Minnesota State Colleges and Universities

Revenue Model Project

Board of Trustees
September 2005
FY2006 Work Plan

1. Revenue
2. Productivity
3. Centers of Excellence
4. Strategic Planning
5. Serving the Underrepresented
Objective statement

• To develop a sustainable funding model that meets the system’s strategic directions and is consistent with state’s higher education objectives.
Assumptions

• Maintain access

• Consider all forms of revenue and financial aid

• State support will continue with limited increases
Work group

- Comprised of college and university administrators in academic affairs, student affairs, finance and financial aid, along with Officer of the Chancellor staff.
- Have met five times.
- Researched and reviewed all prominent forms of funding in higher education.
- Included discussions with Dennis Jones.
- Narrowing options to a few.
Primary characteristics

1. Maintain **affordability** to increase access

2. **Sustainable** (model will be used for foreseeable future)

3. **Predictable** revenue stream

4. **Positive revenue** stream
Preliminary findings

• No silver bullet

• Comprehensive approach employing several alternatives

• Design new strategies for existing revenue sources
  – major existing sources: tuition or state appropriation
Approaches still being considered

1. Need-based tuition grants (discounting)
2. Fund-raising
3. Alternative approaches to state appropriation
4. Differential tuition
Need-based tuition grants (discounting)

- Using tuition and institutional grants to establish different net prices for students based on need.

- Generating net positive revenue.

- Setting net price so that education is “affordable”.
Fund raising

Advantages
• Less dependent on state or student-generated revenue
• May temper tuition increases
• Can focus on needs of institution

Disadvantages
• Extremely small portion of current funding stream
• Perception that fund raising may be difficult for a government supported organization
Alternative approaches to state appropriation

1. Base biennial budget request on promoting affordability

2. Link to K-12

3. Others (developed during biennial budget process)
Differential tuition

• By program or major
  – Charging different tuition rates for different programs or majors

• By level
  – Charging different tuition rates for upper division and lower division
## Timetable

<table>
<thead>
<tr>
<th>Event</th>
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<tbody>
<tr>
<td>Revenue model discussion with Dennis Jones</td>
<td>September 2005</td>
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<tr>
<td>Preliminary policy options presented to Board</td>
<td>October 2005</td>
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<tr>
<td>Preliminary options discussed with constituent groups</td>
<td>Oct - Dec 2005</td>
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<tr>
<td>Leadership Council and Board review preliminary recommendations</td>
<td>January 2006</td>
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<td>Constituents make final comments on proposals</td>
<td>February 2006</td>
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<tr>
<td>Leadership Council Reviews and Board approves recommended policy changes</td>
<td>March 2006</td>
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<tr>
<td>Policy incorporated into FY08/FY09 biennial budget request</td>
<td>April 2006</td>
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<td>FY2008/FY2009 budget request approved by Board</td>
<td>September 2006</td>
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