Transitions

Because the provost search failed, the deans, Ginny Bair, and I are all taking on additional work during the coming year. In addition, we have the assistance of Bemidji Emeritus President, Jon Quistgaard, who is working with the deans on some special projects.

The Provost search will get underway immediately. This year, Dr. Quistgaard will co-chair the committee with VP Justesen, and we are using a search firm.

The University College has been launched with Denise Gorsline as dean. As you may recall, although the duties are new, this position replaces a previous position of Associate Vice President of Academic Affairs and Dean of General Education, which will not be refilled.

Jan Mahoney, the current Vice President of Finance and Operations at St. Paul College and former Interim President and CFO at Alexandria Technical College will join us on October 4 as VP for Finance and Administration. Jean Hollaar will continue in the interim position until Jan starts. In October, Jean will move into the position of Associate Vice President of Finance and Administration, which includes her previous duties of University Planning and Budget Officer as well as oversight of the Business Office. Thus, this is an upgrade of her former position rather than a new administrative position. We will not backfill her former position.

Karen Mehnert-Meland has returned to her position as Director of Student Union and Activities but will retain special assignment working with LEAN, university scheduling, and a few other areas. We thank her for her service during the Spring and summer.

The HR search is underway with Warren Wiese as chair.

Joan Justesen hopes to return to retirement this Spring. Therefore, the search for VP for development is underway with VP Solinger chairing. We are using a search firm.

Brief Update on Goals from Last Year

Last year, I set out goals at this time. One of those goals was the development of a new strategic plan. Since the plan was developed, I have been using it for my quarterly web updates. An annual report on accomplishments according to the strategic plan will be presented to the University Planning and Budget Committee in early October and placed on the web with the quarterly
updates. This year, I provide a brief update of highlights according to the goals I set out in August. In future years, the update will be according to the strategic plan.

Goal: Increase recruitment, retention, and student success.

- Enrollment is up! Final data will not be available until next month. However, at this time overall enrollment is 4.4% over this time last year and 3.7% over this time in Fall of 2008. Domestic new entering freshmen increased 17% over last year and 7% over 2008. Domestic new entering transfers increased 2% over Fall 2009 and 5% over Fall 2008. New graduate students increased 28% over Fall of 2009 and 88% over Fall of 2008. Returning students are up 1%, and FTE is up 4.6%. A lower returner increase is expected because two low freshman classes (06 and 09) are still in the pipeline. We are well on our way towards a cumulative increase of 6% in overall enrollment over Fall 09 by next Fall.

- In order to increase the recruitment and retention of underrepresented students, we are in the process of hiring a recruiter to work with the Offices of Multicultural Affairs and Admissions using MnSCU access and opportunity grant funding. In addition, we offered a summer bridge program, opened the American Indian Resource and Research Center, and opened a new learning community. Later in the year, we will report data on recruitment and retention for this year.

- Living learning communities, which help both recruitment and retention, have increased. Last year we had 4 Living Learning Communities with approximately 85 students. This year we have 10 with 280 students, plus the Discovery Community, which is non-residential with approximately 20 students for a total of 300 students.

Goal: Assure both quality and efficiency in all areas of the university.

- Work on recognition of academic program quality continues. The School of Business was accredited by AACSB; the Construction Management Program received its re-accreditation; and the campus is scheduled for a December visit by the Higher Learning Commission regarding online programs.

- At a late Spring meeting of the Academic Affairs Budget Advisory Committee, we learned that departments and programs with low cost recovery ratios had made significant improvements. Cost recovery rates for all departments are available on the web.

- Considerable progress has been made in decreasing base budget costs and increasing efficiencies through structural reorganizations and LEAN business process.

Goal: Increase external recognition, alumni engagement, and fundraising.

- We have completed market and brand research and are underway with refinement of our brand and visual identity along with a major launch of a newly designed website in the Spring.

- Our new efforts to engage recent alumni are taking off. We now have a millennial alumni advisory board and have had eight millennial alumni events within the last year, including two in the Twin Cities. In addition, we have started a program for new entering freshmen and new graduates to build relationships and maintain connections to MSUM.

- The Alumni Foundation has had its best year ever! Through the generosity of our donors, they brought in cash receipts of $2,266,210, 55% over last year. Unfortunately, due to
recession related decreases in the endowment, the money provided to the campus did not increase. It is hoped that that will change next year.

**Goal: Continue development of a stable fiscal model to take the University into the 2012 biennium and beyond.**

- Base budget personnel costs have decreased by approximately $1M since this time last year.
- Energy costs decreased by $395,000 or 17% since the last fiscal year.
- Summer session net revenue was approximately $1.3M this year.
- Given these developments and our increased enrollment, we are on track in accomplishing the plan we made last year to address the decreased state appropriation in the 2012 biennium.

**Goal: Complete a New Strategic Plan for the University**

- The campus master plan has been completed and will be submitted to the Board of Trustees in the Fall. The residential life master plan is in implementation with major renovations completed this summer.
- An integrated planning and reporting calendar has been developed to align process on campus and with the system. The University Planning and Budget Committee will review plans and reports.

