

**BUDGET SUB MEET & CONFER
DECEMBER 6, 2005**

Please note: The agenda and supporting documents can be obtained at Web site <http://www.mnsu.edu/finadm/submeetconfer/>.

Attendees: Michael Bentley, Jean Haar, Nina LeNoir, Victoria Peters, Linda Wenkel, Mark Parsley, Jerry Anderson, Mike Hodapp, Lynn Akey, Kevin Buisman, David Cowan, Scott Johnson, Rosemary Kinne, Steve Smith, H. Dean Trauger (Chair), John Winkworth and Margot Zelenz

1. Discussion Items

VP Trauger reminded everyone that the MnSCU Board of Trustees budget hearing would be held tomorrow afternoon in St. Paul. He has not heard anything from other institutions regarding the tuition rates they are proposing which is unusual. MnSCU is also looking for supplemental funding from the Legislature to fund a global educational and training initiative, expanded biosciences programs, critical infrastructure and security technologies, and unanticipated fuel costs. It appears they are trying to get away from tuition percentage increases and use a dollar amount for a tuition cap. Mike Hodapp heard that MSUSA came out with an 8.5% cap on tuition. VP Trauger thought the Trustees would want a dollar amount to even out the high and low tuition rates across the system. Lynn Akey asked if there was more information on the extra money to retain for compensated absences especially as it pertains to revenue funds. VP Trauger will review the fund reports and get information back to Lynn.

2. Capital Campaign Update – David Williams, Vice President for University Advancement

Vice President Williams was invited to the meeting to give an update on the MSU Capital Campaign. MSU had a capital campaign a few years ago that brought in \$39 million. We have to raise money through an annual campaign, annual giving and a phon-a-thon to contact alumni. We have a dismal percentage of participation of alumni who give to MSU year after year—7%. Private schools have more loyalty. VP Williams' area is working hard to improve this number. We have not had an active planned giving program for several years. This involves working with prospects to put MSU in their wills or create trusts, annuities and insurance. We get some money from bequests and trusts, but not what we would like to see. Campaigns are short efforts to raise money, maybe three to five years for payouts. In a campaign you try to reach your best prospects to give big gifts. It used to be that 20% of donors gave 80% of the money. Then 5% of the donors gave 90% of the dollars. Now 2-3% gives 95% of the money in campaigns. These are national statistics. We need to find the key donors who are capable of those kinds of gifts. In a feasibility study you take a needs list to best prospects with a third party (consultant) asking questions about what level they would give and what needs on the list they would give to. This gives an idea of what money can be realized for a campaign and a goal can then be determined.

In this Capital Campaign we are looking at a \$56 million to \$61 million range. We need to ask three people for \$1 million each before one will give that much. This means we

would have to ask 180 people for \$1 million to get the amount we need for this campaign. We have to count on people giving more than that amount and some giving more than they have given before. Two years ago they did a search and got "wishes" in the amount of \$235 million. Over \$100 million was for buildings. This was brought down to the possible campaign scenario that VP Williams distributed:

College of Business Bldg.	\$32 million
Campus Beautification	\$ 5 million
Endowments for Faculty	\$5-\$10 million
Endowments for Programs	\$ 5 million
Scholarship Endowments	\$ 5 million
Annual Giving	\$ 4 million
 Total for Feasibility Study	 \$56-\$61 million

One-half of this amount is for a new College of Business building. This rose to first place because we have greatly increased business credit hours, the MBA program should be taking off, and the best prospects are in that area. Of the \$32 million, \$24 million is construction money and \$8 million is endowment. MnSCU is seeking maintenance construction money in endowments. The Board of Trustees approved our request to self-fund the construction of the building. We now have to get the Legislature's approval. Two legislators have agreed to sponsor it—one in the House and one in the Senate. Raising money has to be done within five years. We need more than \$1 million by early 2007 and another \$17 million cash to get going in 2008 and the balance by the time the building is completed. Scholarship endowments should get more than what is listed in the campaign scenario. The campus beautification amount shown above may not be achieved. Other endowments for faculty and programs are also important.

A task force of major donors came together to talk about who will be contacted. We will know better what the numbers will be in March or April. We will go forward to raise the money quietly. The campaign is not announced until about one-half of the money is committed. A consulting firm looked at the area to determine how to do this. A pre-campaign audit has been very helpful. It was asked if when a major campaign is being done it takes away from other things we what we want to do. Are we raising enough money to do what we want to do on an annual basis? We are improving our return and making strides to reshape the Development staff. There have been improvements in fund raising last year, but we are not yet where we should be. We need new donors to give and keep giving more and more. We are trying to do some things that nobody else in MnSCU is doing or can do. The strategy is to achieve this goal and then come back in the future and ask for money for something else reminding them that we have given them one building in the past. VP Williams is having a session on Professional Development Day entitled "There Is No Pain Like a Campaign". The \$32 million includes the proposed conference center.

