President’s Update to the MSUM Alumni Foundation
May 14, 2009

Highlights of the Last Year

- Flood
- Mission and Vision
- Budget Challenge and Recovery
- My Vision for MSUM

Flood
The 2009 flood added an interesting dimension to my first year as president. Actually, I consider myself privileged to have seen the best in human nature. The generosity and commitment of this community were truly exceptional. The volunteer center at Nemzek registered over 25,000 volunteers. The call center handled evacuation and damage calls for the city and county on a 24/7 basis. Fortunately, the campus was safe. However, some of our students, faculty, and staff had damage to their homes and apartments. Repairs and recovery are underway.

Mission and Vision
During the past year, we have developed and refined a new vision and mission for the university. I thank Ev Quigley for a great job representing the Alumni Foundation Board on this body. The task force spent much of the year developing drafts and receiving feedback the campus community and other groups. Following are the final versions, which will be presented next week to the Board of Trustees for approval.

New Vision Statement

Minnesota State University Moorhead will be a welcoming educational community that offers rigorous courses of study and places high expectations upon its students. Our strong commitment to faculty-mentored undergraduate research and intellectual growth will provide students with continual opportunities for personal and professional achievement. MSUM will continue to foster an environment that encourages students to become versatile, thoughtful, innovative, and engaged leaders who contribute to their professions and their communities.

MSUM values diversity and mutual respect and will strive to instill these ideals throughout the institution. MSUM honors its heritage as a respected, student-focused, public university and will continue to enhance our student's lives at the same time that it contributes to the community and the region. MSUM will offer graduate and professional programs that contribute to the state and region through increased collaboration with local and state business, industry, and human services to assure optimal preparation of graduates.

Minnesota State University Moorhead will build upon a solid foundation of high quality teaching and learning as it commits to a future as the premiere liberal arts and sciences-based university in the region.

Following are details of our vision:

Curricular

- Continue development and growth of critical academic programs, including those that have established regional prominence.
• Continue graduate and professional programs that contribute to the state and region through increased collaboration with local and state business, industry, and human services to assure optimal preparation of graduates to meet state and regional needs.

• Expand 2+2 programs with community and technical colleges as well as professional development programs that serve the needs of area employers and enable workers to continue their educations.

• Develop interdisciplinary and cutting-edge programs that capitalize on strengths and opportunities.

• Increase online and alternate course delivery options, together with enhanced opportunities for late day and weekend scheduling.

• Support comprehensive, evolving, and innovative curricular designs that prepare students for emerging technologies, increasing global connections, and complex ethical, social, civic, and environmental responsibilities.

Co-curricular

• Develop first year and multi-year academic living and learning communities.

• Continue emphasis on undergraduate research and creative activity in a faculty-mentored environment.

• Continue development of a strong athletics program that promotes a balance between academic achievement, athletic success, and community engagement and service.

• Collaborate with alumni and regional business and community leaders to enrich curricula through guest lectures, career explorations, workplace connections, professional internships, and advisory committees.

• Increase student preparation for a diverse and global workplace through study abroad and diversity programs.

• Continue a focus on holistic student development through programs that integrate diversity, student organizations, intramural activities, engaged responsible living, and service learning.

Environmental

• Continue campus master planning and careful stewardship to improve the physical and social spaces that will promote learning, sustainability, and campus ownership by students, faculty, staff, and the community.

• Integrate appropriate technologies that improve our systems and processes as well as support student learning.

• Develop strong and ongoing relationships with alumni and a strong Alumni Foundation that promote philanthropy to support the institution.

• Develop transparent fiscal models that promote long term fiscal stability and reflect our institution’s values.

• Collaborate with the city, surrounding neighborhoods, and private partners to increase residential alternatives and promote the desirability of living in the immediate area and in the region.

• Continue to provide cultural, educational, intellectual, and outreach programs and activities that strengthen the university and contribute to the vitality of the local community.
New Mission Statement

Minnesota State University Moorhead is a caring community promising all students the opportunity to discover their passions, the rigor to develop intellectually and the versatility to shape a changing world.

Budget Challenge and Recovery
Unfortunately, much of my first year has been devoted to our budget challenges. Following is a description of our situation.

The Situation
The situation in which we find ourselves today is the result of a perfect storm. The two fronts that united were our own growing campus structural deficit, currently at $4.95M, and the recession-caused state revenue shortfall and subsequent appropriation decrease of approximately $3.8M.

Student credit hour generation has declined each year for the past five years resulting in a decrease in our percent share of the state appropriation. At the same time our revenue was further limited by earlier decisions to hold tuition low and disincentives in our current tuition and fee structure. Meanwhile, fixed unit costs from compensation and utilities continued to rise during most of those years, and connections between resource allocation and revenue generation were too weak to promote fiscal stability. Finally, base budgets were not sufficiently reduced in keeping with the combination of declining revenue and increasing fixed expenses, resulting in a structural deficit.

It will take us at least a few years to recover from the state appropriation front of the storm. Tax revenue funds state appropriations. Thus, if the economy recovers in Year 1, the tax revenue rebounds in Year 2, and the appropriation would hopefully catch up in Year 3. The most recent state economic forecast suggests both a slow recovery and a potential additional problem for the 2012 – 2013 biennium. See http://www.mmb.state.mn.us/doc/fu/09/summary-feb09.pdf.

