CHAPTER ?, CRITERION FIVE
RESOURCES, PLANNING, AND INSTITUTIONAL EFFECTIVENESS

The institution's resources, structures, and processes are sufficient to fulfill its mission, improve the quality of its educational offerings, and respond to future challenges and opportunities. The institution plans for the future.

As is the case with many institutions of higher learning across the country, Southwest Minnesota State University often finds itself being asked to do more with less, especially over the past years when the effects of the recession were felt throughout different sectors of the economy. Even during difficult times, however, SMSU has kept its focus on moving forward and providing access and quality education in southwest Minnesota and the surrounding region. Strategic planning, effective organizational structures, and realistic acknowledgement of the University's human, physical, technological, and financial resources help SMSU fulfill its mission.

CORE COMPONENT 5A. THE INSTITUTION'S RESOURCE BASE SUPPORTS ITS CURRENT EDUCATIONAL PROGRAMS AND ITS PLANS FOR MAINTAINING AND STRENGTHENING THEIR QUALITY IN THE FUTURE.

Since 2004, SMSU has had years when the revenues have been sufficient to support operations on campus, but has also faced years when the University has had to make difficult decisions to reduce spending so as to balance the budget. For example, fiscal year 2011 was a fiscal year in which the University had to make numerous spending reductions. In fiscal years 2012 and 2013 the budget was sufficient to maintain the operations on campus. However, in fiscal year 2014 and anticipated through the end of the biennium in 2015, SMSU finds itself facing a shortfall, with tuition rates frozen for the fiscal years 2014 and 2015, but commitments for salary and benefits through contracts and settlements increasing (overall budget documentation can be found in Appendix X, *linked here*; annual financial reports are also located in e-resources and on the University website *link*). The University responds to financial shortages by reassessing all areas and keeping in mind its strategic directives. Budget difficulties have arisen due to decreased state funding, lower than projected enrollment, increased costs, and combinations of these factors. The state's budgeting process, which is often protracted and leaves very little time for reacting to final budget determinations, is another factor (described in more detail in Section 5A1).

At the time of the last review in 2004, the University was in the midst of a fiscal crisis, having faced an unallotment from the System in 2003 and a 15% legislative cut in higher education funding, resulting in an almost $3 million reduction. As was stated in the 2004 self-study, "Although the reduction is small in terms of percentage of the overall System budget, the reduction is relatively drastic at the University level." At that time, the percentage of the state's general fund balance directed to higher education had decreased from 15% in 1987 to 11% in FY 2001 (see 2004 Self-Study); since then, the percentage has continued to decrease, from 9% in the 2006-2007 biennium to 7.3% in the 2014-2015 biennium (statistics from the Minnesota Management and Budget website, http://www.mmb.state.mn.us/budget-summary).

The effect of the decreased funding can be seen in the overall funding for MnSCU institutions and in SMSU's own budget. In fiscal year 2003, state appropriations contributed 60% of the revenue within the general fund

of the MnSCU system. Tuition made up the other 40%. By 2013, the percentages were reversed, as shown in Figure 5.1:

FIGURE 5.1 MNSCU SYSTEM PERCENTAGES OF TUITION AND STATE APPROPRIATION (SYSTEM-WIDE)

(Source: MnSCU Office of Institutional Research)
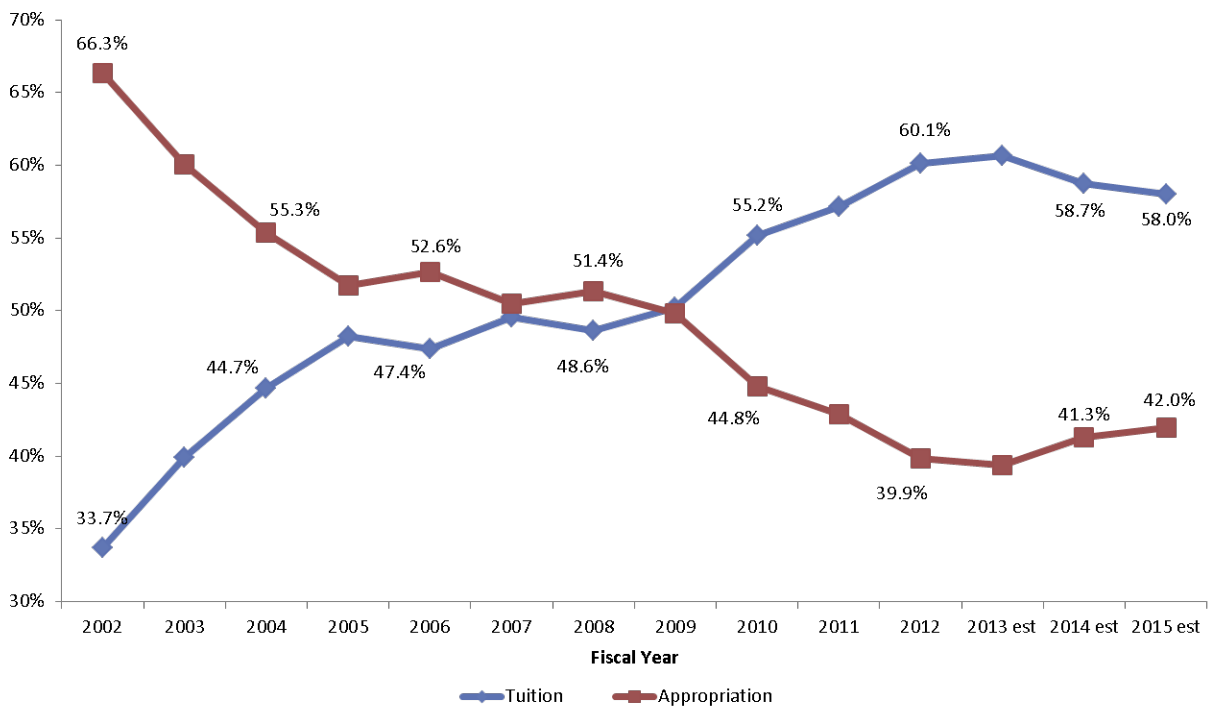
At SMSU, the same trend is clear. During the previous review, the percentage of the annual revenue budget from state appropriations decreased from 49% to 38% from 1994 to 2004, while during the same period annual revenue from tuition and fees (without scholarship allowance) increased from 19% to 32%. From 2004 through 2012, the percentages have continued on the same trajectories, with tuition increasing to 39% of annual revenue in 2012 and appropriation decreasing to 28% of revenue since 2011.

The economic conditions for Minnesota and the rest of the nation are improving slowly, but there is still much uncertainty in the recovery. Considerable challenges face the University including this long-term trend of decreasing appropriations, limited outside resources, competition for students, and changing demographics within the University's traditional recruitment territory. Descriptions of SMSU's resources, current financial condition and outlook, and budget process in place to help SMSU manage these challenges follow in the sections below.

5A1. The institution has the fiscal and human resources and physical and technological infrastructure sufficient to support its operations wherever and however programs are delivered.

FISCAL RESOURCE COMPONENTS

Given SMSU's status as a relatively young, public university with a strong history of shared governance, several contextual factors affect SMSU's finances and fiscal functioning. Fiscal resource components include budgeting processes, organizational structures, sources of revenue, and patterns of expenditures.

Organizational Structures

As is shown in the organizational chart in Appendix #?, the Vice President for Finance and Administration, who is a member of the President's Cabinet, is the University's chief fiscal officer. The University's business manager reports to the Vice President and oversees the personnel and operations of Business Services. Under the Vice President's supervision, Business Services maintains the financial records of the University and is responsible for management of accounts receivable, student payroll, payroll entry, accounts payable, purchasing, risk management, fixed asset inventories, accounting, and financial reporting. Business Services also assists faculty and staff with financial aspects of grant programs, including financial reporting, handles travel reimbursement, and provides many services to students, including the ability to view and pay their bills online.

The Vice President for Advancement oversees the Advancement area and also serves as the Foundation Executive Director. Advancement includes Alumni Relations, the Foundation and Development Office, and the Office of Communications and Marketing. Advancement is responsible for building on the distinctive strengths of the University, developing more widely its academic reputation, and fostering philanthropic investment. Advancement works closely with other areas of the University through integrated campus planning and aids in the generation of new resources from private and public sources. The SMSU Foundation is a private, nonprofit corporation formed to administer donations for the support of Southwest Minnesota State University, its people, and programs. Managed by a board of directors, the Foundation supports programs and activities that enhance the University's academic and cultural offerings beyond those provided by state budget allocations.

Budget Processes

Because funding for public higher education in Minnesota is appropriated and allocated to systems rather than to institutions, budget processes tend to be cumbersome, untidy, and lengthy. The external process begins when, on a biennial basis, the MnSCU Board of Trustees and the System Office request a level of funding from the legislature. In each odd-numbered year, the legislature appropriates a biennial budget for the state colleges and universities for distribution by the system. In consultation with the Board and the Council of Presidents, the System Office distributes funds to each institution in the system through an internal allocation formula.

Major factors involved in the allocation formula include system-wide and university enrollments, average cost of institutional programs, size of facilities, and relationships between the costs associated with operating each college and university as compared to a peer group of non-system institutions. The allocation formula is subject to change as circumstances both within and external to the system change (http://finance.mnscu.edu/budget/allocations/framework.html). Only after the allocation formula has been applied to the biennial legislative appropriation does the University know its approximate level of funding for the next two years.

Tuition rates are determined by the University during the annual budgeting process and then are presented to and approved by the board. However, approval of tuition rate increases can also be affected by legislative action; in 2013, the legislature froze tuition, disallowing any tuition increases that had been anticipated in the budgeting process. In addition to tuition, the University also charges fees to cover costs of programs and services not directly related to instructional programs. Fees include the student activity fee, student center

facility fee, student health services fee, Minnesota State University Student Association fee, technology fee, commencement fee, maintenance fee, and athletic fee. Changes in fees are first proposed locally and then presented to and approved by the Board.

The university budget is planned each year based on available funds and how those funds meet the mission, vision, and values of the University via the strategic goals (directions) of the university, the themes identified by the President, and the commitments to the System Strategic Framework. In late fall or early winter, the President and the Cabinet review the overall budget for the following year. The review process involves rolling forward known expenses, reviewing revenue estimates, and reviewing estimates of general fund revenues provided by the System Office. Earlier in the fall, administrative officers gather requests for changes in staffing and operating budgets from the President, the Cabinet, the Deans, department chairs and directors, bargaining units, and faculty and staff.

The President's Cabinet works on the budget details and then presents a preliminary budget for review by all constituency groups at meet and confers. Usually two all-university meetings are held to allow all campus employees and students a chance to review the budget information. Student consultation is mandatory by MnSCU policy; the budget is discussed at student meet and discusses which usually occur monthly. The President and/or Vice President for Finance and Administration also meet with the student government leaders and may attend student government meetings to present the budget. After receiving input from constituencies, the Cabinet revises the proposed budget based on changing conditions and changes in expense and revenue estimates. By mid to late summer, an initial budget is approved by the President, with summary documents provided to campus constituencies in the fall. Each year the current budget is available on the Vice President for Finance and Administration's website (http://www.smsu.edu/administration/vpfinanceadmin/).

Although the University's internal budget process usually begins nine months prior to the start of the next fiscal year, the University is rarely able to complete the process on a consistent calendar schedule. This inconsistency results from two factors related to the state's and the system's budget processes.

