



April 28, 2020

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# House Higher Education Finance and Policy Division

## Effects of COVID-19

MINNESOTA STATE

# Overview

- Academic continuity
- Disproportionate impact on students and institutions
- Financial implications
- CARES Act funding

# Spring Semester 2020:

## Transition to remote instructional delivery

+95% of courses moved fully online

- Less than 5% have outstanding in-person instructional components

Academic innovation, creativity, and focus on students

Practice adaptations: expanded grading options and guidance, and extended withdrawal period

Collaborative support activities

- Keep Teaching through COVID-19: The Great Minnesota State Disciplinary Get Together (March 25)
- Minnesota State Centers of Excellence discipline convenings by sector
- Broad faculty sharing of expertise
- Extensive online resources, webinars, and discipline gatherings



# Spring Semester 2020:

## Transition to remote instructional delivery

### Technology

- Academic and support technologies performed well under drastically increased usage
- Campus extending access

### Limited return to in-person instruction

- Law Enforcement Skill Training
  - Partnered with MDH to develop physical distancing, health safety, cleaning, and screening protocols
- Potential additional program areas in essential sectors

### Campuses actively engaging students

- Monitoring online participation
- Personal outreach
- Social media and direct communication campaigns



# Some Initial Observations

- **Equity and Connectivity:** providing resources and support to meet student needs; proactive engagement and outreach to support student retention and success
- **Innovation and Creativity:** long-term positive impact of changes made in past month; we will be a different system in the post-COVID-19 world because of what we've learned and experienced
- **Strength and Agility:** collaboration and practice sharing; ability to shift strategy in light of rapidly changing circumstances; ongoing focus on instructional and program quality
- **We, as a system, are well-positioned to respond to the educational needs of students, employers, and communities—this summer, this fall, and beyond.**



# Summer 2020:

## Instructional and Services Approach

Courses fully online,

*or*

Online with limited in-person instructional components

- In-person instructional components scheduled for second summer term or back-loaded until later in the term
- Contingency scheduling plans should movement restrictions be continued or reinstated

Academic and student support services provided remotely and with limited face-to-face interaction

- Campuses prepared to pivot to exclusively online academic and student support delivery should movement restrictions be continued or reinstated



## Fall 2020:

# Planning and Preparation

- All campuses will be open for fall semester
- Robust program offerings in all areas, including CTE and workforce development training
- Developing risk models and identifying key factors impacting enrollment behavior
- Focusing on solid enrollment management and risk mitigation strategies
- Balancing the tension between consistency and certainty, and campus discretion in responding to local needs and conditions



# Fall 2020:

## Planning and Preparation

Preparing for three possible scenarios

- Minimal disruption due to COVID-19
- Online as predominant instructional mode of delivery with limitations on in-person instruction
- Due to health and safety guidelines, fall campus operations mirror our current posture

Campus operations focused on both distance and in-person delivery, with robust academic, service support, and student life offerings

Partnering with MDH to assure health and safety in the classroom, housing, and across campus



# All Funds Board Approved June 2019 Operating Budget FY2020

<i>\$s in millions</i>	General Fund	Revenue Fund	Other Funds	Total All Funds
<b>Sources</b>				
State Appropriation	\$758.7			\$758.7
Tuition	\$750.6			\$750.6
Other	\$137.5	\$120.8	\$273.5	\$530.6
<b>Sources Total</b>	<b>\$1,646.8</b>	<b>\$120.8</b>	<b>\$273.5</b>	<b>\$2,039.8</b>
<b>Expenses</b>				
Compensation	\$1,249.1	\$30.0	\$73.5	\$1,352.7
Other Operating	\$427.1	\$92.3	\$199.2	\$718.6
<b>Expenses Total</b>	<b>\$1,676.2</b>	<b>\$122.3</b>	<b>\$272.7</b>	<b>\$2,071.3</b>
<b>Structural Gap</b>	<b>(\$29.4)</b>	<b>(\$1.5)</b>	<b>\$0.8</b>	<b>(\$31.4)</b>
<b>Programmed Fund Balance</b>	<b>\$30.5</b>	<b>\$1.8</b>	<b>\$1.0</b>	<b>\$33.3</b>

*\*Numbers may not add due to rounding.*



# Short term financial implications of COVID-19

- Cancellation of travel - **\$2 million - \$3 million.**
- Transition to alternative modes of course delivery - **\$26 million:**
  - Student Safety in Dorms - \$17 million
  - Immediate Campus Safety - \$0.53 million
  - Student Support Services - \$3.2 million
  - Academic and Staff Continuity Support - \$5.3 million
- Estimated revenue lost due to cancellations of CE/CT, facility rentals, summer camps and other events - **\$7.0 to \$10 million.**

