

Higher Education Finance Overview

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Budget Periods and Fiscal Years

- State Fiscal Year: July 1st to June 30th
- Federal Fiscal Year: October 1st to September 30th
- Current Biennium: FY2025 ends June 30th
- Upcoming Biennium: FY2026 begins July 1st

Budget Terms

- Direct Appropriation
 - An appropriation for a specific amount of money, for use only during a specific time period, usually the biennium.
 - Most appropriations in omnibus bills are direct appropriations.
- Statutory Appropriation
 - An appropriation made in statute (instead of session law) authorizing the ongoing payment out of the treasury for a program.
 - In contrast to direct appropriations, statutory appropriations need not be renewed every biennium for funding to continue.

Budget Terms

- Open Appropriation
 - A form of statutory appropriation where the level of funding necessary to fulfill the obligation is made available in the fiscal year.
 - The state fund balance shows an estimate of the amount expected to be spent.
 - Most commonly funds programs funded by formula or programs funded through fees.

Budget Terms

- Base
 - The amount appropriated for the program in the second year of the previous biennium. (For example, the base for FY 2026 is the amount appropriated for FY 2025.) A different base may be specified in law.
- Tails
 - (1) The future budget effects of any appropriation or revenue provision; or (2) an appropriation, funding formula, or tax expenditure that takes effect in, or carries forward to a future biennium, a higher future costs/ revenue losses to the state treasury than in the initial biennial budget period.

Budget Terms: Examples

- Base Appropriation

<u>Subd. 31. Grants for Students with Intellectual and Developmental Disabilities</u>	<u>200,000</u>	<u>200,000</u>
<u>For grants for students with intellectual and developmental disabilities under Minnesota Statutes, section 136A.1215.</u>		

Budget Terms: Examples

- Base Appropriation with Tails Modifier

Subd. 2. State Grants

234,744,000

224,167,000

(a) If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

(b) The base for this appropriation is \$225,066,000 for fiscal year 2026 and later.

Budget Terms: Examples

- One Time Appropriation

Subd. 42. Next Generation Nursing Initiative

3,000,000

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For transfer to the Board of Trustees of the Minnesota State Colleges and Universities for HealthForce Minnesota to coordinate and implement the Next Generation Nursing Assistant Training Program for the recruitment and training of students to become certified nursing assistants. The program must use a "free up-front" model for covering the student costs. This appropriation may also be used for marketing and outreach across the state and covering the cost for retraining, retesting, and refresher courses. This appropriation is available until June 30, 2025.

Subd. 48. Foster Care Grant

500,000

500,000

\$500,000 the first year and \$500,000 the second year are for a grant to the Foster Advocates Nonprofit Organization for an education support and wraparound service program that provides assistance and support to individuals who were in foster care at the age of 13 or later, and for individuals who are transitioning from foster care to adulthood, up to age 27, to improve the likelihood of completing a degree and securing a stable career. The program shall provide one-on-one mentoring, leadership development, and additional resources to support each student's education journey through high school graduation and institutions of higher education. This is a onetime appropriation.