The first factor is related to timing within the legislative session. Although the Minnesota legislature convenes in early January, the budget allocation is frequently one of the last items approved during the session, which ends in May. Consequently, the System Office usually receives its final budget allocation from the legislature sometime in May. The System Office must then calculate the proportion each individual institution receives based on the allocation formula, with notification of the allocation to each college or university made in late May or in June. This timeline makes it very difficult for the University to complete its internal budget process, determine tuition and fee rates, and set departmental and unit budgets prior to the time students and faculty leave for the summer.

The second factor is the system's allocation formula. Factors in the allocation formula make it difficult to estimate the funding the University may receive, since the formula considers total enrollment within the system as well as enrollment at each individual institution. Enrollment numbers are often not available until late in the academic year and are not distributed to the institutions. Without being able to estimate revenue, the University must wait until the legislative and system processes are complete, often with the result that the University's budget process cannot be completed on a timely basis.

Revenue

SMSU receives the majority of its funding from state appropriations and from tuition paid by students. The remaining revenue is comprised of restricted student payments, state, federal and private grants, sales and

other. Table 5.x shows the overall revenues from 2004 in these categories, excluding capital-type items and with scholarship allowance:

TABLE 5.X OVERALL REVENUES 2004-2012
EXCLUDING CAPITAL-TYPE ITEMS AND WITH SCHOLARSHIP ALLOWANCE, IN THOUSANDS

Year	Tuition	Appropriation	Other
2004	8,363	16,136	12,745
2005	10,230	16,022	13,849
2006	11,291	16,724	13,399
2007	11,153	16,759	13,865
2008	11,378	17,660	15,024
2009	12,109	17,887	14,782
2010	12,935	16,053	17,657
2011	13,167	15,660	18,673
2012	12,740	14,120	16,736

As with most state universities and as described earlier and evident in the table above, the appropriation received from the state has declined over the past years because of economic and political changes. The base appropriation received by SMSU has declined by approximately $2 million since 2004. Throughout this period the University has maintained effective delivery of educational programs despite declining state resources, in part due to its ability until the last year to raise tuition as needed to help cover expenses. Figure 5.x SMSU Tuition and Appropriation Revenue provides a visual of this trend, mirroring the System-wide distribution shown earlier in Figure 5.x MnSCU System Percentages of Tuition and State Appropriation:

FIGURE 5.X SMSU TUITION AND APPROPRIATION REVENUE

Tuition and Appropriation Revenue
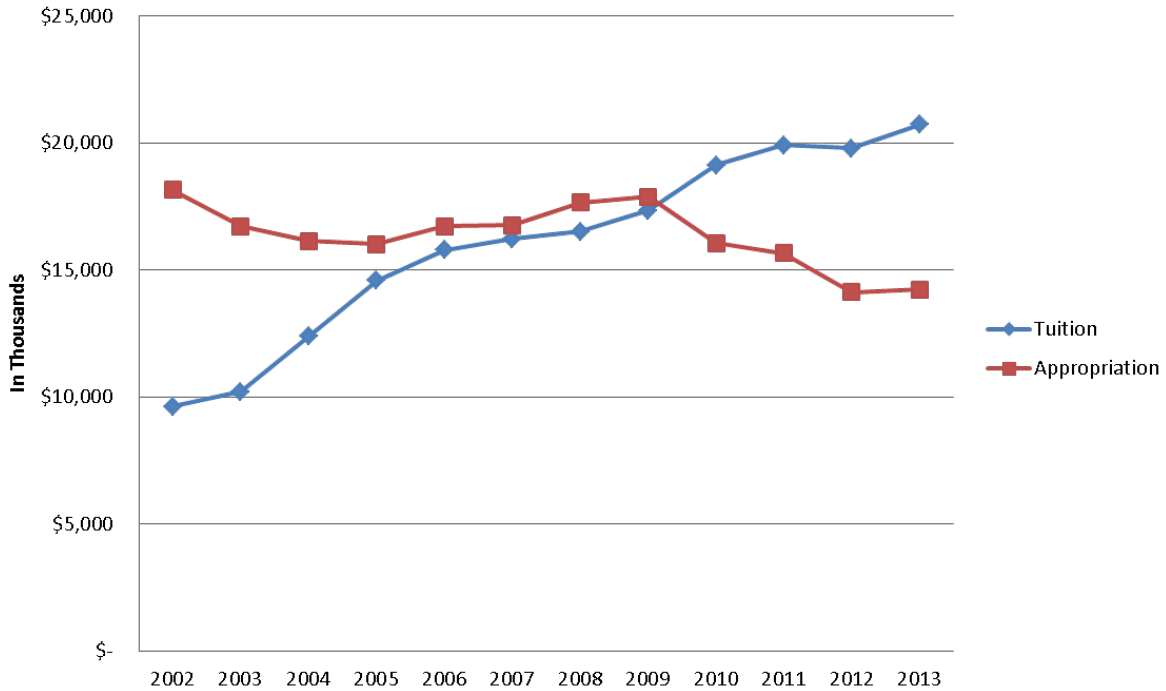
In terms of the System's appropriation, SMSU received 2.87% of the base allocation to the 31 MnSCU institutions in fiscal year 2014. Based on the financial statements for the year ending June 30, 2013, operating appropriations accounted for just 32% of SMSU's total revenue as compared to year ending June 30, 2004 in which operating appropriations accounted for 42% of total revenue (not including other revenues). [UPDATE WITH JUNE 2014 NUMBER]

As the state appropriation has decreased, the amount of revenue from tuition has therefore increased, shown in Figure 5.x above. Tuition, net of scholarship allowance, accounted for almost 30% of total revenues in 2012.   Table 5.x displays the average tuition cost and percent change in tuition since 2004:

TABLE 5.X SMSU TUITION & FEES RATES AND PERCENTAGE CHANGE 2004 – 2014

Based on Undergraduate on campus rates

Year	Combined Tuition & Fees per credit	% change	
FY2003	140.69	9.79%	
FY2004	158.24	12.47%	
FY2005	181.29	14.57%	
FY2006	194.47	7.27%	started banding
FY2007	206.96	6.42%	
FY2008	216.41	4.57%	
FY2009	222.16	2.66%	
FY2010	230.11	3.58%	Mitigated with federal stimulus

FY2011	240.56	4.54%	Mitigated with federal stimulus
FY2012	256.99	6.83%	Increase from mitigated rate
FY2013	267.94	4.26%	
FY2014	267.94	0.00%	

In 2013, the legislature voted to freeze tuition, as noted above. This freeze is one factor in SMSU's current financial status, described in greater detail in a later section.

Reserves

In order to improve the University's financial condition, and in an effort to prepare for unexpected revenue shortfalls or unanticipated expense, the University has strategically increased its general operating fund reserves over the last decade. General fund reserves have increased from 2% of previous year's revenues to 5% of previous year's revenue, which falls within the MnSCU system policy requirement of 5-7%. SMSU's general fund balance, which is carried forward from one year to the next, has grown from approximately $3 million in 2004 to $11.7 million at the end of the 2013 fiscal year. The general fund balance of $11.7 million is divided into two components: restricted and unrestricted fund balance. The "restricted" balance ($600,000 as of June 30, 2013) is limited to use by parties external to the university. The "unrestricted" balance has been designated for use in one of three ways: designated for programs (balances that have been designated for specific purposes); designated for reserves; and undesignated (balances not restricted, designated, or reserved by the institution). As of June 30, 2013, SMSU's unrestricted general fund balance was $5.7 million designated for programs, $2.2 million designated for reserves, and $3.2 undesignated.

Foundation

The Southwest Minnesota State University Foundation is a component unit of Southwest Minnesota State University and includes the University's Alumni Association and Mustang Booster Club (athletics) in its assets. Since the previous review in 2004, the Foundation has completed a successful capital campaign. The "Campaign for Southwest" was a $17.2 million dollar fund-raising campaign to build support for Southwest Minnesota State University. It closed successfully on June 30, 2009, surpassing its goal with just over $24 million in contributions and pledges. Campaign priorities and the dollars that were raised in support of those initiatives included the following:

- Support for students and faculty - $10 million goal; dollars contributed and pledged: $14 million
    - to enhance undergraduate scholarships, increase the library acquisitions endowment, provide new and upgraded technology in support of research and learning , and establish an endowment to support curricular innovation and development
- Support for Signature Programs -$4 million goal; dollars contributed and pledged: $2.5 million
    - to provide support for the Culinology ® program component of the Hotel/Restaurant Industries program; establish an endowment to support the environmental sciences program with a focus on developing curriculum in sustainable agriculture and the science of agriculture; and enhance the endowments that provide support for liberal arts, fine and performing arts, education and business
- Support for Campus Projects - $3.2 million goal; dollars contributed and pledged: $7.5 million
    - Specific projects included renovation of HRI, Culinology ® and science laboratories; development of the Alumni Plaza to provide recreational, socializing and walking areas between the new Student Center, R/A Facility and Residence Halls; and support for the new Regional Event Center that was partially funded by both public and private dollars. The facility houses regional, cultural, entertainment, educational, and sporting events on campus.

- Total Dollars contributed and pledged: $24 million

The Foundation volunteers, SMSU Alumni Association, Mustang Booster Club, and Advancement and Athletics staff members currently work with over 4,000 donors and raise more than $3 million annually. As the youngest MnSCU university in an out-state location (Metropolitan State located in the Twin Cities was founded later but serves a much larger enrollment), SMSU accomplishes this while having the smallest pool of alumni within the MnSCU universities. (see Table 5.x).

TABLE 5.X NUMBERS OF ALUMNI OF RECORD AT MNSCU INSTITUTIONS (AS OF 20XX)

MnSCU Institution	Alumni of Record
Bemidji State University	37,049
Metropolitan State University	29,084
Minnesota State University, Mankato	109,284
Minnesota State University, Moorhead	61,121
St. Cloud State University	100,555
Southwest Minnesota State University	15,150
Winona State University	48,804

In FY 2013, the Foundation received $3,926,050 in contributions, revenue, and support, and contributed $827,321 in scholarships to SMSU students while contributing back a total of $1,670,042 in total support to the University. Separately audited financial statements for the Foundation can be found along with SMSU financial reports in the "Annual Financial Report" submitted to the System Office (most recent report is available online at http://www.finance.mnscu.edu/accounting/financialstatements/yearendstatements/index.html; older reports are available in e-resources for reviewers).

Patterns of Expenditures

Table 5.x identifies patterns of expenditure and commitment of financial resources to accomplishing the University's mission and goals. Table 5.x shows patterns of expenditure as percentages of total general University expenditures (IPEDS data). While the University has experienced financial challenges in recent years, it has maintained patterns that demonstrate commitment to its educational purposes and that have remained fairly constant since the last HLC review.

