Board of Trustees Discuss Critical Steps for Achieving Long Term Financial Sustainability

“Urgent situation” requires increased revenue, reduced costs, and restoration of financial support from the state of Minnesota

ST. PAUL, Minn., Nov. 15, 2016 – With the colleges and universities of Minnesota State under significant and increasing financial pressure, the chancellor of Minnesota State identified for the Board of Trustees a series of strategies and goals that are required to ensure that Minnesota’s largest system of higher education is financially sustainable in the long run.

In recent years, downward trends in state support and increasing compensation costs have been placing significant financial pressure on the colleges and universities of Minnesota State. The nature of this pressure was the subject of a report that was developed by a workgroup consisting of faculty, staff, and students that was presented to the Board of Trustees in June, 2016. Since then, the report has been shared broadly with internal stakeholders, and feedback and additional ideas have been solicited from students, faculty and staff, as well as college and university presidents and trustees.

In a memo addressed to the Board of Trustees, Chancellor Steven Rosenstone presented a set of steps for assuring student success and financial sustainability. Rosenstone commented, “The ideas I am sharing with you represent my sense of the best thinking that has surfaced from across the state. My role here is to identify those ideas that are most promising because they will have both material and recurring impacts on campus finances and are ideas that honor our core values and the commitments we have made to the people of Minnesota.”

The steps Chancellor Rosenstone identified are:

Strategies to Increase Revenue: such as increasing student persistence and completion, increasing the likelihood that students with associate degrees will transfer to state universities, increasing the number of high school graduates that are prepared for post-secondary education, and increasing overall enrollments.

Cost Saving Strategies: such as improving the efficiency by which curriculum and academic programs are managed (while protecting student choice and program specialization), reducing facilities costs, reducing administrative costs, and holding compensation increases to the increases in new recurring revenue.

State of Minnesota Responsibilities: Although strategies to increase revenue and decrease costs present opportunities to improve financial sustainability, Rosenstone also noted, “Our colleges and universities will not be financially sustainable without the State of Minnesota being a full partner in this effort.” Rosenstone described the significant disinvestment in higher education in Minnesota in recent years: state spending on higher education has dropped 29% per student FYE between 1995 and 2015, adjusted for inflation, to a level that is now 14% less than the national average. “The state’s disinvestment in higher education has had a severe
effect on the ability of our colleges and universities to serve students, businesses, and communities across Minnesota,” said Rosenstone.

Rosenstone called upon the state of Minnesota to:

- **Restore its investment in higher education to at least the national average,**
- **Fund the recurring cost of compensation increases negotiated by the state,**
- **Provide resources needed to maintain college and university academic facilities,**
- **Support state wide planning to identify and fund the decommissioning and demolition of facilities that are obsolete, no longer needed to meet academic program needs, that cannot be effectively repurposed, and that community organizations do not want to use,**
- **Fully fund the direct costs of Post-Secondary Enrollment Options (PSEO).**

Rosenstone continued, “If we pursue these ideas, we will not only address our financial challenges, but will do so in ways that will improve access and affordability, improve educational quality and student success, reduce educational disparities, and honor our core values and commitments to students and communities throughout Minnesota.”

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*Minnesota State, formerly known as Minnesota State Colleges and Universities, includes 30 community and technical colleges and seven state universities serving approximately 400,000 students. It is the fifth-largest higher education system in the United States.*