**Budget Context**

As we have discussed at previous town meetings, we are now in the post-recession “new normal”. Over the two years I have been at this wonderful university, both our budget and the larger national economic situation have changed. Therefore, at this time, I would like to offer a very brief budget context, examining our recent past, present, and future situations.

**Past**

- This time last year, I reported that the budget gap we solved coming into the 2010 biennium was approximately 14%. Please note that this is approximately the same size gap that resulted in the 1995 layoffs.
- Working together, we were able to solve it with increased revenue and decreased expenses through hiring freezes, early separation incentives, etc.
- When we discussed planning for the 2012 budget cut, we believed that the economy would bounce back after the 2012 biennium.

**Present**

As we discussed in the July town meeting,
For next year, FY 11, our total general fund budget is projected to be $64.7M with $25.7M coming from the state allocation and the remaining from tuition. The percentage covered by the state is 40%, down from 48% in FY 2009.

- It is virtually certain that we will have a significant cut in our state appropriation coming into the 2012 biennium. We are projecting a range of $3.5M to $7M depending on how much of the deficit is addressed by budget cuts and how much is addressed by additional revenue.

- We can handle the lower end of the range without layoffs. However, if the cut goes to the upper end of the range, we will need to eliminate some of our temporary positions. Given the budget uncertainty, we have used temporary positions to serve as a buffer protecting our long-term employees from layoffs.

Future

- At this time, the general belief is that the Minnesota economy will be much slower in recovery than was first expected. We expect a continued decrease of state appropriations for at least the coming 10 years, although the decreases after 2012 are likely to be more gradual.

- Tuition increases cannot fully substitute for loss of appropriation without compromising access and affordability. Further, it is expected that the Trustees will continue to regulate the rate of increase.

- We are working on plans for fiscal sustainability, which include exploring additional revenue to supplant declining appropriations without diluting our brand or straying from our mission.

Plans for the Coming Year

Following are some highlights of goals for the coming year, organized according to our new strategic plan. We are currently refining our annual action plan to reflect the new System action plan as well as our current challenges. That plan will be discussed with the University Planning and Budget Committee in the near future. Where appropriate, we have noted the correspondence with the new System action plan.

Initiative 1: Offer competitive, high quality, rigorous academic programs and services that provide students the versatility to shape a changing world and support the state and regional economies.

- Continue the focus on discussion of student learning expectations, assessment of student learning outcomes and competencies, and resultant program improvements. Communicate these results across the University and to the community.

- Achieve accreditation from the Higher Learning Commission for online offerings.

- Increase the number of online and hybrid courses. (MnSCU goal 2.3)

- Continue the strong focus on and support for faculty mentoring and engaged learning (e.g., student academic research conference, student participation in regional and national competitions).

- Continue work with faculty and staff to review and, as necessary, reconfigure programs and
curricula in order to meet current and future educational needs. (MnSCU goal 4.2)

**Initiative 2: Increase enrollment and student success, including underrepresented students. The number of enrolled students should reach 8,000 within the next five years with continued improvements in student success indicators.**

- Increase enrollment and related tuition revenue by 6% by Fall 2011 from the base of Fall 2008 through a combination of increased new freshmen, increased transfers, and improved retention.

- Improve retention and graduation rates (4, 5, and 6 year) across colleges and for the campus as a whole.

- Provide programming and facilities to enhance student recruitment and retention as well as improve campus services and efficiency. For example, significant developments are underway with intramural sports, the academic student support hub in Flora Frick, and Wellness Center.

- Increase transfer success for qualified students by improving compliance with the MnSCU transfer curriculum. (MnSCU goal 1.4)

- Implement new strategic plan in Athletics to improve program quality and leverage resources for scholarships.

**Initiative 3: Strengthen our relationships with key stakeholders, including alumni, other donors, neighborhood groups, and the business community.**

- Continue to Build MSUM’s market position, identity, and brand to leverage its competitive strength.

- Continue to develop programs to engage new alumni and increase regional and programmatic alumni groups.

- Develop student/alumni mentorship and internship opportunities.

- Increase cash and pledges by 25%.

- Increase the number of donors by 5% over the baseline of FY10.

- Increase the amount of money for scholarships by 5% over FY10.

**Initiative 4: Continue to develop infrastructures that are sustainable through difficult economic times as well as consistent with the caring community that is MSUM.**

- Decrease base budget and increase revenue in preparation for the decrease in state appropriation for the next biennium with the aim of continuing to avoid layoffs where possible while maintaining programs, quality, and accountability.

- Develop a plan for long term fiscal sustainability in the face of continued decrease of state appropriations.

- Continue focus on efficiency of expenditures (e.g., department cost recovery ratios) and operating budgets.
• Continue improvements in energy efficiency using new system benchmarking tools to document change.

• Continue to improve the quality and profitability of the summer session with a goal of increasing net revenue by at least 25%.

• Provide programming and facilities to enhance student recruitment and retention as well as improve campus services and efficiency.

• Continue to implement and assess internal controls for business practices to ensure accountability and alignment with Board policies and state law.