TABLE 5.X SMSU EXPENDITURES IN DOLLARS 2009 – 2013
(IPEDS DATA, YEAR ENDING JUNE 30, IN THOUSANDS)

IPEDS Functional Classification	2009	2010	2011	2012	2013
Academic support	4,340	4,651	4,917	4,366	4,443
Institutional support	6,089	6,169	5,767	6,473	6,212
Instruction	18,882	19,092	19,934	18,009	19,250
Public service	780	870	870	1,158	1,062
Research	-	6	-	-	-
Student services	8,753	8,289	8,494	8,179	8,481
Auxiliary enterprises	8,528	7,979	7,576	6,918	7,044
Scholarships & fellowships	549	872	769	321	653
Less interest expense	(670)	(927)	(1,005)	(968)	(890)

Total operating expenses	47,251	47,001	47,322	44,456	46,255

IPEDS Functional Classification	2009	2010	2011	2012	2013
Academic support	9.2%	9.9%	10.4%	9.8%	9.6%
Institutional support	12.9%	13.1%	12.2%	14.6%	13.4%
Instruction	40.0%	40.6%	42.1%	40.5%	41.6%
Public service	1.7%	1.9%	1.8%	2.6%	2.3%
Research	0.0%	0.0%	0.0%	0.0%	0.0%
Student services	18.5%	17.6%	17.9%	18.4%	18.3%
Auxiliary enterprises	18.0%	17.0%	16.0%	15.6%	15.2%
Scholarships & fellowships	1.2%	1.9%	1.6%	0.7%	1.4%
Less interest expense	-1.4%	-2.0%	-2.1%	-2.2%	-1.9%
Total operating expenses	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The primary overall expenditure is in the form of employee salaries and benefits. SMSU employees are covered by one of seven union contracts or employment plans. Unions include the Inter-Faculty Organization (IFO), Minnesota State University Association of Administrative and Service Faculty (MSUAASF), AFSCME, Middle Management Association (MMA), and Minnesota Association of Professional Employees (MAPE). Plans include the Commissioner's Plan and the Managerial Plan. SMSU administrators are at-will employees covered by the MnSCU Administrator's plan. The IFO and MSUAASF contracts are negotiated by MnSCU labor relations, but all other contracts and plans are negotiated by the Minnesota Management and Budget (MMB) Division of the State of Minnesota. Therefore, the MnSCU system is subject to the negotiated contract changes by MMB.

Because of tight budget situations not only for higher education but the state of Minnesota, in fiscal years 2004 and 2005 there were no general wage adjustments (increases), but employees received step or performance increases as allowed by contract. In fiscal years 2006 and 2007, employees received 2% per year increases plus step and performance increases. In fiscal years 2008 and 2009, employees received 3.25% per year general wage increases, and some contracts and plans allowed for step increases. All employees were subject to a salary freeze in fiscal years 2010, 2011, and 2012. The most recent contract which ended June 30, 2013, was not settled until late into the second year of the two year contract. Increases in salaries were received by all employees.

A change in budget policy has occurred in the past few years. Academic and administrative departments were allowed in previous years to carry forward funds left in their operating budgets from one year to the next. Rather than seeing funds used for one-time large purchases as might be expected, balances continued to grow for many departments. In fiscal year 2012 a change was made to sweep the leftover operating budgets back to the university general carryover to be used for other purposes. Part of this change was made in light of tightening budgets.

SMSU'S CURRENT FISCAL PICTURE

Current Financial Situation

In fiscal year 2014 the University had an unanticipated reduction in enrollment; therefore, tuition revenue has not met projections. Along with the reduction in enrollment, the legislature did not complete their appropriation budget and language changes for higher education in Minnesota until the final day of the legislative session in May of 2013, only six weeks prior to the start of the new fiscal year. The University had planned a fiscal year 2014 budget based on receiving approximately $450,000 in new appropriations along with approximately $500,000 generated from a 3% tuition increase, which was supported by the statewide student association. Unfortunately, the final appropriation received by the System included language freezing tuition rates for the biennium, as noted earlier, and thus was only enough appropriation to replace the lost tuition revenue. In addition, Minnesota's Office of Management and Budget (MMB) settled statewide union contracts at a rate higher than what they had said to use for planning estimates for the 2014-2015 biennium. Therefore, the amount of funding received by the legislature, already reduced to only being a replacement of expected tuition revenue, was not sufficient to cover increases to salaries and benefits.

The University is currently working diligently to balance the next fiscal year's (FY2015) budget. Because of enrollment declines in the fiscal year 2014, current demographics and other factors, enrollment is projected to be down in fiscal year 2015 also. Contract and labor plan settlements will continue impact the budget, partly because of the structural deficit placed on SMSU by the legislative funding due to the underfunding for this budget item noted above, the expectations based on MMB settlements, and the need to settle new contracts for IFO and MSUAASF faculty, which are bargained at the MnSCU level and for which faculty are currently operating under the terms of the 2011-2013 contracts.

The University administration is emphasizing transparency of financial information and working with the constituency groups throughout the University to look for efficiencies, reductions in expenditures, and revenue enhancements for fiscal year 2015. Budget meetings with the SmSUFA budget committee members took place regularly (every two weeks) in the fall of 2013. These meetings initiated discussions related to the finances of the University in many areas such as the program analysis system (PAS) developed for use in program reviews, budgets in all areas of the University including student organizations, general fund, revenue fund, athletic funding, financial aid, financial statements, and others. These meetings are being offered [CHANGE TENSE AND UPDATE LATER] in the spring of 2014 to members of other unions. The intent is to keep the meetings small enough for good discussion, to have transparency of financial information, and to increase the budget and financial knowledge of non-finance employees.

On February 7, 2014, a Planning and Budget Day was held campus-wide to identify ways that all programs can aid in reducing expenditures and/or increasing revenues. Breakout sessions were led by faculty members. A multitude of ideas were presented from this day that upon implementation should greatly reduce expenditures, especially within the adjunct and overload budget. (A list of the break-out groups' suggestions can be found here *[link*].) Although many great ideas and efforts have been made for spending reductions, the Administration, after review of many quantitative and qualitative factors and reviewing department and program responses, had to make the difficult decision to discontinue programs. Three minors, one major, and one degree within a program have been identified for program discontinuance in fiscal year 2015. These include the Geology Minor, the French Minor, the Spanish Minor, the major in Spanish (previously suspended) and the BS in Chemistry. Chemistry currently offers both a Bachelor of Science and a Bachelor of Arts and will continue to offer the Bachelor of Arts. The University plans to continue to offer lower-level courses in French and Spanish. Work is already underway with the other universities within the System to create a world languages program system-wide. The Geology Minor was being phased out already.

Board Early Separation Incentives (BESI) were offered to targeted programs and departments on campus. Although this will increase expenditures in the current fiscal year, the intent is to have an immediate and lasting effect on future budgets by not filling behind the retirement, reorganizing or restructuring, and/or filling behind the retirement with an individual at a lower salary level than the retiree.

The recent fiscal shortfall has caused review of all areas of the University in a search for savings and efficiencies, not only in order to cover the shortfall in this biennium but also to strengthen the positioning of the University moving forward. In order to accomplish this task, the administration established a five-part test to review expenditures and potential growth measures:

> 1. Will this distinguish us from other institutions and help attract potential students?
>
> 2. Will this contribute to the success of our current students and increase retention?
>
> 3. Will this maintain the integrity and enhance the quality of our institution?
>
> 4. Will this generate additional revenue for investing in our future?
>
> 5. If this is something we must do, is this the best way to do it or should we look for other ways to accomplish our goals?

Composite Financial Index (CFI)

The University's Composite Financial Index (CFI) has seen ups and downs. Figure 5.x provides a summary of the ratios that comprise the final index number over the past six years.   The years ending June 30, 2008 and 2010 were the last years in which SMSU received significant capital appropriations for renovations, $9.66 million and $7.0 million respectively. Capital appropriations significantly dropped in the following years: 2009 - $1.46 million; 2011 - $1.94 million; 2012 - $1.17 million; and 2013 - $.41 million. Capital appropriations aid the ratios since the revenue is recorded but the projects are capitalized, therefore not adding expense to the Statement of Revenues, Expenses, and Net Position.   Even though the ratios are not ideal, the primary reserve ratio and the viability ratio have steadily improved over the years.

TABLE 5.X COMPOSITE FINANCIAL INDEX INCLUDING FOUNDATION RATIOS 2008 - 2013

COMPOSITE FINANCIAL INDEX with FOUNDATION For Years Ending June 30			2013	2012	2011	2010	2009	2008
Primary Reserve			0.87	0.75	0.62	0.44	0.37	0.44
Return on Net Assets			0.14	0.12	0.44	0.96	(0.07)	1.93
Viability			0.51	0.39	0.33	0.23	0.22	0.26
Operating Margin			(0.15)	(0.33)	(0.11)	(0.20)	(0.10)	0.72
Composite			1.36	0.93	1.28	1.43	0.41	3.35

It has only been the last seven to eight years that the CFI has become one of the more prominent factors in looking at higher education institutions' financial health. Prior to that, many felt that if fund balances and cash balances stayed steady or increased, then the institutions' financial needs were being met.

Depreciation and debt service are two factors affecting the operating margin ratio in particular. Since the year ended June 30, 2003, SMSU's annual depreciation expense has increased by $2,533,540, of which $850,066 is attributed to the Revenue Fund. The Revenue Fund added a new residence hall and renovated and added on to the Student Center to replace the building lost to fire for a total of $32,329,593 over that time. Likewise, through general obligation bonds, including capital projects and the Higher Education Asset Preservation and Replacement (HEAPR) program, the University completed building and renovations totaling $45,675,599. By 2020, total per year depreciation within the revenue fund will decrease by about $300,000 annually. There may be some infrastructure work that is needed in the residence halls prior to 2020 that may increase depreciation but not to the amount that it will decrease. Debt service obligations exist for Sweetland Hall until 2030.

The diminished financial resources of the University's portion of the Revenue Fund, particularly Residential Life, continue to be of concern. The debt service and depreciation added from the building of Sweetland Hall in fiscal year 2009 along with occupancy issues have burdened the financial resources of the Revenue Fund. The lower-than-expected freshmen classes of fiscal year 2012 and fiscal year 2014, combined with long-term debt service commitments, translate into long-range challenges for the University's Revenue Fund. The administration is committed to do all that is necessary to make this a prosperous operation and understand that it will take time and a concerted effort.

Depreciation and debt service will continue to improve over time as depreciation decreases and as the debt service is paid off. A workout plan for the Revenue Fund is in place. SMSU currently submits quarterly reports to the Facilities Office of the MnSCU System Office as part of a workout plan for the revenue fund. The plan includes repayment of a $250,000 loan from the Revenue Fund bond fund to help supplement cash flow. The first payment of a seven-year payback was made July 1, 2012. With increased scrutiny of the revenues and drastically reduced expenses within the Revenue Fund, overall financial health has improved in small increments and is close to meeting projections within the workout plan. Occupancy has not increased to the level yet needed; while Sweetland Hall is almost always fully occupied, the occupancy of all university beds is

approximately 70%, a factor which remains a concern as it affects the Revenue Fund and CFI. There is little to no room for further reductions to expenses within Residence Life, and therefore, the University must work on occupancy. Residence Life staff has been tasked with finding additional ways to increase occupancy.

Increasing Revenue

Enrollment growth and revenue enhancements are key to future financial success. In the fall of 2013, an RN-to-BSN program enrolled its first students. This program was able to progress through the planning stages with hiring a full-time director in fiscal year 2012 because of outside funding received from Avera Hospital. Progress was made on additional program offerings to be offered in the School of Ag, and more work is currently underway to enhance the Ag program. These programs, which were developed in partnership with business and community leaders as well as the area community and technical colleges, demonstrate how SMSU is responding to market-driven needs in this region of the state and highlight the importance of collaboration and partnerships across the region to provide access and meet the needs of southwest Minnesota and beyond. SMSU has added cross-country and track and field. This influx of athletes is bringing new students to the University who might not have attended otherwise. The University continues to look for growth potential. New programs or expansion of existing programs must meet the five-part test (noted earlier) established by the President. Existing programs have been positioned for growth, and admissions efforts are strategically focused on identified groups of potential students. Building upon current efforts to enhance the University's academic reputation, reducing operating costs, and effectively managing financial risks are commitments of the University.

