

January 25, 2023

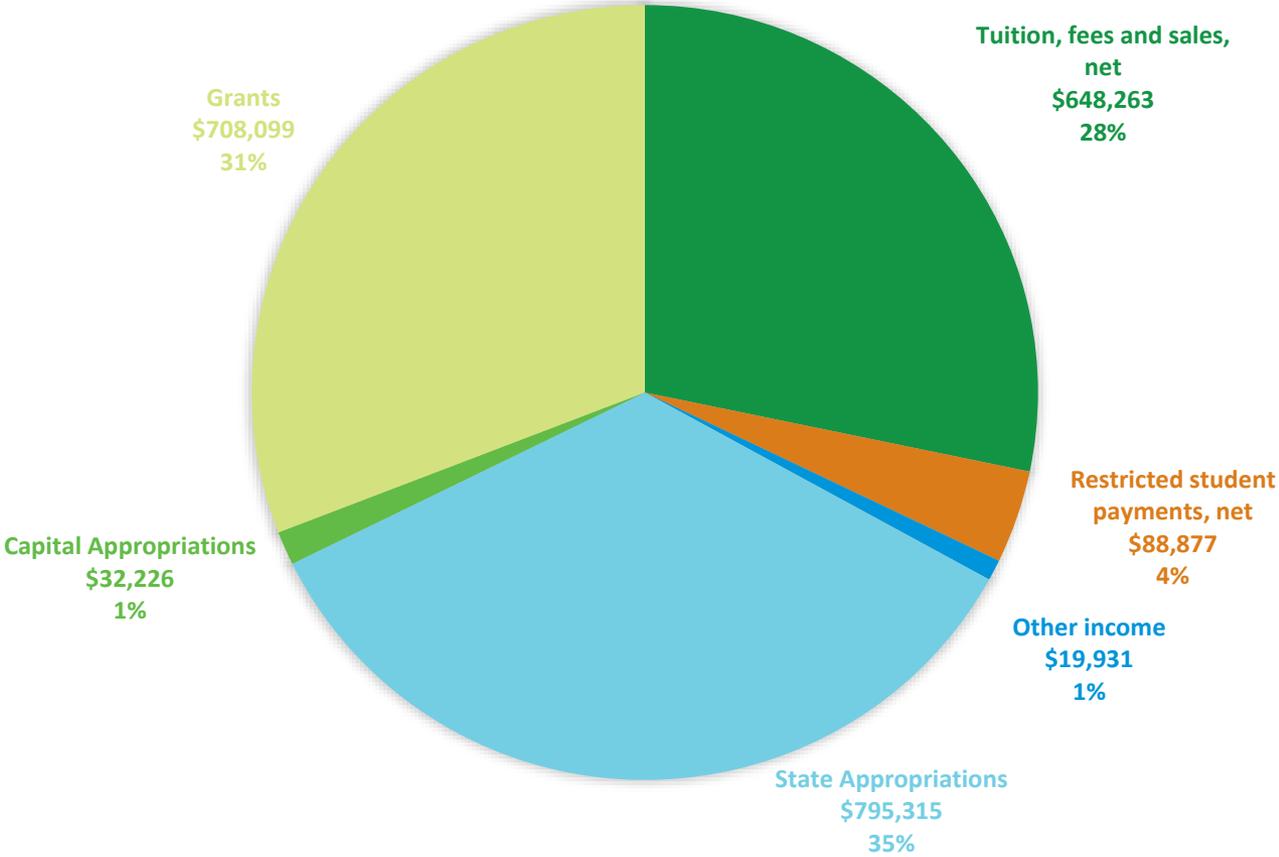
Board of Trustees Finance Training

Outline of Today's Session

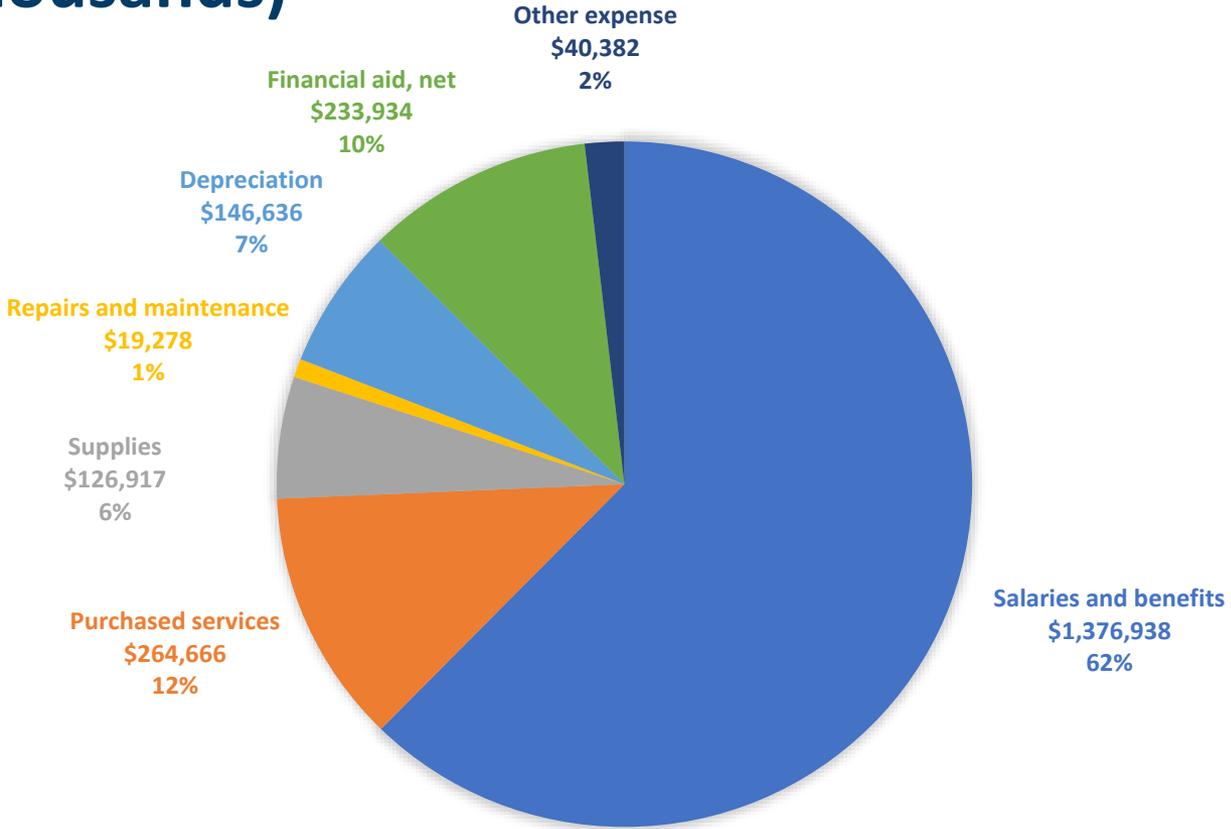
- Overview of Minnesota State's Revenues and Expenses
- Allocation Model Framework
- Tuition and Fee Policy
- Current Continuous Improvement Efforts Related to Business Model



