – 2010 and 2011 only

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FY2011 system outlook

- State support declines by \$50-\$60.5 million to base of \$606-\$616 million.
- Tuition capped at 5 percent - revenue of \$32 million.
- Compensation and other operating costs increase \$57.3 million.
- Northland gap - \$1.2-\$1.8 million.

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FY2012-2013 System Share of State Budget

- The System's share of the state budget is 3.9 percent.
- The System's share of the state's current \$5.4 billion to \$8.1 billion budget deficit:
 - Solved with spending cuts only: \$211.6 million to \$315.7 million.
 - Solved with combination of spending cuts and tax increases: \$105.8 million to \$157.8 million.
- Northland impact – biennial cut of \$2.5 million to \$7.5 million on two year state allocation of \$22 million.

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Colleges and Universities Planning Strategy

- Revenue growth
- Enrollment growth
- Strategic academic program management
- Productivity/efficiency improvements

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Planning timetable

- FY2011 operating budgets to Board in April/May 2010.
- Chancellor and board will review in light of principles:
 - Structural balance: operating margins, fund balance and reserves
 - Long term plan: enrollment outlook, debt burden
 - Affordable tuition assumptions: family impact, regional competitiveness

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