An improvement in the retention rate would also increase enrollment leading to more revenue. An administrative line has been restructured in order for the University to hire a Vice President of Enrollment Management and Student Success, scheduled to start in July of 2014. This Vice President will provide leadership vital to increasing the retention rate. Committee structures have also been reviewed in order to support ongoing retention and recruitment efforts, resulting in a Strategic Enrollment Management committee with membership from across the University, which will also begin work in Fall 2014. In fiscal year 2012 the University added an Office of Student Success (described in Criterion 1A2 "Student Support" and related assessment and retention detail in Criterion 4C2/4C3), which is charged with providing services and programs such as an early warning alert system and mentoring programs to aid in the retention of students. Related to the addition of track and field noted in the paragraph above, SMSU athletes show a higher retention rate than the general student population (see Figure 5x; further detail regarding student-athlete retention using NCAA reporting methods, which calculate retention across all class levels and by sport, can be found in e-resources); this should hold true within the new program also and result in a positive bottom line impact.

FIGURE 5.X: TEN YEAR COMPOSITE RETENTION RATES BY GENDER: NEW ENTERING ATHLETES AND TOTAL NEW ENTERING FRESHMEN
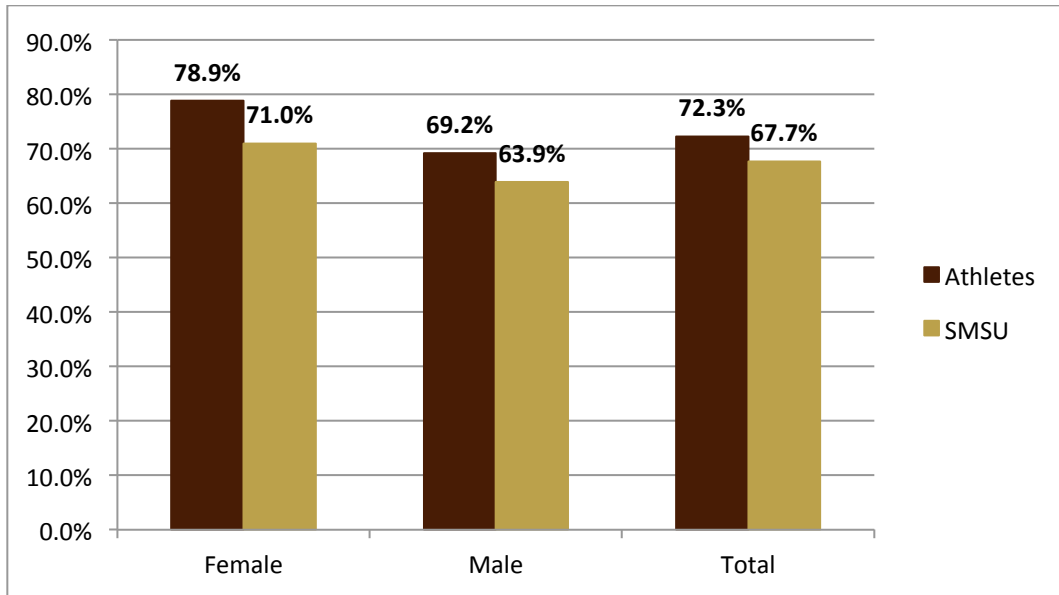
More information regarding enrollment efforts can be found in Criterion 4C.

The Foundation and Mustang Boosters continue their efforts to raise additional monies and determine the best methods for sharing and distributing appropriate proceeds. The Foundation Board of Directors is developing a new strategic plan to help prioritize their endeavors. (The Foundation Strategic Plan can be found in e-resources.)

Through these varied efforts, SMSU will continue to meet its financial obligations while providing access to higher education opportunities developed in collaboration with its regional partners.

PHYSICAL INFRASTRUCTURE

Built primarily in the late 1960's and early 1970's, the 215 acre campus consists of 26 accessible buildings, with an interconnected core of academic and student services buildings. The campus has undergone extensive renovation in the last 10 years. A new student and conference center and a major library renovation were completed in 2005. The Southwest Minnesota State University Foundation constructed student apartments that opened in 2007. That same year, several science labs were renovated and the softball and football practice fields were constructed. A $16 million Regional Event Center opened in 2008, and Sweetland Hall, SMSU's newest residence hall, opened in 2009. Culinology, hospitality management, and science labs underwent a $9 million renovation that was completed in summer 2011. An additional $1.2 million of infrastructure upgrades, including greener and more efficient light fixtures, were completed in 2012.

There is approximately $26 million of deferred maintenance for academic and administrative buildings. Deferred maintenance projects are normally funded through bonding by the State of Minnesota and appropriated to MnSCU through the Higher Education Asset Preservation and Replacement program (HEAPR). Some deferred maintenance projects could be funded by internal general operating revenue, but SMSU has not had the financial capacity to do so recently. In fiscal year 2014 MnSCU is requesting $130.6 million in HEAPR funding. The approved funding level and priority list of the system will determine the amount of HEAPR funding that SMSU may receive. [UPDATE LATER IF POSSIBLE] Revenue fund buildings

have a deferred maintenance backlog of $7.2 million, and these projects must be paid through operating funds and/or bonding through the revenue fund, which has separate bonding authority.

SMSU will begin updating its Campus Master Plan in the fall of 2014. The update was put on hold until President Gores arrived. It also gives the University community time to work on the reaccreditation self-study, which will hopefully bring a better understanding of the university as a whole to the community before the master plan process begins.

Other information relevant to physical infrastructure can be found in Criterion 3D4 (*linked here*).

HUMAN RESOURCES

SMSU saw a decline in 33 FTE employees between fiscal years 2004 and 2013, almost all of whom were in non-faculty areas. The University's number of faculty declined minimally, allowing for adequate programming of courses. Many service areas have had declines in the number of employees such as Career Services, which had 2 full-time employees prior to the fall of 2008 and since then has had one full-time employee and a graduate assistant. The Office of Business Services had 15 full-time employees and now operates with 11.75 full-time equivalents. Some of these reductions have been met with efficiencies, better processes, and more technology but some have resulted in fewer services available to students. Table 5.x below shows the change in FTE numbers of employees in the different employee units from fiscal years 2004 to 2013: [NOTE FOR READERS OF THE DRAFT: This is a placeholder table awaiting complete numbers for all units and updated info for FY14]

TABLE 5.X COMPARISON OF FTE NUMBERS OF EMPLOYEES PER UNIT FISCAL YEARS 2004 TO 2013

Type of Employee Unit	2004 FTE number of employees	2013 FTE number of employees
Craft Bargaining Unit (employees in skilled trades such as plumber, electrician, etc.)	7	(need #)
General Maintenance Workers, groundskeepers, security officers	30	26
Clerical and Technician employee units	51.25	39.45
MAPE bargaining unit (specialized services such as accounting, technology, and facilities)	16.5	20.42
IFO faculty bargaining unit	142.35	136.61 (FY 14—was 133.25 in FY13)
MSUAASF service faculty bargaining unit	58.43	55.6

More detailed information about faculty numbers can be found in Criterion 3C1. Updated data will be available at the time of the review team's arrival, as the University expects shifts in some of these numbers as employees take advantage of BESI opportunities and as the University engages in any additional restructuring due to the current fiscal shortfall.

TECHNOLOGICAL INFRASTRUCTURE

Much of the description regarding technological infrastructure can be found in other criteria chapters, specifically in Criterion 2A "Technology and Integrity" and Criterion 3D4 (*linked here*). As described in those

sections, SMSU has sufficient technological support and has done extensive work updating technology on campus. SMSU's Information Technology Services (ITS) Office created a strategic planning process for technologies on campus. The ITS plan has four major directions:

- A highly technologically literate and informed campus community.
- A reliable, accessible, secure and advanced technology infrastructure.
- A clearly understood, customer-service oriented and agile information technology services organization.
- Support for tools and processes that enable increased efficiency and innovation across all areas of the University.

To help it realize the strategic directions, SMSU is engaged in a number of partnerships. SMSU is a member of the Southwest/West Central Higher Education Organization for Telecommunications and Technology (SHOT). SHOT is one of six regional consortia that comprise the Learning Network of Minnesota. SHOT provides telecommunications network services to its member higher education institutions. These services include video conferencing, voice, web conferencing and online media management. SMSU is also a member of Minnesota Tele-Media (MTM). MTM is a cooperative regionally-based educational telecommunications organization. As a member of MNSCU, SMSU makes extensive use of the Desire to Learn (D2L) platform for online course delivery and also actively uses MNSCU's Degree Audit Reporting System (DARS) to help students track progress towards their degrees, and efficiently transfer credits from other accredited institutions. SMSU's McFarland Library is a member of MINITEX, an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Libraries. The Library is also a member of MnPALS, a consortium of MnSCU libraries, state government libraries, and private colleges and universities. PALS provides library automation software support and services.

SMSU students are well served by the technologies described above as well as others specifically geared to student needs. SMSU has a student technology fee, with decisions regarding distribution of technology fee funds made by the technology fee committee, which has a student majority membership. Every year, SMSU's student-oriented technologies are reviewed by this committee, and then decisions are made to perform upgrades, make new investments and meet student demands for technology services. Other examples of technologies that serve SMSU students include easily accessible Wi-Fi across campus and a multi-purpose software system known as the SA Link that allows all SMSU student clubs and organizations to post activities, recruit/retain members, and send/receive vital club information.

Other examples of technological infrastructure can be found in Criterion 5C5.

5A2. The institution's resource allocation process ensures that its educational purposes are not adversely affected by elective resource allocations to other areas or disbursement of revenue to any superordinate entity.

As described in Section 5A1, the budget process has many steps and stages to ensure that allocations are made appropriately and in accord with standard higher education practices as well as in alignment with SMSU's mission. As noted in 5A1, the budget is prepared using parameters provided by the System Office and declared by the Board of Trustees, such as economic forecasts or limits to tuition increases. Further, budgets are developed on campus taking into account the priorities and strategic plans of the university after much discussion at President's Cabinet, at All University meetings, at Union Meet and Confers, and at Student Meet and Discusses. Finally, SMSU's budget is reviewed and submitted as part of the overall MnSCU System budget. The "Patterns of Expenditures" section in 5A1 provides detail regarding SMSU's allocation of funds and how

educational purposes are not adversely affected by other resource allocations. In addition, Section 5C1 supplies examples of how SMSU allocates resources in accordance with its strategic planning.

The only disbursement to superordinate entities occurs in relation to Revenue Fund expenses for one of the residence halls. The Revenue Fund, which consists of the Residence Life Operating Fund, the Student Union Operating Fund, and their corresponding renewal and replacement funds, are self-funded operations. The authority to operate revenue funds was created in 1955 by Minnesota statute 136F.90-136F.98, which also gives the system bonding authority for non-academic buildings. All bond sales must be approved by the Board of Trustees.   All revenue fund debt and expenses are funded through user fees. No tuition or state appropriation can be used to pay debt. Each year consultation with students must be completed for student union fees and room and meal plan amounts.