FY2022 Revenues by Source (In Thousands)

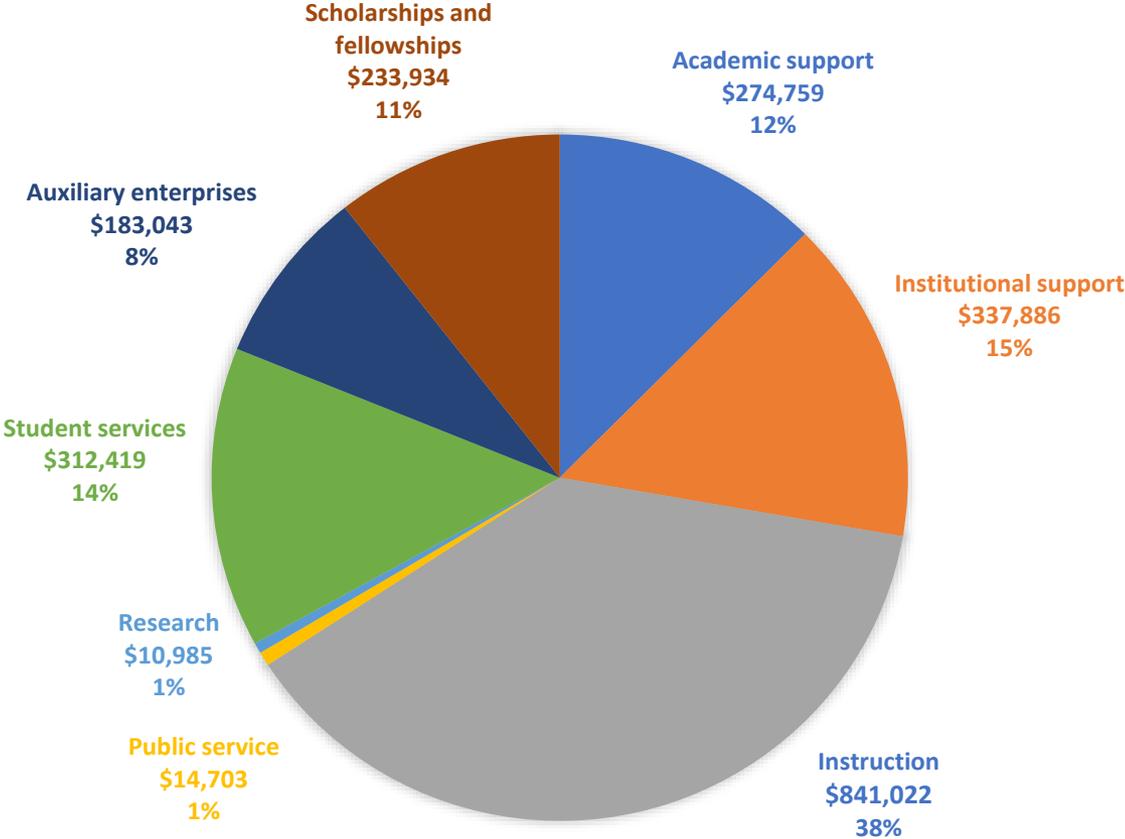


FY2022 Operating Expenses by Natural Classification (In Thousands)