3. Review of Criteria for the Planning & Budget Process

Budget Officer Rosemary Kinne and Jean Haar met with sub group members Scott Johnson, Lynn Akey, Mark Parsley, David Cowan, Karen Foreman, Jerry Anderson and drafted a "Three Year Program Quality Review Funding Process" that was distributed at the meeting. Scott Johnson mentioned that this document is a draft and needs to be talked about. It is difficult to do new things if you always do old things indefinitely. The

criteria are to measure programs. How are we doing? Do we need to improve? The goal is to make things better.

The suggested criteria for the review process include mission driven needs; opportunities and niches based on environmental scanning; market demand; customer demographic trends; and relationship to mission. There are different program justification/rationale criteria for new programs and for existing programs. The program justification/rationale for new programs are: identification of quality indicators; measurement plan for quality indicators; relationship to strategic priorities; resource needs; and program goals. The new program is then approved or not approved. When an existing program is reviewed, the program justification/rationale is based on measured annual quality indicators: satisfaction indicators; customer survey indicators; balanced scorecard indicators; financial indicators; service levels offered; and other quality indicators as appropriate. If it is approved, a future funding decision is made based on accountability of measured quality indicators. The process begins again in three years when there is another program quality review.

Key measures must be determined. Every program should have different indicators, but there may be common indicators across programs. This quality review process does not pertain only to academic programs. The common goal is to make all programs better whether they are academic, service or business oriented, or other functions at MSU. Feedback from the BSM&C members was requested. Since there is a lot to evaluate, an evaluation group was suggested. It was also suggested that the programs be reviewed every five years instead of every three years. Other program review processes are using five years, and they could be used for this. Not all programs would be reviewed at the same time. It was thought that every three years would be overwhelming. It may be too quick to evaluate some programs as to their relevance and quality every three years. In order to obtain information one time and not over and over, a standardized way of collecting it would be helpful—templates, forms to complete, putting the information on a computer system so everyone can get it at the same time and not separately. This would make it possible to take on a task in a reasonable time. Five years allows enough time to provide data, have different resources, and confirm where we are with quality indicators to make the decision if a funding change needs to be made. It is necessary to be sure data are accurate and valid. External assessments could be used, but external agencies may not be what the University wants to evaluate a program. However, we could add or leave out what we want. It is very important that faculty are able to set indicators for academic programs. Faculty would still have very much input. The focus would be on whether the academic program fits under MSU's mission. There would be other indicators, not just a few. It was stated that no faculty would want to review anyone else's program.

A faculty member mentioned that if he were asked to do one more thing about assessment, he would not be happy. They go through this exercise every five years, and nothing ever comes of it. This should be tied in to their five-year assessment process. Part of the lack of change is that no information is given to anyone to make a change. Programs are not producing what the outcomes should be. Accountability has to accompany assessment. We have not done this. In developing this draft we can put some of those pieces in place. One person or a committee should not be in charge of these decisions. It should go to Cabinet and the Cabinet should make appropriate funding allocations. One person would not have the knowledge and understanding of what decision to make, and not many people would want to serve on such a committee.

Dean Scott Johnson said the review would be philosophical and not critical. What are key indicators? Start at an individual level—the department level. Here is what we want to do and how we will do it. It hopefully will get better. Organizations that have done this love it. People are not threatened. It gives hope and direction for improvement. It does not become a question of what need to be cut, but what needs to be improved. It has to be more of a grassroots effort. If your program is not doing well because of a lack of resources, it gives proof of why you need resources. All categories and criteria need to be made clear. The process must not be cumbersome. It was suggested that MnSCU and legislation be included in the "Mission" box. MSU's mission cannot be etched in stone and needs to be dynamic. One of the processes might be driven by what the students think they want in this institution as opposed to us dictating it. It should not be so rigid that we cannot adapt to the changing world. Mission-driven needs should include MnSCU, Legislature, donors, students. We have to be more responsive. "We will give you what you want" since we are more tuition funded. Students expect higher levels of service.

This draft will be presented at the Joint Planning & Budget Sub Meet & Confer on Thursday. Planning will also show a planning office model with three different options. GE was looked at, and its mission is "Customer satisfaction with no defects". Any students we admit, we should have succeed. Need to identify why they are not succeeding. Can track satisfaction also. Different areas need to be enhanced: Admissions, parking, registration, etc. The shortcomings are not necessarily the individuals. It may be the system in place or what we have set up that people are not as effective as they want to be. Everybody wants to do better, but the processes have to be in place. Everything must be very transparent so when difficult decisions are made, the data are out there and nothing is hidden. Legislation and MnSCU will be put into the "Mission Driven Needs" box on draft and the review process will be changed from every three years to every five years.

If anyone is interested in the articles the committee looked at to create this draft, there will be links on certain Web sites including the Budget Office Web site.

4. Other Items

**Joint Planning & Budget Sub Meet & Confer Meeting
Thursday, December 8, 2005 – 3:00 p.m. in CSU 253-55**