Sweetland Hall, SMSU's newest residence hall, was completed in 2008. Although there were rooms available, the original residence halls were built in such a way that full renovation was more expensive than building new and the configuration of our original halls were not conducive to student needs and wants.   One residence hall complex, F Hall, which had the largest amount of deferred maintenance, was demolished prior to the building of Sweetland Hall. As noted earlier, even though freshmen are required in most circumstances to live on campus, SMSU residence halls are underutilized; occupancy runs about 70%, which is far lower than is needed.   Debt service payments and the reduced occupancy have strained the financial situation of the revenue fund. The University obtained a loan to assist in cash flow in fiscal year 2011 from the revenue funds held at the System Office with repayment beginning in July 2012, with the agreement that the University provide financial information to the System Office revenue staff on a quarterly basis.   The financial situation is improving.

5A3. The goals incorporated into mission statements or elaborations of mission statements are realistic in light of the institution's organization, resources, and opportunities.

SMSU has consistently developed, evaluated, revised, and updated the mission statement and the goals incorporated into the mission statements. The strategic planning documents are evidence of the university's commitment to developing realistic goals in light of SMSU's organization, resources, and opportunities.   Goals are developed with input from stakeholders, and departments within SMSU are charged with the responsibility to accomplish the objective within the resources provided. In 2007, The Brown and Gold Task Force developed and refined the mission, vision and core values that currently guide the institution. The most recent Strategic Directions (2012-2017) developed for Southwest were aligned with system-wide strategic directives and presidential work plans under the leadership of *interim* President Wood. The Southwest Minnesota Higher Education study affirmed SMSU's goals and mission while encouraging the University to engage in further collaborations, one of President Gores' key themes. President Gores has engaged the University Strategic Planning Committee to evaluate the current set of goals to ensure that they are still relevant and attainable or if they need to be modified. In doing so, the committee and University will be keeping in sight the new strategic direction titled "Charting the Future" outlined by Chancellor Rosenstone and the MnSCU Board of Trustees, as its components move from proposal to enactment stages. Through these measures, the campus community is working to better align our strategic directions with those of the entire system.

5A4. The institution's staff in all areas are appropriately qualified and trained.

The University ensures its employees are the best possible choices through a rigorous system of recruitment and interviews prior to hiring. Searches are completed using a committee format so that various areas are

included in the hiring process with the final decision that of the hiring supervisor after thorough consultation with the search committee. (See also Criterion 2A "Integrity with Regard to Personnel.")

For all non-faculty positions a performance evaluation process is maintained for regular reviews including a review after an initial probationary period and annual performance reviews thereafter to provide feedback to employees for their continued development. An achievement award process is available by contract for some unions and plans, allowing for recognition of outstanding work by individuals or groups of employees working as a team. A fund is maintained for which employees may request funds for training that is related to their positions but not mandatory. This must be approved by the respective supervisor and then approved through a classified training committee. A professional development day is provided usually in May for staff annually since 2007. The day commences with a presenter and then multiple breakout sessions. The day wraps up with a lunch and another speaker, usually an employee of SMSU. Training that is specific to positions is often provided by departments, and many times is available through the System Office. Many areas have professional development organizations that have training availability. All new supervisors and managers must attend training that is provided by the System Office specific to new supervisors.

Service faculty began having professional development days also in fall of 2012 and have had days geared toward assessment and planning along with other subjects. Two trainings took place in fiscal year 2013. A training day did not occur in the fall of 2013, but one did occur in the spring of 2014. By contract, service faculty have professional development funds available to assist with the costs of professional development. These funds are distributed to each MSUAASF member on a yearly basis as allowed by contract. They also have a competitive professional improvement fund in which members can apply for grants to assist with professional improvement.

Faculty have professional study and travel funds available annually as allowed by contract. These funds are to assist with professional development expenses for travel expenses in relation to professional development and also may pay for professional books and journals, electronic subscriptions, software, and equipment that are not routinely purchased by the University. Faculty have professional improvement funds available as a grant on a competitive basis that is available also to assist with professional development expenses. Faculty are also eligible for sabbatical leave to enhance professional development, support department/unit goals, and/or meet the instructional, service, or research priorities of the University. Eligibility requirements are outlined in the IFO contract. If faculty meet the requirements, they must submit a satisfactory plan which must be approved by the President/designee. A written report of results must be submitted at the conclusion of the leave.

Further information on training, qualifications, the integrity of the hiring process, and evaluation are described in Criteria 2A, 3A1, 3A3 (College Now instructors), and 4A4.

5A5. The institution has a well-developed process in place for budgeting and for monitoring expense.

SMSU has very consistent and well-defined budget development (described in Section 5A1) and monitoring systems in place. All University financials are managed through a statewide system that has inherent checks and balances supported by institutional procedures. The MnSCU system has its own accounting system which must reconcile monthly with the State of Minnesota's accounting system. Each institution is required to quarterly report compliance to the System Office verifying that the local bank account reconciliation is complete and reconciled, that the ISRS (MnSCU system) to SWIFT (state system) reconcilements are complete and reconciled, and that the institution has had no overdrafts within the local bank account.

Individual cost center budget requests are submitted annually and are reviewed and managed by division administrators. All approved budgets are available for public review, and staff has instant access to data for review and decision-making. Cost center-responsible persons have access to their cost centers within the University's accounting system and can instantly access their accounts and run reports as needed. Monthly management reports are generated and disbursed for review by administration.

Annual financial audits were conducted by an independent auditing firm for years ending June 30, 2003, to June 30, 2013, to ensure adherence to policies and procedures as well accuracy of financial reporting. The University had had few if any comments from this external audit and has always received unqualified opinions. The System Office, with approval of the Board of Trustees, has decided to reduce the number of individual institution audits to four campuses beginning with the year ending June 30, 2014. SMSU will continue to produce an individual financial statement, but it will not be separately audited; rather, it will be audited only as a piece of the system-wide audit. The Revenue Fund is audited at the system level separately from the rest of the financial so as to meet bonding requirements.

MnSCU's internal audit division will increase it Control and Compliance audits in light of fewer institutions having separate external financial audits. Internal Audit also completes many programmatic audits, some of which recently have included payroll, purchasing cards, banking controls, auxiliary services, and information technology issues, along with other topics.   Each campus is assigned an internal auditor specific to their campus. The internal auditors follow up quarterly with the campuses regarding any audit findings both from internal audits and from external audits.   SMSU currently has six unresolved findings that are awaiting System Office assistance in order to resolve them [UPDATE LATER].

The Office of Legislative Auditors (OLA) has the option to include any MnSCU institutions in their annual audit plan. Recent OLA audits have centered on general obligation bond fund projects.

CORE COMPONENT 5B. THE INSTITUTION'S GOVERNANCE AND ADMINISTRATIVE STRUCTURES PROMOTE EFFECTIVE LEADERSHIP AND SUPPORT COLLABORATIVE PROCESSES THAT ENABLE THE INSTITUTION TO FULFILL ITS MISSION.

Southwest Minnesota State University's (SMSU) governance and administrative structures facilitate the leadership and support needed to execute the University's mission and strategic objectives. As already described, SMSU is a member of the Minnesota State Colleges and Universities (MnSCU) system which is governed by a Board of Trustees, consisting of 15 members. The Board has policy responsibility for system planning, academic programs, fiscal management, personnel, admissions requirements, tuition and fees, and rules and regulations. The Board of Trustees is responsible for hiring the university president, to whom it delegates the administration of the institution. (For further description of MnSCU and the Board of Trustees, see Criterion 2C.) The President's Cabinet is the senior management team on campus who leads the day-to-day operations of the university, and includes the following administrators:

- Provost/Vice President for Academic and Student Affairs
- Vice President for Finance and Administration
- Associate Vice President for Student Affairs and Dean of Students
- Dean of the College of Business, Education, Graduate and Professional Studies
- Dean of the College of Arts, Letters and Sciences
- Vice President for Advancement & Foundation Executive Director
- Director of Athletics
- Chief Information Officer
- Affirmative Action Officer

- Special Assistant to the President

The organizational charts (*link to org. chart for visual*) showing SMSU's administrative, academic affairs, student affairs, advancement and governance structures are available to the public on the University's website. The University's leadership works closely with the seven bargaining units (see earlier list under "Patterns of Expenditure" section) and the Student Association in the development of policies, procedures, and strategic planning, and in addressing the fiscal health of the university through a number of collaborative processes, all of which are described in more detail below.

As a State of Minnesota-assisted institution, SMSU maintains strong relationships with various branches of the Minnesota State Legislature, the MNSCU System Office including the Chancellor and Vice Chancellors of MnSCU, and local legislators. Fostering these relationships has helped the university align its mission and strategic objectives with the initiatives and priorities of the State and system office.

5B1. The institution has and employs policies and procedures to engage its internal constituencies – including its governing board, administration, faculty, staff and students – in the institution's governance.

SMSU's governance process at the campus level involves a number of practices promoting the communication and sharing of information engaging the internal constituents of the institution in the development and implementation of policies and procedures. Many of these practices have been referenced or described via examples in earlier criteria and sections and are listed again here.

The University is led by the senior leadership, which convenes weekly to discuss and manage the day-to-day operation of the University at President's Cabinet meetings. The President, Vice Presidents and the Directors are all responsible for building the agendas for the Cabinet meetings. Many of the topics discussed in President's Cabinet are shared with the bargaining units and Student Association at the monthly meetings with each group.

The governance structure is partly determined by Minnesota's collective bargaining laws. Under Minnesota law, collective bargaining agreements are negotiated at the state level rather than on the campuses. Each bargaining unit participates in the governance of the institution in accordance with the statutory language and with provisions in the Master Agreements (*link* to all bargaining unit master agreements for reference), or labor plans (link to plans; see Criterion 2A for more information). Below is a list of the various governance structures that are in place to communicate, develop, and assess the institution's policies, procedures, and strategic objectives.

Meet and Confers

The President and members of the Cabinet have monthly scheduled meet and confers with each of the five bargaining units to share views and concerns on the overall operation and governance of the University. The groups on both sides contribute to building the monthly agenda. The President and an appointed Vice President will meet with the leadership of the bargaining units prior to the Meet and Confer to discuss the agenda items so there is a clear understanding to the purpose of the agenda items.

Meet and Discuss

Members of Student Association also engage in monthly meetings with the President and members of the Cabinet in a process called Meet and Discuss. The meeting allows senior management and student leaders to share views and concerns of the operation and governance of the university. The President of the University

and of the Student Association have set meetings to discuss the agenda items for the upcoming Meet and Discuss. On many occasions, the Meet and Discuss process has yielded the opportunity for the President or members of the Cabinet to present at the Student Association meetings to provide our students with a greater understanding of the university's operation, budget, policies, and procedures.

Committee Work

SMSU has a substantial number of All-University committees (*link* to list of active university committees) in place to maintain, develop, implement, and assess institutional policies and procedures. The bargaining unit and administrative representation on the committees are agreed upon through the meet and confer/discuss process. Each committee is assigned a chair to schedule the meetings, set the agenda and conduct the business of the meetings. In addition to the university committees, bargaining units, departments, the Student Association, and other student groups such as the Residence Hall Association or the Student Activities Fee Allocation Committee also have committee structures that in effect involve all constituents on campus in various levels of governance (for example, see the SmSUFA list of faculty committees, *linked here*).

Strategic Planning Process

Over the last 10 years, SMSU has engaged the campus community in strategic planning to develop the university's strategic direction. During this time period, SMSU has had three presidents who each effectively, but very differently, conducted the strategic planning process. (*link* to the timeline of presidents as related to the strategic planning format) The process has aided the University in successfully developing, assessing and revising the annual strategic directions, objectives and ultimately transformed the institution's mission and vision statements. Strategic planning has had university-wide participation and continues to be a healthy exercise and positive assessment of SMSU's growth and areas of opportunity. More detailed information on strategic planning can be found in Core Component 5C.