Budget Process – 2025 Session

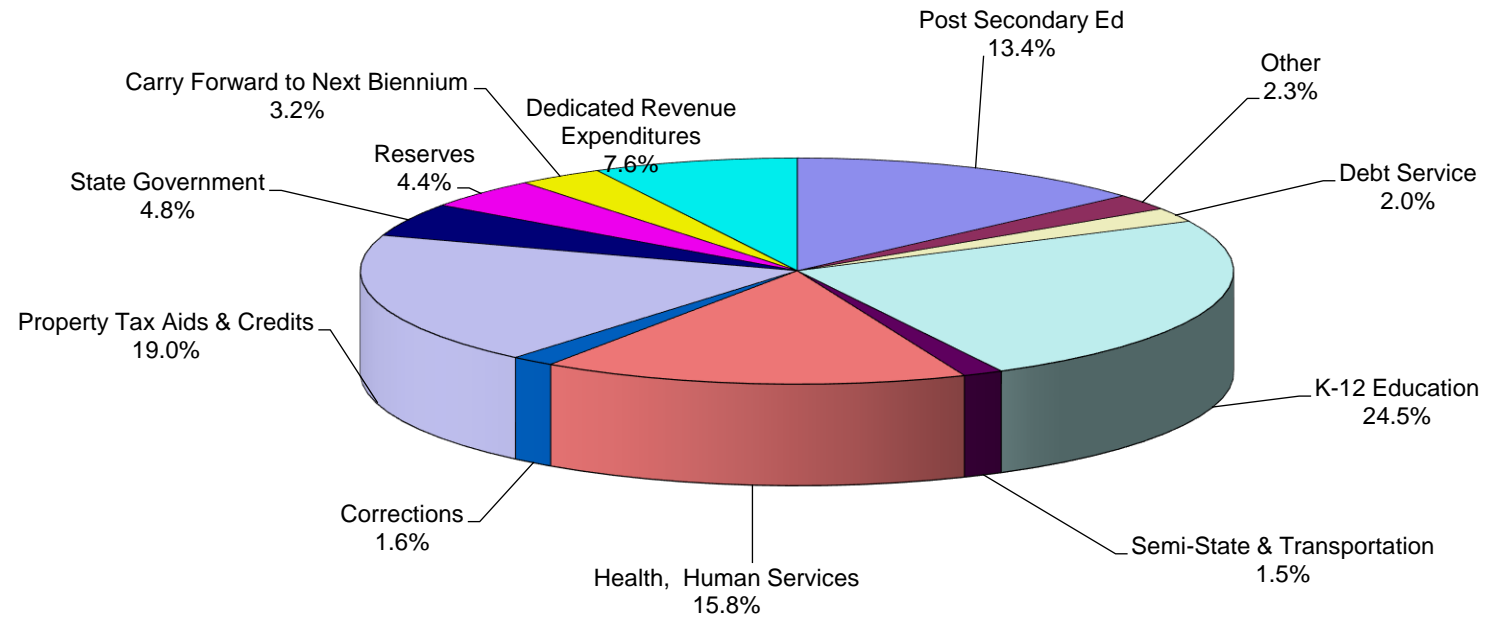
Budget Enactment Timeline – Odd Year Session:

- ☐ Early December (12-4-2024) – MMB releases November economic forecast.
- ☐ January – Legislative session convenes (1-14-2025) . Governor makes budget recommendations (fourth Tuesday in Jan. in 2025). Legislative bill deadlines established.
- ☐ End of February – MMB releases February economic forecast.
- ☐ March – House Ways and Means Committee and Senate Leadership establish committee spending targets.
- ☐ April – Omnibus finance bills leave the House floor. Conference committees begin meeting.
- ☐ May – Conference committees conclude. Conference committee reports return to the House floor for final passage. Legislature adjourns (no later than 1st Monday after 3rd Saturday in May).
- ☐ May – Governor signs/vetoes legislation.