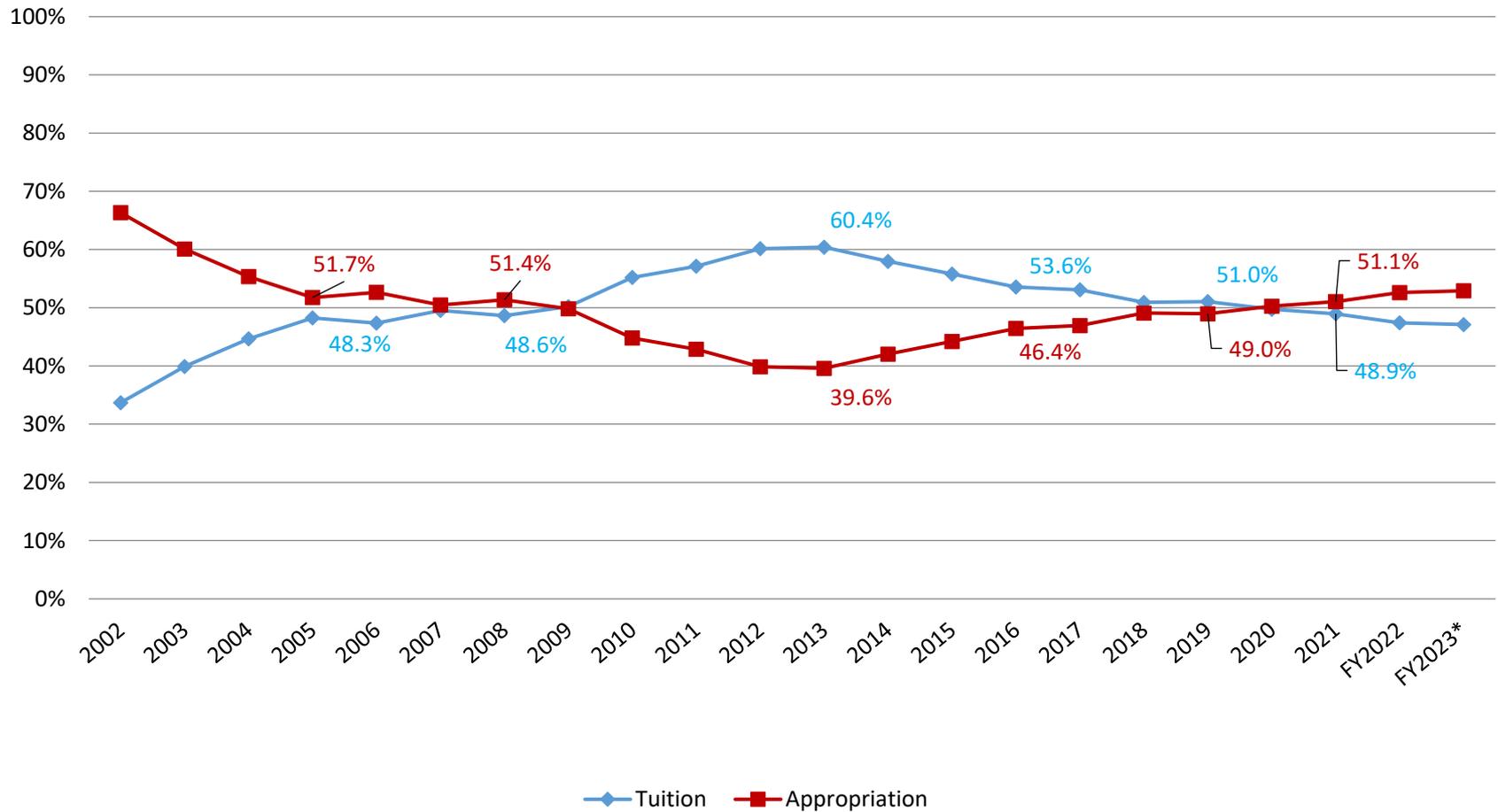
Excludes the impact of GASB Statements No. 68 and No. 75

FY2022 Operating Expenses by Functional Area (In Thousands)



Excludes the impact of GASB Statements No. 68 and No. 75

Appropriation and Tuition Relationship



Average Annual Undergraduate Tuition History

FY2002 – FY2013

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
College Minimum	\$2,250	\$2,498	\$2,738	\$3,015	\$3,198	\$3,390	\$3,526	\$3,596	\$3,806	\$4,021	\$4,248	\$4,418
College Maximum	\$2,550	\$2,813	\$3,159	\$3,632	\$3,887	\$4,226	\$4,395	\$4,484	\$4,662	\$4,847	\$5,040	\$5,190
College Annual % Change	11.2%	3.7%	13.2%	13.6%	5.9%	6.9%	3.4%	2.0%	2.8%	4.7%	3.7%	3.7%
University Minimum	\$2,875	\$3,137	\$3,600	\$4,140	\$4,430	\$4,830	\$5,010	\$5,160	\$5,445	\$5,741	\$6,028	\$6,329
University Maximum	\$3,470	\$3,782	\$4,338	\$4,902	\$5,246	\$5,700	\$5,600	\$6,108	\$6,352	\$6,638	\$6,904	\$7,145
University Annual % Change	10.0%	10.3%	14.9%	14.7%	6.6%	8.4%	3.9%	3.0%	3.0%	5.0%	4.8%	4.4%



Appropriation and Tuition Changes since 2014

Fiscal Year	Appropriation in \$millions	Appropriation Change from previous year	College Tuition Compared to previous year	University Tuition Compared to previous year	State Funding in-lieu of Tuition
2014	587.9	7.7%	Frozen	Frozen	Yes, fully funded
2015	622.1	5.8%	Frozen	Frozen	Yes, fully funded
2016	672.9	8.2%	Frozen	Increased overall average of 3.4%	Colleges fully funded
2017	673.5	0.1%	Reduced by 1%	Frozen	None
2018	731.0	8.5%	Increased overall average of 1%	Increased overall average of 3.9%	Colleges fully funded
2019	721.9	-1.2%	Frozen	Frozen	None
2020	758.7	5.1%	Increased by 3%	Increased by 3%	None
2021	765.7	0.9%	Increased by 3%*	Increased by 3%*	None
2022	792.0	3.4%	Increased overall average of 3.3%	Increased by 3.5%**	None
2023	789.5	-0.3%	Increased overall average of 3.4%	Increased by 3.5%**	None