All-University Meetings

The President, at strategic times throughout the academic year, will address the campus community to provide updates on the university budget, operation, or areas of growth for the institution. The President consults with the members of the Cabinet to schedule the All-University Meetings. The schedule of All-University Meetings (*link* to PowerPoints of All University Meetings from last 10 years) is shared through the Meet and Confer/Discuss process, and all the internal constituents of the campus are invited.

5B2. The governing board is knowledgeable about the institution; it provides oversight for the institution's financial and academic policies and practices and meets its legal and fiduciary responsibilities.

As described in Criterion 2C, SMSU is a member of the MnSCU system of 31 four-year universities and two-year colleges. The System is governed by a 15-member Board of Trustees appointed by the governor and approved by the Minnesota State Senate. The Board has policy responsibility for system planning, academic programs, fiscal management, personnel, admission requirements, tuition and fees, and rules and regulations. SMSU's budget, strategic plan, and presidential work plan must all be approved by the Board of Trustees. In addition, SMSU is routinely audited by the MnSCU Office of Internal Auditing as well as by an independent auditing firm (noted in Section 5A5).

SMSU shares with the governing board as well as other external agencies a number of annual reports that assess the financial and academic policies and practices, and ensures we are meeting the legal and fiduciary

responsibilities of the institution. The following are examples of the variety of reporting with which the governing board would receive or consult, and all can be found in e-resources:

- Office of the President
  - Annual Presidential Work Plan
  - Annual SMSU Strategic Direction
- Finance and Administration
  - Annual Financial Reports
  - Annual Financial Audits
  - Facilities Master Planning /Deferred Maintenance Reports (FRRM system updated annually)
- Academic and Student Affairs
  - Annual Academic Program Reviews
  - Annual Department Program Reviews
  - Annual College Reports and Summaries
  - National Alliance of Concurrent Enrollment Partnerships Self-Study
  - Student Affairs Assessment
- Advancement
  - Annual Foundation Audits
  - SMSU Foundation Strategic Plan (completed every five years)
  - Council for Aid to Higher Education Report
- Athletics
  - Annual Equity in Athletics Data Analysis (reported to US Department of Education)
  - NCAA Financial Report
  - NCAA Academic Performance Census
  - NCAA Academic Success Rate Report
  - NCAA Institution Self-Study Guide (completed every five years)
  - Department of Athletics Self-Study Report (completed every two years)

See also Section 5D1 for additional narrative regarding documentation of performance.

5B3. The institution enables the involvement of its administration, faculty, staff, and students in setting academic requirements, policy, and processes through effective structures for contribution and collaborative effort.

SMSU administration, faculty, staff and students work together in a shared governance environment to handle issues surrounding academic policies, procedures and requirements. The President's Cabinet is committed to collaborating with all bargaining units to facilitate these collaborative efforts. The variety of forums and processes described in Section 5B1 enable this collaboration to occur. Examples of shared governance have been shared in other criteria chapters: the revision of the mission statement in Criterion 1A, the transformation of general studies and development of the new Liberal Education Program (LEP) in Criterion 3B1/3B2, and the work done by the Advising Task Force described in Criterion 3D3.

An annual example of the shared governance process is the development of the academic calendar. Though semester start dates are determined by the System Office, the rest of the calendar is developed locally. All units on campus, including students, are deeply involved in this process. The calendar goes through a number of iterations and compromises before being finalized through the meet and confer/discuss process.

Two other recent examples illustrate this subcomponent. The first began as a conversation at President's Cabinet in an effort to address a deficit in the biennial budget. The second transpired from a conversation at a Meet and Discuss between the President, Cabinet members and the representatives from Student Association.

Program Analysis System

A Program Analysis System (PAS) was developed and implemented in 2012 to aid the University in making data-based decisions in the assessment of academic programs. The system was designed in collaboration between Academic Affairs and Business Services to create efficiencies in evaluating instructional cost, growth potential, and the overall financial health of the academic program. The PAS includes lower-level discipline course work, upper-level discipline course work, and graduate-level discipline course work.

The purpose of PAS is to gather data about the cost of academic programs across all instructional units. The PAS has evolved into two methods, one using an average cost of instruction based on total costs of the University, not specific to a program, for both direct and indirect costs and the other using direct costs specific to a program and adding the indirect costs as calculated on an average for the entire university. The PAS uses both direct costs and indirect costs that must be covered by tuition. The state appropriation no longer covers all indirect costs of the University, so tuition must now pick up a portion of the indirect costs. The study helps to show if a program is covering a share on an average cost basis of both direct and indirect costs. PAS is a system SMSU has used to address public accountability and helps the institution make informed, data-driven decisions.

PAS was presented at the meet and confer/discuss processes on campus to collect feedback and answer questions to how the system will help the University address a budgetary deficit and more efficiently manage the cost of instruction within the academic programs. Given the focus in the PAS on instructional costs, the faculty were especially concerned about how PAS was structured and would be used. The Vice President for Finance and Administration discussed the PAS with the SmSUFA Budget Committee, presented to the SmSUFA Executive Committee, and presented to the SmSUFA Faculty Assembly to explain how the system assesses program costs and creates financial efficiencies. [QUESTION—WONDERING IF THERE IS AN EXAMPLE OF FEEDBACK PROVIDED THAT RESULTED IN A CHANGE IN SOME FASHION TO THE PAS, SO WE CAN SHOW THAT ASPECT WITH THIS EXAMPLE?] (*link* to Program Analysis System (PAS) PowerPoint for visual reference)

Make-up Work and Missed Class Policy

Administration, faculty, staff and students all contributed to the development of the Make-up Work and Missed Class policy. The policy was created to put in place policies and procedures for faculty and students to follow when students elect to enrich their collegiate experiences with participation in extracurricular university-sponsored events or academically-related programs. The purpose of this policy is to address situations where student participation in extracurricular activities might require absences from their registered academic courses.

This policy offers a standardized set of procedures to address scheduling conflicts in an equitable and even-handed manner supporting the student's academic rights and responsibilities and, when possible, allowing for student absences. The policy was taken through the meet and confer/discuss process receiving feedback from the Student Association, IFO, MSUAASF and the administration. The development and implementation of the Make-up Work and Missed Class Policy is an example of SMSU's commitment to collaboration and structuring policies and processes that positively impact the internal constituencies.

CORE COMPONENT 5C. THE INSTITUTION ENGAGES IN SYSTEMATIC AND INTEGRATED PLANNING.

SMSU engages in systematic and integrated planning on a number of levels. Primary in this process is strategic planning. Strategic planning and its key role in enacting the mission is described in Criterion 1A3 (link). As noted there, the strategic plan does not exist in a vacuum but is integrated with other necessary planning components and oversight from the System Office, the state, and accrediting agencies.
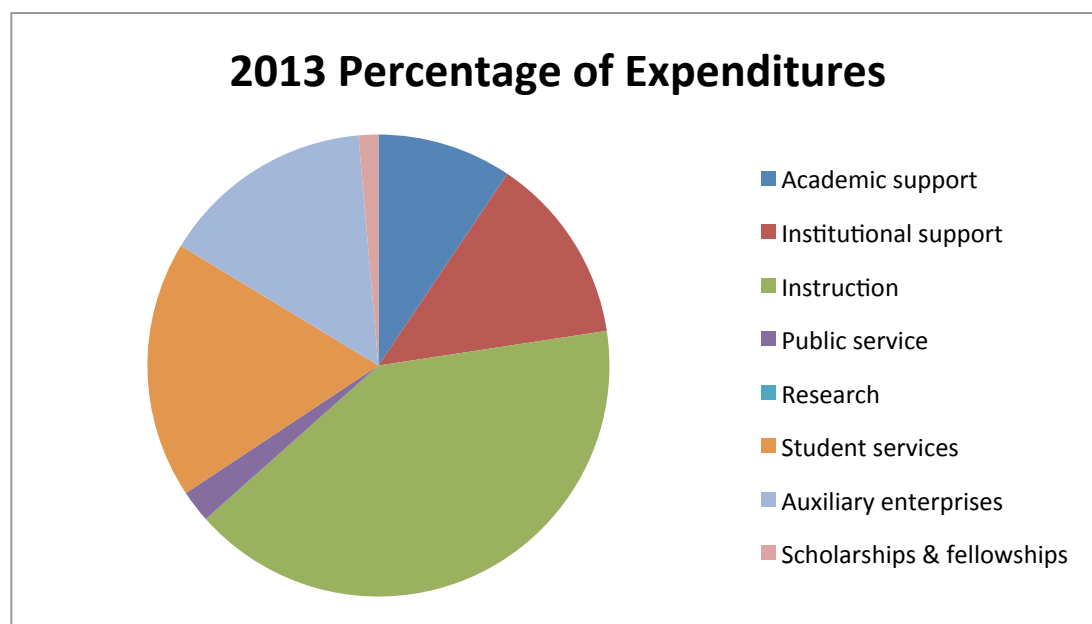
The current 2012-2017 Strategic Plan has the following five strategic directions:

1) <u>Academic Strategic Direction</u>: Review annually all academic programs and create new programs when justified that support the changing economic and social dynamics of the 21st century.
2) <u>Enrollment Management Strategic Direction</u>: Develop and commit to an enrollment management program to increase university enrollment both on and off campus through recruitment and retention programs.
3) <u>Facilities and Equipment Strategic Direction</u>: Modernize the campus environment and update the campus classrooms and equipment using green technology where feasible.
4) <u>Community Partnerships Strategic Direction</u>: Build partnership connections to communities, business and industry, and educational institutions within the southwest region.
5) <u>Diversity Strategic Direction:</u> Build on existing strengths in creating an environment to celebrate the accessible and diverse nature of the SMSU campus community and encourage the growth of all groups on campus.

President Gores has engaged the Strategic Planning Committee to review the current plan and consider whether or how the plan might be revised or improved. The Committee on Institutional Assessment (CIA) has had much discussion regarding the relationship between the CIA and Strategic Planning, and has developed a model of communication between the two groups, described in Criterion 4B1/4B4 (link).

5C1. The institution allocates its resources in alignment with its mission and priorities.

Patterns of expenditure for instruction and academic support shown in Section 5A1 (link) demonstrate the commitment of the University to its academic mission and the allocation of resources to support that mission. Figure 5.x presents a visual of the current FY 2014 allocation of resources, again based on IPEDS classifications; the chart demonstrates that the majority of funding goes directly to support instruction.

2013 Percentage of Expenditures

- Academic support
- Institutional support
- Instruction
- Public service
- Research
- Student services
- Auxiliary enterprises
- Scholarships & fellowships

The budgeting process described earlier also in Section 5A1 details the steps used by the University to allocate its resources. The University is committed to supporting the educational environment and human resources necessary for effective teaching and learning.

