Ms. Anne Barry, Commissioner  
Department of Finance  
State of Minnesota  
400 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155

Dear Commissioner Barry:

The purpose of this letter is to respond to the Department of Finance’s correspondence of August 2, 2002, concerning the state’s biennial budget planning efforts.

The Minnesota State Colleges and Universities play a critical role in the economic growth and workforce development of Minnesota. Our colleges and universities provide the services essential to the long-term economic health of the state. Our enrollment has grown rapidly in the past four years. Current full-year equivalent credit enrollment for FY 2003 is expected to be over 21% percent above FY1999 -- over 23,000 more FYE students. FY 2003 FYE will be at an all-time high for the Minnesota State Colleges and Universities and our predecessor institutions.

Without a skilled workforce, a short-term economic turn-around, as well as long-term growth, is much less likely. Our colleges and universities are the primary tool for workforce development. Further, please consider the following:

- we enroll over half of the current students in the state’s higher education sector;  
- our institutions are the lowest-priced option for a quality higher education in Minnesota;  
- we accommodate non-traditional students looking to improve their skills and move rapidly back into the workforce; and  
- we already serve far more students of color than other higher education institutions in the state, and we are poised to serve additional students.

The future growth of Minnesota’s economy depends on our ability to serve these citizens who seek to improve their skills and education.

We have dynamic, exciting partnerships with business, industry and local communities all across the state. Minnesota State Colleges and Universities play a critical role in improving the skills of incumbent workers, which the Citizens League cites as a key to continued growth in the Minnesota economy. In FY 2002, our colleges and universities provided workforce training to more than 6,000 businesses and over 165,000 employees. We play an especially vital role during economic downturns, providing the essential skills training needed for upgrading incumbent workers’ skills and improving the productivity of Minnesota businesses.
The potential for declining state support is particularly troubling in the face of ever increasing demand and the state's expectation that our colleges and universities operate as open access, affordable community resources. We are particularly troubled at the prospect of tuition increases since we raised tuition over 10 percent each of the past two years. Our Board of Trustees is committed to our statutory mission of high quality, affordable and accessible higher education.

The Board of Trustees will be meeting on October 16 to approve the FY 2004-2005 biennial budget request. The approval of the request is the culmination of an open consultative process with our constituents on the needs of colleges and universities and the state's fiscal problems. Based on their discussion, counsel from staff, and comments from constituents, the Board believes that it is in the best interest of the colleges and universities to request additional funds for the FY 2004-2005 biennium. It is our belief that new investment of over $300 million next biennium would be needed to support the services and programs desired by our citizens, our business partners and the communities we serve. Our budget request will ask for approximately one-third that amount in light of the state's difficulties.

The Board of Trustees, our 33 presidents, faculty and student representatives and the Office of the Chancellor are working together to confront this challenge. We have 18,000 employees across the state who share our commitment to delivery of the highest quality education at an affordable cost. We have challenged our presidents and campus leadership to examine expenditures, set priorities and target re-allocations to improve the effectiveness of their work. Our presidents balance their budgets every year and will continue to do so in the years to come. The college and university presidents will have all appropriate tools available to them as they seek to balance the competing demands of geographic, program and financial access, quality, affordability and financial stewardship in the presence of limited state support.

While we understand that you need to consider all options and review all budgets as you face this challenge, we hope you are able to protect the state's investment in the Minnesota State Colleges and Universities because of our long term contribution to the state's vitality. Please know that we will strive to continue to provide quality services to Minnesotans during these times of economic uncertainty.

We look forward to working with you in the coming months.

Sincerely,

James H. McCormick
Chancellor

c: Board of Trustees
College and University Presidents
Cabinet