College Tuition

- **All colleges charge a per credit tuition rate which vary across the system**
 - Lowest tuition rate - \$164.72 per credit (\$4,942 average annual)
 - Highest tuition rate - \$196.55 per credit (\$5,897 average annual)
 - Range - \$31.83 per credit difference between the lowest and highest rates (19% compared to lowest rate)
 - Average - \$182.97 per credit (\$5,489 average annual)
 - Median - \$182.46 per credit (\$5,474 average annual)
- **All colleges charge online differential tuition rates**
 - Online differential tuition rates have been frozen since FY2020
 - Online differential rates vary between colleges (\$4.10 to \$37.80 per credit)
 - Some colleges have been working to reduce their online rate slowly over time
 - Legislative authority to adjust overall tuition rates to eliminate online differential tuition rates was specific to the state universities excluding colleges



University Tuition

- All but one university charges banded rates which charge a semester rate to students taking 12-18 credits. Metropolitan State University charges a per credit tuition rate because of predominately serving part-time students
- All but one university recently adjusted tuition rates to eliminate online differential tuition
 - Winona State University Online Differential Rate \$4.50 per credit
- **Tuition comparisons are based on average annual tuition**
 - Lowest tuition rate - \$8,355 annually
 - Highest tuition rate - \$8,994 annually
 - Range - \$639 difference between the lowest and highest rate (8% compared to lowest rate)
 - Average - \$8,685 annually
 - Median - \$8,812 annually



Per credit fees by sector

	<u>Colleges</u>	<u>Universities</u>
Low	\$11.03	\$36.24
High	\$32.46	\$46.60
Average	\$21.43	\$40.28
Avg. annual impact	\$642.90	\$1,208.40

Fees included in this calculation:

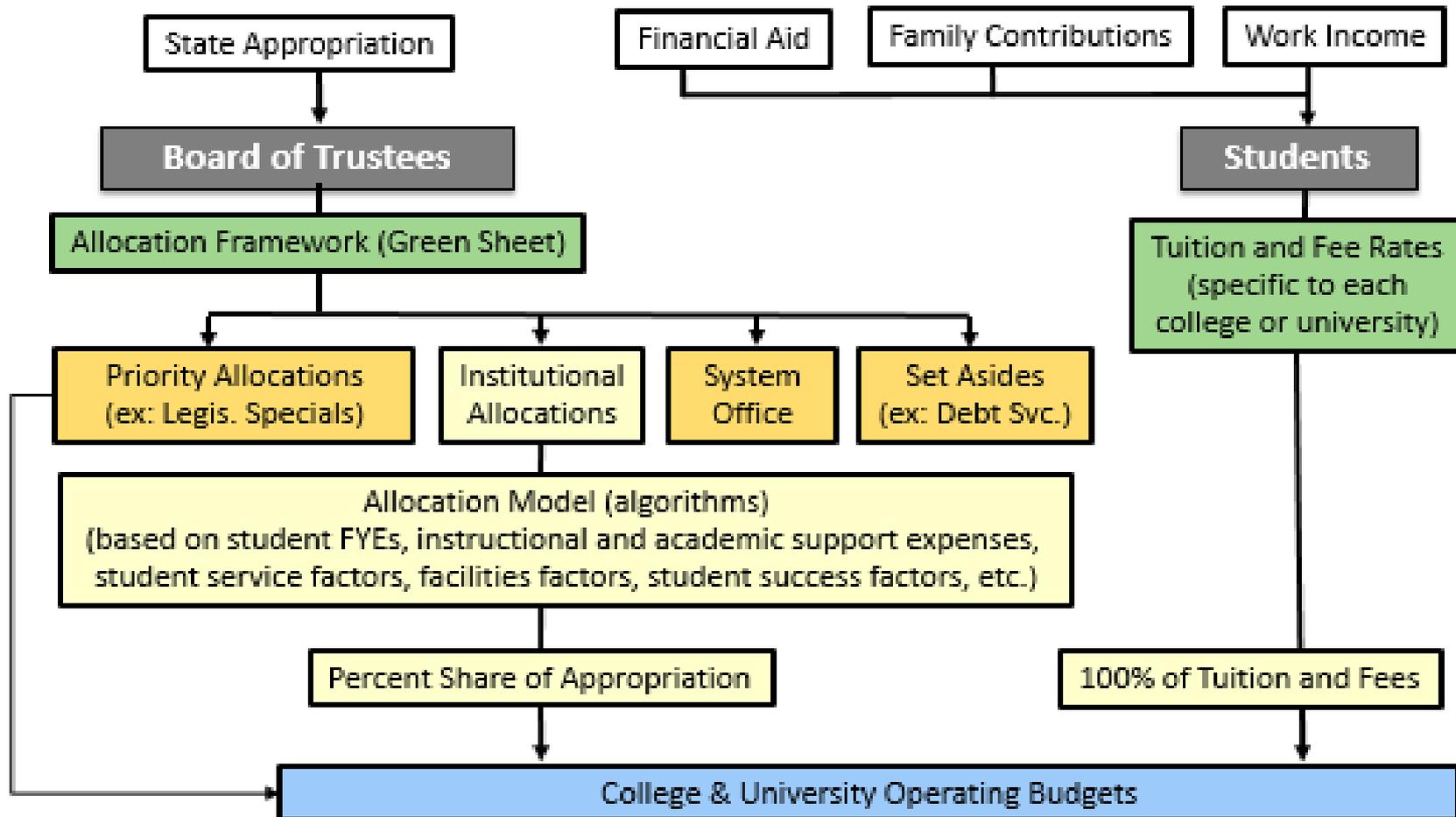
- Revenue fund fees paid by all students (\$8.50 to \$25.38)
- Technology (\$7.74 to \$12.00)
- Health Services (\$0 to \$74.26)
- Athletics (\$0 to \$6.10)
- Student Activity/life (\$1.43 to \$12.50)
- Parking (\$0 to \$12.00)
- College statewide student association fee (LeadMN) (\$0.35)
- University statewide student association fee (Students United) (\$0.80)