Institutional priorities are established from strategic planning directions. Examples of recent allocations of resources per each of the five strategic directions in the 2012-2017 are described below. The examples demonstrate that many projects at SMSU actually contribute to more than one strategic direction; an improvement or allocation in one area also supports other goals:

- Academic strategic direction – in alignment with the goal to identify and prioritize new programs, Exercise Science has been identified as a growth program; to support the program, part of a dance studio space was converted to an Exercise Science Fitness Lab, with an internal loan to purchase equipment that will be paid for through funds raised in an agreement with the Schwan Food Company, for whom the program is providing services. This example demonstrates support not only for an academic program but also exemplifies a community partnership and an improvement to facilities.
- Enrollment Management strategic direction—as part of a recruitment effort, SMSU established three major scholarship programs beginning with the spring semester 2012. The College Now Scholarship is for students who start their education with us while in high school; the Upward Bound scholarship is for students who are first generation college students from a state- wide program, and the third scholarship is the Mustang Transfer scholarship for students who have completed 60 credits or more at another institution.
- Facilities and Equipment strategic direction -- SMSU with the Marshall Public Schools renovated the "Old Mattke Stadium" to a track and field complex with a Mondo type surface for the running track, synthetic turf soccer field, and new event sites (located north of the stadium). The new field supports the addition of track and cross country as well as the high school track program.
- Community Partnerships strategic direction – in serving Goal 4 to promote service learning through community-based partnerships, over the past five years, SMSU has partnered with the Lynd Public School district to establish the After-School Tutoring. Center for Civic Engagement student staff assist with recruiting student volunteers and interns, who meet with Lynd school children in the Instructional Learning (IL) Building a few days a week. Numerous other examples are described in Criterion 1D.
- Diversity strategic direction – to enhance the environment and provide greater support for the Office of Diversity and Inclusion, in Fall 2013, the Office moved to a new location in the Commons East building on campus. This move provided the Office with room for a computer lab, offices, study areas and a lounge for meetings and other gatherings, and also makes the Office conveniently located close to the AOS Living & Learning community.

5C2. The institution links its processes for assessment of student learning, evaluation of operations, planning, and budgeting.

Assessment of student learning, evaluation of operations, planning, and budgeting are integral to the operation of SMSU which is apparent from the program level to the University as a whole. At the program level, as evident in yearly reports by departments and in the 5-year program reviews (see Criterion 4A1 and samples in e-resources), program planning decisions are based on assessment and evaluation that takes place in individual courses, yearly reviews, and exit assessments of each department. For example, in Education, professional testing scores are reviewed annually, areas of need are noted, and then are addressed in courses as needed (link to assessment improvement report). The PAS system provides an additional tool for use by departments and administration for reviewing course offerings and instructional loads. Planning decisions

are made within the constraints of the budget provided to each department. Departments are given the opportunity to request additional money with rationales in the yearly budget requests.

At the University level, assessment of student learning across the full undergraduate experience drove the revision of the LEP. Described in detail in Criterion 3B1/3B2 (link), the new LEP is clearly rooted in learning outcomes, developed in agreement with the full faculty prior to the building of curriculum. When the curriculum structure was designed, faculty were supported by the administration to create a curriculum that supported the outcomes, with assurance that staffing support would follow; that support continues even in light of fiscal difficulties. The University is now engaged in assessing outcomes with the expectation that analysis of assessment data will result in further refinement of the outcomes and curriculum.

As described in Section 5A1, the strategic planning directions and the enactment of those directions frequently demonstrate the linkage between assessment, evaluation, operations, planning, and budgeting. The Science lab renovations present another example of this linkage. In this case, improvement in facilities was directly tied to academic need and assessment. The project also fit in with the System's planning and commitment to STEM. The renovations were many years in the making, as the project's several stages had to make it on the state bonding list of priorities, affecting operations and budgeting for a number of years. Another example is the University's decision to pursue hiring a Vice President for Enrollment Management and Student Success. The person in this role will manage operations, planning, and budgeting for recruitment and retention efforts.

A final example of linking planning to the budget comes from President Gores' set of three guiding themes (Educational Excellence and Distinctiveness; Student Learning and Success; and Meaningful Partnerships and Engagement) and the five-part test being applied to review expenditures and growth initiatives listed in 5A1 (*link*).

5C3. The planning process encompasses the institution as a whole and considers the perspectives of internal and external constituent groups.

The methods for including internal constituent groups in strategic planning processes have been described in previous sections. Over the past decade SMSU has frequently built either a half-day or a full day into the academic calendar at least once each year or has dedicated all-university meeting time to the topic. Everyone in the University community is encouraged to participate in these strategic planning discussions, including faculty, staff, students, and even citizens of the surrounding region. One of the Strategic Planning days organized by *interim* President Wood was in fact facilitated by the local school superintendent. A history of Strategic Planning Day and other related presentations or meetings (*link* here) and the public links available on the Strategic planning website (http://www.smsu.edu/administration/strategicplanning/) provide further evidence of the inclusion of all constituents in that process.

In addition to strategic planning, other planning groups, external input, and advisory boards provide insight into internal and external perspectives.

PLANNING GROUPS AND TASK FORCES

A number of departments or units on campus whose work affects cross-campus constituents develop plans either with the help of or review from personnel and students from outside of the assigned department. These plans include the Technology Strategic Plan and the Campus (Facilities) Master Plan. The Technology Strategic plan is described in Section 5A1. Also noted in Section 5A1, the Campus Master Plan is scheduled to be updated in 2014-2015, following an extension from the System Office of several years while awaiting the appointment of a permanent president.

In addition to the overall technology plan, to help with the development of internal University policies and practices, the University has created an Information Security Team (IST) that is representative of the faculty and administrative departments that are in a position to handle potentially confidential information. The IST was created in 2008 after the Meet and Confer process revealed the preference for an advisory group. [*link* to minutes if available]

One other group that aids in the planning and oversight of a broad constituency is the Intercollegiate Athletic Advisory Committee. This committee, with membership from all units, students, Boosters, alumni, and the community, advises the President and Athletic Director on such matters as policies, procedures and programs with affect to student-athletes, the athletic staff, the university, alumni and general public. [*link* to history/notes from committee]

SMSU also makes use of task forces when appropriate to help identify and develop action plans for specific purposes. A University task force is usually comprised of representation from all units and students, and often community, employer, or other external parties with interests in the subject. Recent examples of task forces include the Advising Task Force, described in Criterion 3D3 (*link*), and three task forces organized by interim President Wood to develop potential growth areas for the University: the RN-to-BSN Task Force, which included several representatives from health-related organizations in the community and two year schools, and resulted in the addition of the degree program within two years; the Agricultural Programs Task Force, which again included representation from agricultural businesses as well as faculty and staff; and the 2+2 Task Force, which included Distance Learning staff and colleagues from area two year schools, designed to review current 2+2 offerings and identify additional opportunities. [NEED TO CHECK ON THE OFFICIAL MEMBERSHIP OF THESE TASK FORCES TO MAKE SURE THESE SUMMARIES ARE ACCURATE; *link* to results and/or minutes of each]

EXTERNAL STUDIES

An important and very visible examination of the University that included the views of many different people in the region was the Higher Education Needs of Southwest Minnesota Study. The study was commissioned by the System Office upon the retirement of President Danahar, to examine the needs of two- and four-year education in the region and to determine whether SMSU and Minnesota West Community and Technical College could or should consider stronger alignment in some form. MGT of America, a higher education consulting firm, conducted the study in Spring and early summer of 2011 through interviews, focus groups, and surveys with area business leaders and community members, staff, faculty, and students. The study's findings lead to an immediate outcome in the decision to hire separate presidents for each institution, as well as continue to influence on-going and long-term planning regarding collaborations between the institutions and the development of new programs. (The full study report is found at http://www.smsu.edu/administration/president/southwestminnesotahigheredstudyreport.pdf.)

SMSU has also employed the services of external consultants over the years to assess market conditions when considering significant projects. In 2009, Corcoran Communications was employed to conduct a comprehensive marketing study to assist in the development of new recruitment materials and to conduct an audit of SMSU's current website and publications. The information gleaned was used to implement changes in our publications and to enhance the messaging on the website for prospective students and their families. The full report from Corcoran is available in the Resource Room.

ADVISORY BOARDS

Several SMSU units and departments make use of external advisory boards. These include the Foundation Board of Directors, the Teacher Advisory Board, Nursing Advisory Board, Alumni Association Board of Directors, and Mustang Booster Club Executive Board.

These boards serve their programs in a variety of ways. For example, directors on the Foundation Board are elected to three-year terms and provide counsel in fund-raising, portfolio management, strategic planning and other matters. The Culinology and Hospitality Management Advisory Board provided strategic planning work which led to the establishment of the Culinology program in 2006. The board consists of individuals from various sectors of the food and hospitality industries outside of SMSU. Through industry contacts and research, the advisory board recommended the development of a Culinology program to replace the former Hotel/Restaurant Administration Program that SMSU used to have. This new program became the first four-year program in the world, and subsequent planning and resource alignment has led to significant growth, financial investments, and facility improvements to support the program.

5C4. The institution plans on the basis of a sound understanding of its current capacity. Institutional plans anticipate the possible impact of fluctuations in the institution's sources of revenue, such as enrollment, the economy, and state support.

5C5. Institutional planning anticipates emerging factors, such as technology, demographic shifts, and globalization.

Much of the information regarding this core component has been described in the introduction to Criterion 5 and in the budget process section (*link* back here). SMSU has come to expect decreased state appropriations, and creates budget projections based upon all known information and anticipated fluctuations to the extent possible. To aid the University in these efforts, in fall of 2013, an Enrollment Analytics Team was established to review and analyze data related to retention and enrollment projections. This team will continue to help the new Vice President of Enrollment Management and Student Success when that person is hired. Other forms of data related to the MnSCU allocation model are closely studied by the Vice President of Finance and Administration as budgets are developed, and in recent years these details have been shared more deliberately with faculty, to help them understand how the allocation model in all of its complexity works.

The University takes care to develop new programs that are based on emerging regional needs. As described earlier, one of the primary themes currently being focused on centers on partnerships and collaborations, which supports the findings of the Higher Education Needs of Southwest Minnesota Study as well. The RN-to-BSN program, new ag-related programs are examples of fulfilling these needs, identified by regional stakeholders. Program reviews and annual department reports also describe needs analysis and sustainability issues, as exemplified in the Education Department's addition of a Reading and Teaching English as a Second Language licensure; graduate emphases in Sport Leadership, English, and Math; and a Masters of Physical Education to meet the needs of the region.

SMSU systematically addresses emerging trends such as in technology, demographics, and globalization through components of its strategic plan; the forward-looking plan addresses these issues in its strategic directions.

Specifically, some examples of technologies that have addressed and continue to anticipate technology needs include the following:

- Continuing investment in smart classrooms, training and associated software
- E-Services offers a broad set of programs and support mechanisms, including software to assist in student advising, registration, and managing course grades

- A three-year office-computer replacement cycle
- Installation of a new computer-integrated phone system
- SMSU McFarland Library's automated library system, which provides access to library holdings including a collection of ebooks that can be downloaded and interlibrary loan services, a discovery overlay to the system that enables a single search to present results from the library catalog and multiple databases, and an electronic resources management system to track database subscriptions and statistics. The Library is beta testing an institutional repository program which may be used to provide online access to faculty and student research as well as archived institutional documents.
- The streamlined and updated E-Application Process has increased regional and statewide accessibility to SMSU's College Now Program. SMSU uses the College Now Program to partner with nearly 100 school districts and almost 4,500 students in Minnesota. College Now is accredited by the National Alliance of Concurrent Enrollment Partnerships (NACEP).
- Using Adobe Connect Technologies, SMSU cooperates with Minnesota's Two-Year Community and Technical Colleges to offer both hybrid and asynchronous online courses and bachelor degrees to students in SMSU's 2+2 Distance Learning programs.
- SMSU's Geographic Information Systems (GIS) Center houses a network of computers and related equipment to serve the GIS users, both public and private, in southwest Minnesota. The Center is available for use by students and faculty as part of regularly scheduled classes. Additionally, as a regional resource in southwest Minnesota, the Center is available for area residents as a source of data and to provide technical support through consultation, customized applications, and workshops.