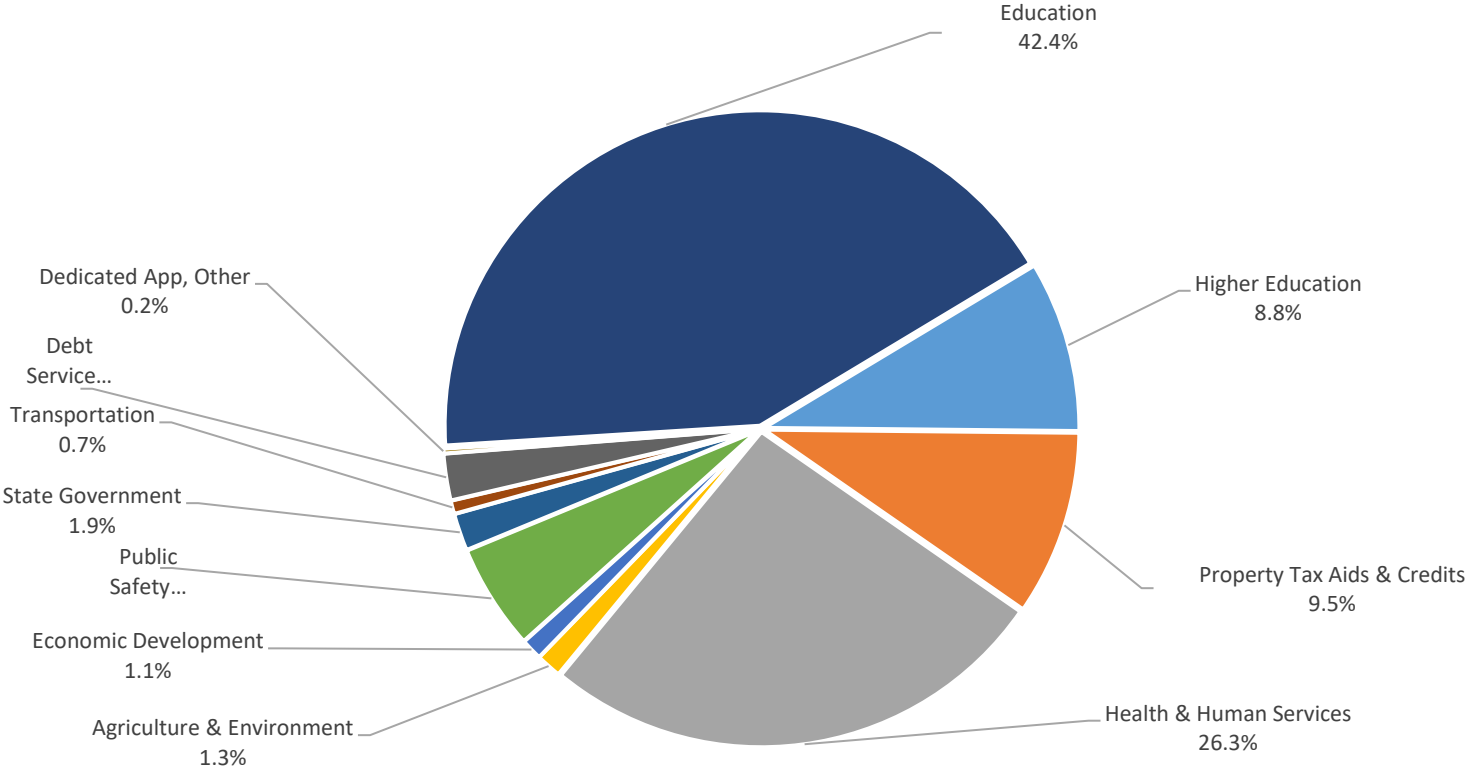
Higher Education Finance Accounts

- Minnesota Office of Higher Education
- Minnesota State Colleges and Universities
- University of Minnesota
- Mayo Foundation (Residency Programs)