Allocation Framework



The flow of system operating funds



State Allocations – Green Sheet Components

System Office (4%)

- Set by state law at \$34 million for system office since FY2022

Systemwide Set Asides (7%)

- Activities managed and paid for centrally, but on behalf of all colleges and universities
- Examples: NextGen, Debt Service, Attorney General, PALS

Institutional Priority Allocations (5%)

- Board and legislative priority funding sent to all or select colleges and universities for specific activities
- Examples: Access & Opportunity, Leveraged Equipment, Workforce Development Scholarships

Institutional Basic Allocations (84%)

- Base allocations to all colleges and universities determined by the allocation model
- Tuition relief support to offset the years of tuition freezes allocated based on enrollment and tuition rates



Systemwide Set Asides

<u>Amt.</u>	<u>Year est.</u>	<u>Set Aside</u>
\$1.9M	2000	Project for Automated Library Systems (PALS)
\$0.7M	2016	System procurement
\$1.2M	2000	System audit program
\$0.8M	2006	Leadership transition
\$0.4M	2000	Repair and Replacement
\$20.4M	2008	Enterprise Technology
\$0.9M	2000	Attorney General
\$16.6M	2000	Debt Service
\$8.0M	2018	NextGen ERP



Institutional Priority Allocations

<u>Amt.</u>	<u>Year est.</u>	<u>Priority Allocation</u>
\$5.4M	2018	Collaboration
\$5.1M	2004/2006	Workforce Education Priorities <i>(COE, Fire Training, CE/CT)</i>
\$9.8M	2008	Access and Opportunity
\$7.3M	2013	Leveraged Equipment
Varies	Varies	Legislative Initiatives
\$4.5M	2019	Workforce Development Scholarships



Collaboration Priorities

- \$1.1 million Grants to colleges and universities
- \$4.3 million System priorities (examples of past and current priorities)
 - Developmental Education Redesign
 - Transfer Pathways
 - Baccalaureate Expansion
 - Comprehensive Workforce Solutions
 - Student Success Strategies
 - NextGen activities
 - Center for Data Access & Analytics



System Office Allocation

- Set by state law at \$33 million for system office since FY2012
- System office allocation increased to \$34 million in FY2022
- What do we do at the system office:
 - Centralized technology system, NextGen
 - Legal service across all 54 campuses
 - Financial allocation, support and oversight to campuses
 - Contract negotiations, pension, presidential hiring, and evaluation
 - Board of Trustees and Chancellors Office
 - Academic affairs, student affairs, workforce development, affordable textbooks
 - Lead state and federal financial reporting of audited financial statements, facilities management and safety, and federal and state compliance
 - Systemwide emergency response; COVID-19 relief planning
- Minnesota State ranks 41st nationally on administrative spending per student



History and Development of Allocation Model

- Post-merger in 1995 – the system had three different allocation models for each of the merged systems
- Board of Trustees adopted vision in 1999:
“A single model which equitably recognizes the diversity of MnSCU students’ needs and adequately supports the unique educational goals of each institution”
- Workgroups established to assist with the design of the allocation framework
- Current allocation framework implementation began in FY2002 and phased in to full implementation in FY2006
- Technical Advisory Committee assisted with quality improvement efforts from full implementation in 2006 through the redesign implemented in 2018



Allocation Model Redesign – 2016-2018

FY2018 Board implemented changes recommended after an extensive two year review process including consultation with system leaders, faculty, staff, and students

The allocation framework should support the following:

- Academic and student success goals
- The educational and workforce needs of the state
- Financial and functional sustainability of diverse institutions, programs, and students
- Delegation of authority to colleges and universities
- The success and viability of the system of colleges and universities
- Collaboration and systemic change by leveraging the power of the system



Allocation Model Redesign – 2016-2018

FY2018 Board implemented changes recommended after an extensive two year review process including consultation with system leaders, faculty, staff, and students

The design of the allocation framework should:

- **Be flexible, simple and transparent**
- **Incorporate measurable outcomes that recognize the diversity of institutions and their missions**
- **Incent and/or reward:**
 - Student success e.g. retention, graduation, transfer, employability, elimination of the opportunity gap
 - Collaboration around academic planning, student success efforts, administration, resource development, and achievement of collective goals
 - Administrative best practices and efficiencies
- **Reach an appropriate balance between stability and responsiveness to changing conditions**
- **Recognize that costs of serving students varies by academic program and student requirements**

Implementation of the new design should provide for a smooth transition



FY2018 Allocation Model Redesign

- **Instruction & Academic Support**
 - Separate concurrent enrollment activity (high school PSEO taught by high school instructors) from lower division
 - Recognize library expenses in academic support (instead of separate library component)
 - Move from a three year to two year average to create more responsiveness in model
- **Student Services & Institutional Support**
 - Separate core and variable recognition for these two IPEDS categories
 - Student services variable weighted student headcount based on student demographics
 - Move from a three year to two year average to create more responsiveness in model
- **Student Success**
 - New component added in 2018 to create performance metrics in the allocation model measuring third term student persistence and completion
- **Facilities**
 - Simplified component retaining gross square footage and multi-campus recognition
- **Research & Public Service**
 - Simplified component from a percentage recognition to recognizing actual college and university expenses coded to these two IPEDS categories



Allocation Model Components

The components and data elements of the Allocation Model:

1. Instruction & Academic Support 57%

- Instructional expenses (net of tuition buy-down)
- Student FYE
- Academic support expenses (including library expenses)

2. Student services/institutional support 35%

- Core and variable factors determined by analysis of national spending at like institutions
- Institutional support variable based on student FYE
- Student services variable based on student headcount
- Multiple campus recognition

