April 13, 2015

Campus colleagues,

Given the importance of both tuition revenue and state funding to the fiscal health of the University, this update focuses exclusively on our enrollment and budget projections for the next biennium (2015-16 and 2016-17). As a reminder, approximately one third of our budget comes from the state, while tuition revenue makes up the remaining two thirds. Consequently, enrollment has a significant impact on our overall budget.

In my opening remarks to the campus community last August, and in several communications since then, I have emphasized that retention is even more important to our enrollment management efforts than recruitment. In order to build and sustain a healthy enrollment, we must continue our efforts to increase our retention and graduation rates.

I am pleased to report that there is evidence our hard work is having a positive impact on retention. The fall-to-fall retention rate for the cohort of new entering freshmen who joined us in fall 2013 was 70.6%—three full percentage points greater than the previous year and the second highest retention rate of any cohort during the past 12 years. This spring, 89.6% of the new entering freshmen who joined us in fall 2014 returned for a second semester. This is the best fall-to-spring retention rate for any cohort since 2006.

In addition, retention and persistence for sophomores, juniors, and seniors may also be improving. The percentage of currently enrolled students who are eligible to register for fall 2015 and have done so is up 5.2% from this same time last year. As a result, despite a larger graduating class this spring, our returning student enrollment for fall 2015 is up slightly from this time last year.

In contrast, new student enrollment indicators for undergraduates (both freshmen and transfers) are lagging behind last year by approximately 20%. We are working diligently to close the gap, but it seems likely that new undergraduate enrollment will be down by approximately 100 students in the fall. If returning student enrollment (including graduate enrollment) holds steady, this would mean a decrease in overall enrollment of about 2%.

As we have put together our budget scenarios for the biennium, we have planned for a 2% enrollment decline in 2015-16 and flat enrollment in 2016-17. If those plans are reasonably accurate, then the health of our budget will depend largely on our allocation from the state. As a system, MnSCU has requested $142 million for the biennium, of which about $6.5 million would flow to MSUM. This request is intended to allow us to hold tuition constant for students while covering inflationary and compensation increases.
Governor Dayton's budget proposal includes the full $142 million that MnSCU has requested. The House and Senate budget targets for higher education are $53 million and $205 million, respectively. Clearly, the next few weeks will be critical as the legislature and the Governor seek common ground and balance competing interests to craft the state budget. Faculty, students, administrators, and bargaining unit leaders at both the state and the campus level have been working side-by-side to advocate for the full $142 million in state allocation.

If enrollment is within our planning parameters (-2%) and MnSCU receives the full $142 million, MSUM's budget will be balanced for the biennium. Obviously, if either enrollment or our state allocation is less than anticipated, our budget will be affected accordingly. There are many "moving parts" and many things that will not be clear until mid-May or later.

In the meantime, there are things each of us can do to improve the likelihood of a favorable outcome. First and foremost, we can all be cognizant of the role we play in the success of our students. During this critical time, as students are making important decisions about their academic futures, it is imperative that we do our very best to embody the "caring campus community" described in our mission statement. Every interaction matters and every positive interaction increases the likelihood that students will feel connected and supported at MSUM.

If you have questions about enrollment or our budget, I hope you will feel free to share them with me. Thank you for everything you do to ensure the success of our students.

With Dragon Pride,

Anne