Stabilization and Recovery
Our approach to fiscal stabilization and recovery has been multifaceted. In the following paragraphs, I outline our strategies under the categories of communication and information gathering, budget
reduction, improved fiscal processes, improved revenue generation, and planning for Fiscal Year 2012.

**Communication and Information Gathering**

- Starting in September, we began regular meetings with bargaining unit leaders and a series of regular town meetings to discuss budget issues with the campus community. These meetings, normally held at three times during a day, were well attended and accompanied by a web posting. ([http://web.mnstate.edu/president/Speeches/budget_and_planning_presentations/indexnew.htm](http://web.mnstate.edu/president/Speeches/budget_and_planning_presentations/indexnew.htm)).

- We initiated a campus wide review of all academic, support, and administrative programs.

- In addition, we charged an energy task force and have already implemented some of their recommendations.

- To address part of the problem, we initiated a review of our tuition and fee structure through a multi-divisional task force including representation from the student senate and the faculty union.

**Budget Reduction**

- We initiated a hiring freeze.

- We developed and are in the process of implementing a plan for retrenchments and layoffs. The plan uses the federal stimulus for one-time costs from layoffs and separation incentives, resolves the structural deficit, and uses information from the program review process to selectively eliminate or reduce programs and to remove duplication.

- We will start FY 2010 with a balanced base budget rather than deferring cuts through the use of one time funds. However, stimulus dollars will be used for one-time costs relating to layoffs and early separation incentives.

**Improved Fiscal Processes**

- With help from Chancellor’s Office staff we developed a revised tuition and fee structure that removes some current disincentives. The proposed structure will convert some fees to tuition, spread fees over the first 12 credits, band tuition from 12-19 credits, and charge differential tuition for some programs. The proposal, which was supported by the student senate, is scheduled for Board review.

- We restructured our summer school schedule and process to significantly increase revenue.

- We changed our fiscal processes to institute stronger spending controls, use more conservative revenue assumptions, and better connect resource allocation to revenue generation. Specifically, we will continue to examine academic programs for their cost recovery ratios; we will use credit generation and enrollment data as part of the process of prioritizing resource allocation; and, we will not hire ongoing positions without firm evidence of actual, ongoing revenue.

**Improved Revenue Generation**

- To address the enrollment issue, we enlisted consultants from Noel-Levitz for a focused review. They identified clear areas of concern and needed improvement. We are addressing those areas.

- We have added additional oversight to enrollment management.

- We are investing in the following positions specifically related to increasing enrollment: a marketing director, a webmaster for marketing, a Twin Cities recruiter, and one FTE for data management related to enrollment management.
Planning for Fiscal Year 2012

- Recent state economic forecasts suggest the potential for an additional cut in the state appropriation in fiscal year 2012.

- By balancing the base budget for 2010 and using stimulus funds only for one-time purposes, we have removed the deficit and decreased the budget challenges going forward to 2012.

- We are planning to increase enrollment and therefore tuition revenue by 2% by Fall 2010 and an additional 2-4% by Fall 2011.

- We are planning to maximize the University Reserve by Fall 2011 in order to provide bridge funding until the economy recovers and the state appropriation stabilizes.

- We plan to continue strong fiscal processes and controls in order to anticipate and avoid future deficits.

My Vision for MSUM

During my first few weeks, I created a list of signature themes and goals for my first few years. These are a longer term version of the goals I address in my regular quarterly updates on the web (see http://web.mnstate.edu/president/Speeches/quarterly_updates/indexnew.htm)

The major themes will be Student Success, Enrollment, and Endowment. The following goals relate to these elements.

- MSUM will have a clear, comprehensive sense of its identity and unique market niche. This sense will be consistent with the university’s mission, clear, focused, owned by major internal and external constituencies, and will serve as the foundation for external and internal communications. (Note that this relates to both enrollment and endowment.)

- MSUM will have a strong advancement operation consistent with both its culture and the potential of the university. This operation will significantly increase the endowment from $10M to $20M within the first 5 years.

- We will have an increased focus on enrollment and students. We must stabilize and increase our enrollment in the face of increased competition for students. At the same time, we must assure that admitted students are provided with the necessary structure and support for success, as measured by increased retention and graduation rates.

- MSUM will have new, collaboratively developed strategic and facility master plans that will provide compasses to guide programs and facilities into an increasingly technological and complex future and will secure MSUM’s place as a major economic engine for the region. (This relates to enrollment, student success, and endowment.)

These themes and goals continue to guide my actions. I have added one additional goal.

- MSUM will develop and implement a transparent fiscal model that promotes long term fiscal stability.

This goal was mentioned in the vision statement and partially illustrated in the solutions to the budget challenges.

Since writing those goals, we have learned that one key component to our focus on students and enrollment as well as the focus on a stable fiscal model will be an increase in state of the art residence halls and living and learning communities. These facilities are critical if we are to continue our growth in
students from out of the region. Public-private partnerships and philanthropy will be key to this effort.

*Pending approval by the MnSCU Board of Trustees, scheduled May 19, 2009*