3. Facilities 7%

- College and university academic square footage
- Multiple campus recognition

4. Student success 0.2%

- Third term persistence and completion rate (full and part-time degree-seeking)
- Student success ratio for students of color

5. Research and public service 0.5%

- Recognize actual college and university expenses

% reflect impact on overall allocation percent share from the FY2023 allocation model. Student success had been closer to 1% but the pandemic impacted student success at most colleges and universities reducing the impact that component has in the FY2023 allocation model



Instruction & Academic Support

- College and university instructional expenses
 - Comparison done by each level of instruction and CIP codes (concurrent, lower, upper, masters, doctoral)
 - CIP comparisons at 2, 4, or 6 digit based on instructional cost differences
- Academic support expenses allocated across CIP codes
- Enrollment by FYE (credits)
- Instruction + academic support costs per FYE comparison
- Use a 20% band around system average (floor – 10% below ceiling – 10% above)
 - Below, within, or above the band
- Two-year averaging of data to balance stability vs. responsiveness (shifted from 3- year to 2-year averaging in 2018)



Allocation Model Recognizes Cost Differences in Instruction Across the System by Each Level of Instruction & by CIP Code

CIP Code	CIP Name	FYE	Band Floor	Band Ceiling	Difference	Average
230000	English Language & Literature	7,552.38	\$2,944	\$3,598	\$654	\$3,271
420000	Psychology	4,336.95	\$2,209	\$2,700	\$491	\$2,455
451000	Political Science & Government	991.16	\$2,384	\$2,914	\$530	\$2,649
480508	Welding Technology/Welder	650.88	\$4,617	\$5,643	\$1,026	\$5,130
490200	Ground Transportation	93.23	\$6,344	\$7,754	\$1,410	\$7,049
513801	Registered Nursing	2,177.82	\$6,240	\$7,627	\$1,387	\$6,934

Selected examples from FY2021 lower division instruction/academic support comparison



Allocation Model Component Calculations

- Each component calculates a dollar value for each college/university
- Although some components use student headcount or FYE in determining allocation recognition, those methodologies do not equate to a direct per student allocation
- Allocations are not made at the component level but based on the total percent share
- Half of a college's or university's allocation for a year is based on *percent share* for that year and half based on the prior year's *percent share*
- Allocation flows to colleges and universities as a “block grant”



FY2023 Allocation Model Results

Inst ID	Institution Name	TOTAL ALLOCATION FRAMEWORK	% Share of Allocation Framework	FY2022 Base Allocation	% Share of FY2022 Allocation	50% FY2022 Base % Share	50% Allocation Framework % Share	FY2023 Base Allocation	% Share of FY2023 Allocation	\$ Change Over FY2022	% Change Over FY2022
0203	Alexandria TCC	12,348,460	1.69%	10,468,172	1.75%	5,254,526	5,086,224	10,340,751	1.72%	(127,421)	-1.2%
0152	Anoka Ramsey CC - Anoka TC	34,872,971	4.78%	27,667,280	4.62%	13,887,664	14,363,877	28,251,541	4.70%	584,260	2.1%
0070	Bemidji SU & Northwest TC-Bemidji	28,362,918	3.89%	22,857,245	3.82%	11,473,254	11,682,442	23,155,696	3.85%	298,451	1.3%
0301	Central Lakes College	16,989,116	2.33%	13,404,624	2.24%	6,728,486	6,997,671	13,726,156	2.28%	321,533	2.4%
0304	Century College	30,826,045	4.22%	24,648,214	4.12%	12,372,235	12,696,983	25,069,218	4.17%	421,004	1.7%
0211	Dakota County TC - Inver Hills CC	27,966,962	3.83%	23,457,407	3.92%	11,774,507	11,519,351	23,293,858	3.87%	(163,549)	-0.7%
0163	Fond du Lac Tribal & CC	6,181,823	0.85%	5,378,688	0.90%	2,699,846	2,546,240	5,246,086	0.87%	(132,602)	-2.5%
0204	Hennepin Technical College	22,738,291	3.12%	19,172,256	3.20%	9,623,564	9,365,706	18,989,271	3.16%	(182,986)	-1.0%
0302	Lake Superior College	18,140,403	2.49%	15,039,120	2.51%	7,548,926	7,471,876	15,020,802	2.50%	(18,319)	-0.1%
0076	Metropolitan State University	35,112,603	4.81%	28,505,996	4.76%	14,308,659	14,462,579	28,771,238	4.79%	265,242	0.9%
0305	Minneapolis College	26,621,913	3.65%	21,745,638	3.63%	10,915,280	10,965,337	21,880,617	3.64%	134,979	0.6%
0411	Minnesota North College (NHED)	21,211,480	2.91%	17,953,907	3.00%	9,012,011	8,736,826	17,748,837	2.95%	(205,070)	-1.1%
0213	Minnesota SC-Southeast	9,663,835	1.32%	7,843,543	1.31%	3,937,087	3,980,451	7,917,538	1.32%	73,994	0.9%
0442	Minnesota State CTC	22,438,521	3.07%	19,088,375	3.19%	9,581,460	9,242,234	18,823,693	3.13%	(264,681)	-1.4%
0072	Minnesota SU Moorhead	31,732,467	4.35%	26,625,073	4.45%	13,364,525	13,070,330	26,434,855	4.40%	(190,217)	-0.7%
0071	Minnesota SU, Mankato	66,898,874	9.17%	53,531,547	8.94%	26,870,300	27,555,071	54,425,371	9.05%	893,824	1.7%
0209	Minnesota West CTC	15,088,844	2.07%	12,335,040	2.06%	6,191,606	6,214,965	12,406,571	2.06%	71,531	0.6%
0156	Normandale Community College	31,214,538	4.28%	24,525,509	4.09%	12,310,643	12,857,000	25,167,643	4.19%	642,134	2.6%
0153	North Hennepin Community College	20,924,419	2.87%	17,219,670	2.88%	8,643,458	8,618,588	17,262,047	2.87%	42,377	0.2%
0403	Northland CTC	14,086,563	1.93%	11,701,831	1.95%	5,873,765	5,802,134	11,675,899	1.94%	(25,932)	-0.2%
0205	Pine TCC	6,483,827	0.89%	5,072,142	0.85%	2,545,975	2,670,633	5,216,608	0.87%	144,466	2.8%
0308	Ridgewater College	17,380,310	2.38%	14,572,785	2.43%	7,314,847	7,158,800	14,473,648	2.41%	(99,137)	-0.7%
0307	Riverland Community College	13,857,077	1.90%	11,125,722	1.86%	5,584,585	5,707,611	11,292,196	1.88%	166,474	1.5%
0306	Rochester CTC	20,081,012	2.75%	16,309,562	2.72%	8,186,627	8,271,196	16,457,823	2.74%	148,262	0.9%
0206	Saint Paul College	23,148,554	3.17%	19,226,732	3.21%	9,650,908	9,534,690	19,185,599	3.19%	(41,133)	-0.2%
0309	South Central College	15,384,485	2.11%	12,390,428	2.07%	6,219,407	6,336,737	12,556,144	2.09%	165,717	1.3%
0075	Southwest Minnesota SU	23,062,134	3.16%	18,770,633	3.13%	9,421,968	9,499,095	18,921,063	3.15%	150,430	0.8%
0073	St. Cloud SU	58,843,062	8.06%	50,952,671	8.51%	25,575,827	24,236,951	49,812,778	8.28%	(1,139,894)	-2.2%
0208	St. Cloud TCC	17,659,174	2.42%	14,077,945	2.35%	7,066,461	7,273,662	14,340,123	2.38%	262,178	1.9%
0074	Winona SU	40,566,708	5.56%	33,261,968	5.55%	16,695,932	16,709,078	33,405,010	5.56%	143,042	0.4%
	TOTAL	729,887,388	100.00%	598,929,722	100.00%	300,634,340	300,634,340	601,268,679	100.00%	2,338,957	0.4%



