

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES STUDY SESSION MINUTES
SYSTEM FINANCE (Finance 101)
OCTOBER 21, 2014

Board of Trustees Members Present: Chair Thomas Renier, Trustees Margaret Anderson Kelliher, Duane Benson, Kelly Charpentier, Alexander Cirillo, Jay Cowles, Dawn Erlandson, Philip Krinkie, Maleah Otterson, Elise Ristau, Louise Sundin, Michael Vekich

Leadership Council Representatives Present: Chancellor Steven Rosenstone and Vice Chancellor Laura King

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The Minnesota State Colleges and Universities (MnSCU) Board of Trustees held its meeting on October 21, 2014, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair Renier called the study session to order at 11:07 a.m. and asked Trustee Vekich to lead the discussion.

Trustee Vekich stated that this presentation was meant to introduce new members to the system finance structure and provide review for returning members. Trustee Vekich turned the discussion to Vice Chancellor King. Vice Chancellor King recognized Deb Bednarz, Denise Kirkeby and Brian Yolitz, who helped put the presentation together.

Vice Chancellor King introduced a detailed presentation contained in the meeting materials. The presentation focused on the board policy and control framework, and overview of operating and capital budget management, and a discussion of the allocation framework for allocation of state funds.

Vice Chancellor King said the board's primary role is to set fiscal policy and carry out responsibilities defined in state statute, law or board policy. In general, the board's attention should be focused on the "big picture" and the future, while ensuring that proper policies, procedures and systems are in place to ensure fiscal integrity. The board, in turn, delegates certain decisions and responsibilities to the chancellor, who keeps the board apprised of financial issues as necessary. In turn, the chancellor delegates to the campus presidents who are responsible for administrative, financial, and budget management. Board policy requires the system office to report to the board on the financial well-being of the system and each college and university. The system office oversees the financial health of the system and its institutions through monitoring, reporting and certification requirements.

Vice Chancellor King reported that the control environment of the system is very layered. The board, the chancellor, and the presidents all have oversight and monitoring methods. MnSCU depends on three primary operating revenue sources: state appropriation, tuition and federal and state grants.

The CFI is influenced by net operating income and capital spending. results can be volatile, therefore, calculations are made every two years and there continues to be variability between campuses.

The State of Minnesota has invested only seven percent of its general fund to higher education. Of that, MnSCU receives 43 percent, the University of Minnesota (41 percent) and the Office of Higher Education (16 percent). This distribution has been relatively constant for many years. In 2015, \$618 million was allocated to the board by the legislature.