

SCSU campus community,

I am very appreciative of the great work that all of you across SCSU do to impact so many in a positive manner. Graduation was beautiful, as were the many comments made by our students. They talked about the wonderful experiences they had while at SCSU and that they are forever changed by those experiences, and that is due to the good work all of you do.

We are in challenging times. The higher education landscape is facing unprecedented struggles – student enrollment declines, affordability concerns, a proliferation of higher education alternatives, public perception of college degrees, and financial strains...among others. These circumstances negatively impact higher education, generally, and St. Cloud State University, specifically.

Over the past 22 months, I have provided 46 budget presentations to inform our community of our fiscal challenges. Today we made a set of recommendations that leads St. Cloud State University on a path to balancing our budget and moving our university forward into the future.

Some of you may not know that we have carried a structural deficit through the years and were asked to complete a financial workout plan in 2015. The plan worked and we experienced a few strong years of net operating surpluses and had grown our year-end cash balance to \$36 million in 2019. I also want to acknowledge the strong support St. Cloud State University has received over the past several years from the federal and state government policymakers. The federal response to the pandemic provided significant one-time funds for us to manage through uncertain times. State policymakers supported Minnesota State last session with historic investments in higher education, and a portion of the state funding was one time funding, which helped St. Cloud State University a great deal in having the time to develop a plan, which is outlined today. We appreciate the work of our local legislators in supporting St. Cloud State University.

Even after the strong years mentioned above and the much-appreciated support from our local and federal legislators, last year we experienced an \$18 million net operating loss, lowering our year-end cash balance from \$28.7 million to \$10.8 million, and we are projected to lose \$5 million this year. When adjusting this year to account for a one-time allocation from the state of \$9.75 million, our actual net operating loss would be \$15 million for fiscal year 2024. It's evident that with a \$5 million projected cash balance we cannot continue to lose \$15 million a year and adjustments to our operating structure are necessary.

The recommendation that has been developed and shared with bargaining units is another step in this 2023 - 2028 plan. This recommendation is designed to move SCSU toward financial stability while meeting its important mission of preparing students for work, life, and citizenship in the 21st century. The five-year plan shared last year took decisive action with a common-sense approach to a complex problem, while keeping our students in the forefront of our decisions. We are moving forward with that plan and are following a financial recovery plan we have presented to the Minnesota State system office to address our structural budget deficit.

In that financial recovery plan, we proposed tackling this challenge head-on by leaning into our 90 strongest academic programs where 90 percent of our current students participate and position our university for a strong future. Analysis of SCSU's 136 undergraduate and graduate degree programs show that only 35 of the university's undergraduate programs enroll 75 percent of its undergraduate students while 25 of the university's graduate programs enroll 75 percent of its graduate students. What this illustrates is that the preferences of students are very clear. And in order to graduate students ready to meet workforce needs, SCSU has reexamined its portfolio of offerings to better align with student demand and career path options. Over 90 percent of our students are participating in one of the proposed remaining 90 undergraduate and graduate programs.

To comprehensively address this deficit challenge, the University will be meeting with the other bargaining units on campus to discuss other proposed reductions, including a reduction of 13 percent of administrators to go along with the recommendation made today to reduce 13 percent, or 57 faculty positions on campus.

I understand this recommendation, if accepted, will affect people we care deeply about; people who serve our students and our university; people who contribute to our community; good people; amazing people; colleagues and friends.

These measures, comprising of retirements, unfilled vacancies and reductions, are essential to eliminating the institution's longstanding structural deficit and ensuring a financially strong foundation for future generations of SCSU students. These decisions are painful; yet they are necessary for SCSU to continue to fulfill its mission.

SCSU, the second largest of the seven universities in the Minnesota State system, remains a strong economic driver in the community with a \$598.8 million impact and will continue to provide an innovative high-quality education.

We are collaborating closely with academic departments to chart a path that best serves our students, campus community and broader community. These difficult decisions impact people as well as programs. These types of actions do have to be implemented to balance our budget. This ultimately will allow SCSU to be more in line with budgetary expectations of the Minnesota State system and we will continue to have a strong portfolio of course offerings for our current and future students.

Outlined changes will not impact the quality of students' education. If the proposals are approved, university leaders, faculty, and staff will be communicating with students to ensure their education will not be disrupted. While a subset of undergraduate and graduate programs and minors will undergo modifications or be phased out, all students will be able to complete the degrees they started in the coming years.

We are strong, resilient and committed to overcoming these identified challenges and implementing and following our five-year plan that will lead SCSU on a path with a balanced budget and a strong future. This proposed recommendation will follow a process that adheres to collective bargaining agreements and additional information will be provided to our campus community upon approval of these measures.

SCSU will continue to serve our incredible students and alumni, our talented faculty and staff and the entire community in which we proudly call our home. SCSU will continue to deliver an outstanding education experience while charting new avenues for innovation and growth.

I like a quote that says, *"The past cannot be changed. The future is yet in your power."*

We are moving forward to create a future that will allow St. Cloud State University to continue to serve our students, faculty, staff and surrounding communities for the next 155 years, just as we have done for the past 155 years.

Sincerely,
Larry Lee
Acting President