Tuition and Fees



Board Policy 5.11 Tuition & Fees

- **Part 1 Policy objectives**
 - Affordable access, sustainability, equity, transparency, flexibility for innovation & emerging markets
- **Part 2 Authority**
 - Minnesota Statutes 136F.06 and 136F.70 provide that the board shall set tuition and fees and adopt suitable policies for the colleges and universities it governs
- **Part 3 Tuition**
 - Per credit, banded, differential, and market driven
- **Part 4 Authorization and notice**
 - Fees identified separately on a tuition and fee statement
- **Part 5 Fees**
 - Four types of fees (required, campus discretionary, personal property, revenue fund) to be charged to students
 - Board sets fee maximums
- **Part 6 Student consultation**
 - Tuition and fees are subject to student consultation as defined by board policy (Board policy 2.3)



Board Policy and System Procedure

- Board policy 5.11 Tuition and Fees authorizes four types of fees and charges:
 - **Required fees:** established in statute or by board policy and are required to be charged by all colleges and universities. These include *parking, senior citizen in lieu of tuition, late payment plan, and statewide student association fees.*
 - **Campus discretionary fees:** established by board policy and adopted at the discretion of the college/university president. These *include student life/activity, athletics, health services, technology, residential learning community, and new student orientation*
 - **Personal property charges, services charges, and assessments:** established by board policy and adopted at the discretion of the college/university president. Colleges and universities may charge students the actual cost of property retained by students or services received by students.
 - **Revenue fund fees:** authorized in statute, board policy, and through the board approved related bond indenture. Fee revenue supports facilities funded with the proceeds from revenue bond sales and *include room and board, student unions, wellness centers and recreation facilities, parking ramps and lots.*
- System procedures provides additional guidance including assessing fees, use of fee revenue, requiring budgets for specific fees, requiring student consultation, and setting reasons when a president may waive amounts due



Roles in Fee Setting

Board's role

- Establishes fee structure
- Sets fee maximums for certain required and campus discretionary fees
- Approves Revenue fund fee rates
- Revise or reject fee rates established by statewide student associations

Chancellor and president's roles

- Chancellor may establish limits on fee rate increases
- Presidents have authority to assess fees and set fee rates consistent with state statutes, board policy, system procedures, and limits established by the board and chancellor



Maximums on Select Campus Discretionary Fees

CAMPUS DISCRETIONARY FEES:	Technology	Athletics	Health services	Student life/activity
Current fee maximum	\$12 per credit	\$55 per term	\$75 per term	\$112.50 per term
Year maximum last increased	FY2020	FY2009	FY2020	FY2000
26 Colleges: # at max/# charge fee	2/26	1/5	0/15	6/26
7 Universities: # at max/# charge fee	1/7	4/6	2/7	3/7
Inflation adjusted maximum*	\$14.00	\$74.50	\$87.00	\$194.00

* based on CPI-U as of October 2022, rounded to nearest \$0.50



Student Activity Fee Referendum

- Statutory language modified during the 2017 session...
- Minnesota Statute 135A.0434 “The governing body of a public postsecondary institution must not increase mandatory student activity fees by greater than two percent relative to the previous academic year unless the increase is approved by a majority of students voting in a campus referendum.” (aligns with System Procedure 2.8.1 Student Life)



