



Minnesota
STATE COLLEGES
& UNIVERSITIES

DEGREES OF SUCCESS: MAKING MINNESOTA WORK

Minnesota State Colleges and Universities

Revenue Model Project

Board of Trustees

September 2005



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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

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



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