*As of April 13, the total direct impact of additional expenses and lost revenue ranges from **\$35 million to \$40 million** for the remainder of this fiscal year.*



# Short term enrollment implications of COVID-19

- Will complete spring semester using alternate modes of delivery for more than 95% of the more than 30,000 course sections being offered.
- Minnesota State spring enrollment has remained stable.
- Summer session will be primarily using alternate delivery modes.
- Preliminary indications show summer enrollment to be down in excess of 10% year-to-date.

# Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act

*On March 27, Congress passed and the President signed into law a \$2 trillion package that will send assistance to Minnesota families, workers and small businesses to address the economic fallout of the coronavirus pandemic.*

**Education Stabilization Fund**: The bill includes a \$30.75 billion stabilization fund for education.

Portions relevant to Minnesota State:

- 9.8% to a Governor's Education Relief Fund with discretion to use on K-12 and higher education
- 46.3% to higher education



# Federal CARES Act

## Distribution of the Higher Education Emergency Relief Fund

- Minnesota State's share of the \$12.56 billion was awarded to each institution through the following formula:
  - 75% distributed based on full-time equivalent (FTE) Pell Grant student enrollment and 25% based on non-Pell FTE enrollment. Exclusively online students are not included in the count. At least 50% of these funds must be passed through to students for emergency aid.
- Funds awarded directly through Title IV distribution system to the 30 colleges and 7 universities
- Total for Minnesota State is \$93,361,184



# Federal CARES Act

## 50% for Emergency financial aid grants

- Total amount available for Minnesota State Students \$46,680,600
- “...only statutory requirement, which is that the emergency student grants be used to cover student expenses related to the disruption of campus operations due to coronavirus”.
- Suggested Minnesota State components of the campus grant program:
  - Consideration of across-the-board components to all students
  - Need-based grants to students according to institution’s need-based criteria.
  - Emergency grants



# Federal CARES Act

## 50% Funding reserved for institutional use

- Total amount available for Minnesota State colleges and universities  
- \$46,680,600
- “...may use the funds received to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus, so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities; endowments; or capital outlays associated with facilities related to athletics, ...”



# FY2021 enrollment implications of COVID-19

- COVID-19 makes the picture more complex and more difficult to forecast.
- In addition, it is difficult to forecast the impact COVID-19 has on our traditional enrollment factors such as:
  - New students
  - Returning students
  - International students
  - National, state, and regional economies
- The impact of COVID-19 may create wider variations in year-to-year enrollment changes at individual colleges and universities.

## FY2021 General Fund Operating Budget Scenarios

<i>\$s in millions</i>	Flat with 3% Tuition/ Inflation	-5% Enrollment Reduction	-10% Enrollment Reduction	-20% Enrollment Reduction
<b>Sources</b>				
State Appropriation	\$765.7	\$765.7	\$765.7	\$765.7
Tuition (3% rate change)	\$761.5	\$724.6	\$687.6	\$613.7
Other	\$135.5	\$128.7	\$121.9	\$108.4
<b>Sources Total</b>	\$1,662.6	\$1,618.9	\$1,575.2	\$1,487.7
<b>Expenses</b>				
Compensation	\$1,292.7	\$1,292.7	\$1,292.7	\$1,292.7
Other Operating	\$389.8	\$389.8	\$389.8	\$389.8
<b>Expenses Total</b>	\$1,682.5	\$1,682.5	\$1,682.5	\$1,682.5
<b>Structural Gap</b>	(\$19.8)	(\$63.6)	(\$107.3)	(\$194.8)

*\*Numbers may not add due to rounding.*



# Additional financial implications: Revenue Fund

- Impact to On-Campus Services and Facilities -
  - Residential Halls
  - Dining contracts
  - Student Unions
  - Parking
  - Health & Wellness Centers
  - Athletics
- Ability to cover fixed costs -
  - Revenue Fund
  - Debt service
  - Facilities repair and maintenance
  - Personnel

# Estimate of financial impact of enrollment reduction scenarios

Scenario	General Fund	Revenue Fund, other fees, & revenues	Total
-5% enrollment reduction	-\$64M	-\$10M	-\$74M
-10% enrollment reduction	-\$107M	-\$50M	-\$157M
-20% enrollment reduction	-\$194M	-\$85M	-\$279M