Recent Requests to Evaluate Current Campus Discretionary Fee Structure

- State universities interested in increasing some of the maximum amounts to better serve student needs in light of declining fee revenue from lower enrollments and consider differing caps for colleges vs. universities
- During fall semester, Students United indicated the association *“is in favor of increasing the cap on the Minnesota State Board of Trustees student life/activities fee for the seven state universities and instituting a 2-5 year review process going forward... to ensure funding is available to support campus programs, events and organizations that help create a culture of belonging”*
- Individual student governments at the state universities may request adding a sustainability fee



Current Continuous Improvement Efforts Related to Business Model



Minnesota State FY2023 Workplan - Financial Allocation Review and Financial Monitoring

FY2023 Workplan Initiatives

Focus Area Definitions and Key

Student Success and Equity	Redesign educational and student service delivery models to ensure continued evolution that supports teaching and learning in a post-pandemic era and responds to the changing context of higher education
Workforce and Economic Development	Advance career, technical, and professional education to provide Minnesota with the talent it needs for a strong economy
Technology Solutions	Provide technologies that will allow us to redesign teaching and learning and encouraging a fair and equitable environment that closes student technology equity gaps across the diverse landscape, and responds to the wide differences among our campuses in their technology infrastructure and ability to embark on digital transformation
Data Democratization	To continue to mature as a data driven organization, we must identify what information is needed-who needs access to the information and how best to facilitate and govern data infrastructure
Organizational Effectiveness	Provide examination and tools and resources to provide the infrastructure support as we strive for an effective organization that can be nimble and respond to the external challenges and changing landscape of higher education.

INITIATIVES	FOCUS AREA(S)
Program Review and Quality Assurance	Student Success and Equity
Strategic Enrollment Management	Student Success and Equity, Technology Solutions
Student Basic Needs	Student Success and Equity
Mental Health Services and Resources	Student Success and Equity
Redesign educational delivery model (digital learning transformation)	Student Success and Equity, Technology Solutions
Equity Scorecard	Student Success and Equity, Workforce and Economic Development, Technology Solutions
Systemwide Campus Climate Assessment	Workforce and Economic Development, Technology Solutions, Student Success and Equity
Enhancing Access to Data and Data Analytics	Technology Solutions, Data Democratization, Workforce and Economic Development
Advancing Credentials through ACCP and BILT	Workforce and Economic Development, Technology Solutions, Data Democratization
Credit for Prior Learning and Adult Learning Strategies	Workforce and Economic Development, Data Democratization
Program Growth and Enhancement of Industry Sectors (Centers of Excellence)	Workforce and Economic Development, Student Success and Equity
Recruitment and Retention of Faculty and Staff	Organizational Effectiveness
Enterprise Shared Services	Organizational Effectiveness, Technology Solutions, Student Success and Equity
Financial Allocation Review and Financial Monitoring	Organizational Effectiveness
Expansion of Philanthropic Efforts to Support Student Success	Student Success and Equity, Organizational Effectiveness
Advancing Enterprise Risk Management Model	Organizational Effectiveness

Financial Resource Allocation Policy Group (FRAP)

- Campus leaders, geographically and functionally diverse including members;
 - Large vs. small size, multi vs. single campus, urban vs. rural colleges and universities
 - Academic & student affairs, institutional research, equity & inclusion, and finance
- Review policy, procedure, and practice; offer advice to the Vice Chancellor for Finance and Facilities
- Workgroup charge includes allocation model, tuition & fee policy, and reviewing policy/procedure practice
- Established Spring 2022 expanding focus areas from past workgroups



Financial Resource Allocation Policy Group (FRAP)

- Review and recommend changes to **Financial Health Indicators**
- Review and comment on work done to modify **5.12.4 Refund of Tuition and Fees**
- Examine the effectiveness of the two **student success** measures implemented into the allocation model in 2018
- Review and recommend changes to Tuition and Fee policy including **maximum amounts on select campus discretionary**



Continuing our efforts from last year, the Chancellor is launching four Leadership Action Teams (LATs) for FY2023

- **Leadership Action Team Overview**

- Launch four president-led action teams that are charged by the chancellor and supported by system office cabinet members and staff to identify strategies and approaches at the systemwide level to help move initiatives forward
- Each LAT will build upon previous work (e.g., campus level, systemwide efforts, legislative mandates, etc.)
- Each LAT will be responsible for developing action steps/recommendations to respond to the chancellor's charge
- Each LAT will be convened by one or two presidents who will be responsible for setting agendas and facilitating meetings and advancing the work
- Recommendations will be brought back to full Leadership Council for deliberation and discussion (*June 2023*)

- **Each LAT will focus on:**

- Learning from others internally – highlighting best practices on **our own campuses** in addressing issues of shared concerns
- Learning from others externally – bring in **other systems** to talk about best practices and how they are addressing some of the same challenges
- The feasibility and identification of priorities and action steps

- **Each LAT will integrate the following in its outcomes:**

- Equity 2030: how does this help support campus and system level efforts?
- Data Democratization: What is the information/data needed?
- Board Policy/Procedures: Identify BOT policies, procedures, operating instructions that hinder progress and success – or new policy/expectations/endorsements that are needed
- Enterprise Risk Management: how does this help support campus and system level efforts?



Aligning Minnesota State's Financial Model with its Strategic Priorities for Financial Sustainability

President Convener: Michael Berndt, Dakota County Technical College & Inver Hills Community College

Cabinet Staff: Bill Maki, Vice Chancellor for Finance and Facilities

Completed by May 2023

- Do the current policies and models related to the allocation of state appropriation disincentivize institutions from collaborating?
- What is the role of tuition and fees and diversification of new revenue sources in the business model?
- What changes to our business model would better align with advancing strategic priorities?
- What systemwide changes are needed to better support colleges and universities financial sustainability?
- The LAT will identify 2-4 areas from the current business model that should be studied further and revised in the near future.