In terms of demographic shifts, SMSU is highly aware of the changing demographics in the region and the potential impact on the University, both in terms of services offered or needed and in terms of recruiting and enrollment. The "Enrollment Profile" section in Criterion 1A describes current enrollment and trends at SMSU. Some of these current trends include:

- The gender distribution of SMSU's student population has a female majority.
- Students of color typically comprise less than 10% of SMSU's student enrollment.
- International students typically comprise less than 10% of SMSU's student enrollment.
- More than 75% of SMSU students typically are Minnesota residents.

In Fall 2013, the campus community was presented with slides outlining the shifting demographics in Minnesota and regarding higher education and asked to consider how these trends should be taken into consideration regarding SMSU's planning for the future (http://www.smsu.edu/administration/president/campusconversationpresentation_9-25-13.pdf).

The creation of SMSU's Gold College (formerly called Senior College) has been one initiative based upon demographics in the region and reaching out to engage the community beyond traditionally-enrolled students seeking undergraduate degrees.

Globalization presents another trend that SMSU is currently encountering. SMSU's Global Studies program is being reviewed to consider additional opportunities for getting students to engage with global concepts and experiences. SMSU has also hosted students from other countries to take credits and earn certifications here. In terms of creating opportunities to bring global perspective to students on the SMSU campus, the SMSU Education Department invited a delegation of Ph.D. students from Udon Thani, Thailand. The students from Rajabhat University come to SMSU to experience a U.S. school administration program. They take an SMSU Masters in Education course as part of a three-week visit. They also travel to area high MN schools and work

closely with school administrators to learn more about Minnesota's K-12 education system. SMSU also recruits international students to earn graduate and undergraduate degrees. For example, in Fall Semester 2013, a cohort of graduate students from Taiwan enrolled in courses to earn an SMSU MBA degree; in Fall 2014, a cohort of students from Taiwan are expected to join the University for an MBA program.

CORE COMPONENT 5D. THE INSTITUTION WORKS SYSTEMATICALLY TO IMPROVE ITS PERFORMANCE.

Southwest Minnesota State University monitors and reviews the progress in meeting the University's goals and objectives it has established through the strategic planning process. The review is accomplished through internal and external processes in an environment of share governance to ultimately assist the university in fulfilling its mission.

5D1. The institution develops and documents evidence of performance in its operations.

Section 5B2 lists out the multiple reports which provide evidence of SMSU's performance. In addition, Criterion 4 describes the annual reporting and assessment processes departments engage in, along with periodic program review. The President's Cabinet reviews these many reports and communicates the results of these reports and audits out to the campus community and posts many of the publications on the university's website for review. The President and members of the Cabinet continue to share the successes and challenges of the university and continue to look for new methods to evaluate and manage the educational, financial, legal and fiduciary responsibilities of the institution.

SMSU vice presidents and deans are responsible for a number of annual reports detailing the accomplishments and statuses of their departments and programs. The reports are assessment tools used by the senior management staff to evaluate their department's growth and challenges and to identify success stories. These reports are also utilized by the University to evaluate and document progress towards meeting the institutional goals and objectives set forth by the University's strategic plan and the Presidential Work Plan.

For example, the Provost/Vice President for Academic Affairs receives an annual report from both colleges at SMSU. These documents are prepared by the deans. The deans ask each of their departments within the college to prepare an annual review that includes the current projects and initiatives of the department or programs. The projects and new initiatives have been developed to align with the University's strategic plan, as well as the mission/vision statements and the goals and objectives of their respective colleges and departments. In addition to the annual reports, the deans received Professional Development Plan (PDP) reports from each faculty member as part of the IFO Master Agreement. The PDPs provide the deans strong supplemental reporting on the individual initiatives and programs being developed and executed by our faculty.

Externally, the extensive assessment described in the Higher Education Needs of Southwest Minnesota study described earlier provides additional evidence regarding operations. The executive summary identified areas of growth as well as potential strategies of consideration for higher education to positively impact the region through strategic alignment and partnerships. It was evident by the findings that SMSU should continue to find ways to collaborate with Minnesota West on academic programming and a shared services model. (provide link to Executive Summary: Higher Education Needs of Southwest Minnesota)

5D2. The institution learns from its operational experience and applies that learning to improve its institutional effectiveness, capabilities, and sustainability, overall and in its component parts.

SMSU has a number of internal and external processes in place to identify ways to improve the performance and productivity of the university and its component parts. Many of these have already been described in earlier sections of Criterion 5. Below are examples of projects and initiatives where research and assessment aided the institution in improving its institutional effectiveness, capabilities, and sustainability.

Schwan Regional Event Center (SREC)

The construction of the SREC in 2006 was the result of a public/private partnership between SMSU and The Schwan Food Company (TSFC). The facility was to address the need for a regional facility to host conferences, conventions, training sessions, academic courses, band competitions, and collegiate and high school football and soccer. TSFC, SMSU and local legislators successfully lobbied the project in the Minnesota State Legislature to gain $11.4 million in state bonding to support the project. The SREC now serves Southwestern Minnesota as a first class facility for regional and local businesses to host a variety of events, meetings and training sessions. The facility plays host to a number of Marshall High School activities and sports and to the Minnesota State High School League Section and Quarter Final Football games, and has enhanced the game-day experience for SMSU Athletics home athletic competitions.

Replacement of Light Switches

Light switches in restrooms in the academic buildings on campus were changed to motion sensor light switches in 2010. The switch automatically turns on the lights when someone enters the restroom and turns the lights off after a set number of minutes of non-activity. This reduces the length of time restroom lights are on, which in turn reduces electrical energy consumption on the SMSU campus. The use of motion sensors also lets the University community know that SMSU is actively taking steps to reduce energy consumption in a way that people can see. SMSU received HEAPR funding to purchase and replace the light switches, aiding the University in its sustainability and financial efficiencies.

Science Lab Renovations (2008-2013)

The renovations of the science labs (*link* to 2008 Agency Capital Budget Request) at SMSU enhanced the learning experience for students by training on up-to-date, state-of-the-industry technology and scientific equipment to better serve regional industry. The project consists of:

- Renovation of 7,200 GSF of Hotel, Restaurant Administration teaching labs in the Individualized Learning Center to accommodate a Hospitality Management academic degree

- Renovation of 11,250 GSF in Science & Technology Building to remodel and update biology and chemistry labs

- Renovation of 13,595 GSF in Science & Math Building to remodel and update biology and chemistry labs

Six biology labs and five chemistry labs have been renovated and updated. The labyrinth of prep/storage areas have been simplified into one common lab prep area per floor that can be efficiently staffed, and has allowed sharing of lab materials and equipment. Some of the inefficient prep-storage spaces have been converted into dedicated spaces for on-going student scientific research projects. The addition of a "smart" science classroom in Science & Math has allowed higher order thinking skill development in analyzing the results of real-time data collection from the labs.

Culinology and Hospitality Management

SMSU's Culinology and Hospitality Management programs required renovation of outdated facilities formerly used by a hotel and restaurant administration program that had been discontinued. Culinology combines culinary arts, food science, and business to meet workforce demands for new products development specialists. Food science, food safety, and new food product development are core themes. The renovation has constructed a modern facility for the re-engineered program. The remodeling and right-sizing of this university space to commercial-grade academic labs has fostered student learning and a smooth transition to industry environments.

The renovation focused on a total remodel of, and expansion into existing space, commercial grade equipment and materials, and the following spaces:

- basic skills kitchen to accommodate six identical kitchen stations

- upper level high production kitchen with areas for hot food, cold food, bakery, prep and beverage areas, and point of service computer system,

- a demonstration/teaching lab designed with industry-leading audio visual and instructional technology capabilities

- Food Science Research & Development lab

- public access gourmet dining hall for service learning opportunities

Sweetland Hall/Foundation Apartments

SMSU recognized a major need to update and diversify the options in its residential housing offerings. In 2005, the University partnered with the SMSU Foundation to construct and manage apartment style housing for SMSU students. The university also demolished one housing complex, eliminating more than $2 million in deferred maintenance, and replaced it with a new residence hall. Sweetland Hall opened in the fall of 2009 and with brought a mix of more modern residence that were suite-style rooms with many modern amenities included air-conditioning, greater technology and improved accessibility. Coupled with the existing mix of residence halls, the University now has a diverse mix of housing options with different amenities and price points for students.

Marshall Regional Track & Field Complex Renovation

Marshall Public Schools (MPS) and SMSU entered into a partnership in 2011 to finance the renovation of Mattke Field on the campus of SMSU into a state-of-the-art track and field complex. MPS approached the SMSU Director of Athletics on the potential collaboration to address the district's deteriorating track, located at the Marshall Middle School. A new track and field complex enabled SMSU to add women's and men's cross country and indoor and outdoor track and field. The addition of these sports aids the university in growing enrollment and positively impacting the institution's Title IX compliance. The project will support many of the academic, activity and athletic s needs of MPS and SMSU. The Marshall Regional Track & Field project also demonstrates the commitment of both institutions to enhancing the economic development in the region. This facility is designed to host regional and national competitions and activities supporting the Southwest Minnesota Amateur Sports Commission of Marshall.

Library Renovation

The McFarland Library was renovated in 2004 to reconfigure the entrance and enhance the overall function of the facility for students on its four floors. The main floor now houses the Reference Desk, the reference, periodicals, and media collections, student workstations, and the Circulation Desk. There are also two workstations available to the public. The William Whipple Art Gallery was moved to the south side of the

library to provide easier public access during showings. The library features two computer labs for daily and classroom use as well as computer workstations set-up throughout the library. The new design provides students a comfortable opportunity to study individually or as a group. The Library also now houses a Writing Center and a Speech Center. Both centers are staffed by student tutors hired and trained by the respective academic departments to assist students working on papers and/or speeches.

CRITERION 5: STRENGTHS AND RECOMMENDATIONS

Strengths

- The University exhibits a strong focus on shared governance processes, transparency, and sharing of information, particularly in regard to budget and planning.
- A variety of creative partnerships have been developed with more in progress that serve the region's stakeholders while enhancing the University's position, understanding of external perspectives, and funding.
- SMSU's staff, faculty, and administration work together to provide excellent education to their students with limited resources.
- The SMSU Foundation has grown significantly and led a highly successful capital campaign.
- The University has developed clear processes for assessing instructional costs and making decisions based on multiple types of data.
- A number of key University facilities have been renewed or rebuilt, and a strong technology plan drives ongoing improvements and access for all constituents.
- The University has greatly strengthened the linkages between planning, budgeting, assessment, and evaluation.

Recommendations

- The University must continue to work on factors negatively affecting CFI ratios and raising the overall CFI as possible.
- With a new permanent president in place, the strategic plan will be reviewed to ensure it is thorough and addresses presidential emphases.
- Recently increased efforts to involve all constituents in budgeting and planning analysis and to operate with as much transparency as possible regarding these factors, especially decisions about how to handle budget shortfalls, should continue.
- The University should continue to track and improve its retention efforts and consider its retention goals.
- The University should develop recruitment strategies in alignment with its awareness of the changing demographics in its service region and its commitment to diversity.