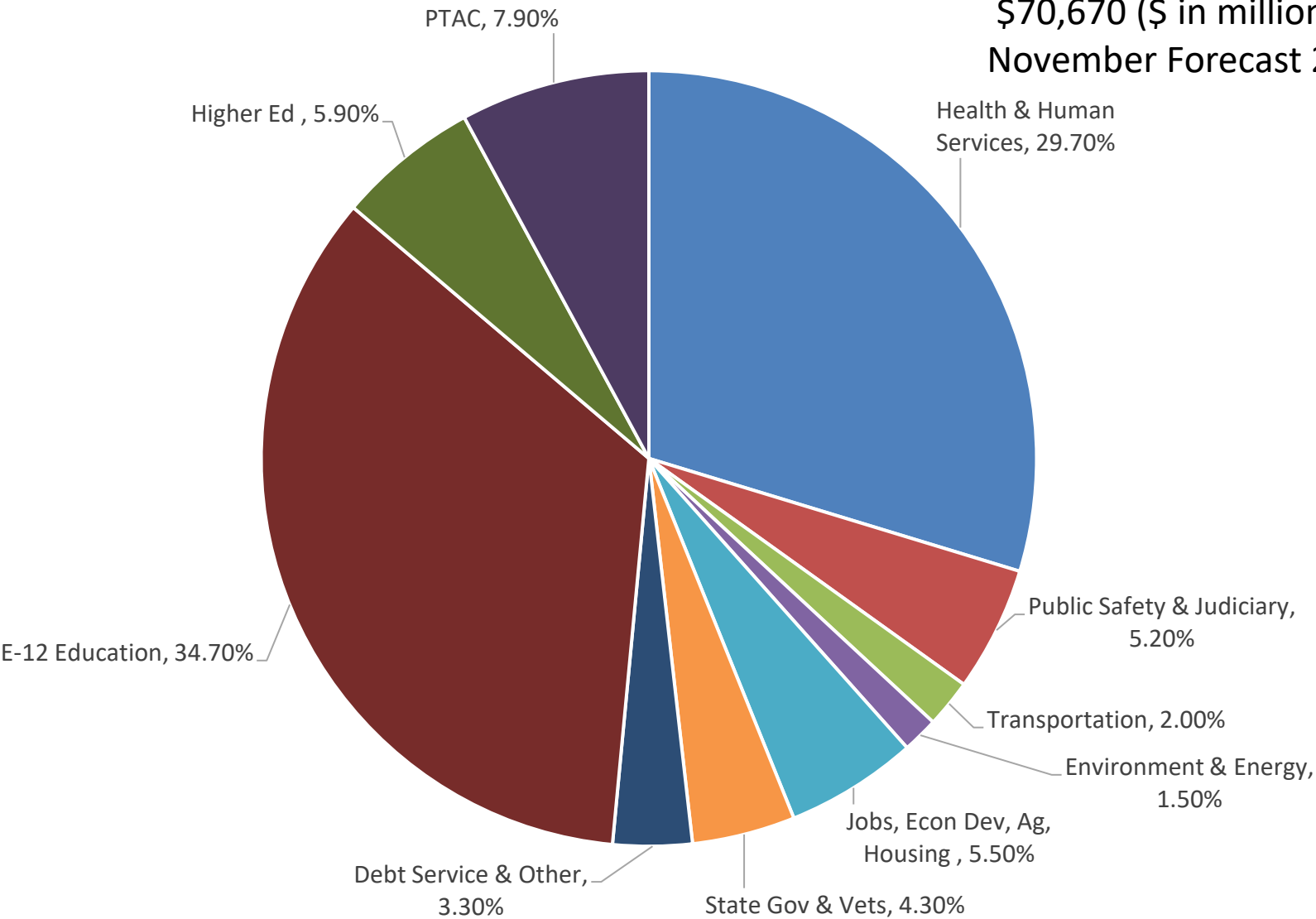
Allocation of General Fund Resources FY 1988-89
General Fund Spending - Total Spending \$12.5 Billion



Allocation of General Fund Resources FY 2006-07 By Program
FY 2006-07 General Fund = \$31.5 Billion
Feb. 2008 Forecast



FY 2024-25 General Fund Spending
\$70,670 (\$ in millions)
November Forecast 2024



Common Fiscal Terms: Higher Education

- General Fund.
- Operations and Maintenance Appropriation (O&M).
- State Special Appropriation.
- State share of higher education or tuition/revenue split.
- Out year biennium or tails.

Minn Statute 135A.01

135A.01 FUNDING POLICY.

It is the policy of the legislature to provide stable funding for public postsecondary institutions and that the state and students share the cost of public postsecondary education. The legislature intends to provide at least 67 percent of the combined revenue from tuition, the university fee at the University of Minnesota, and state general fund appropriations to public postsecondary institutions. It is also the policy of the legislature that the budgetary process serves to support high quality public postsecondary education.

History: 1983 c 258 s 29; 1Sp1985 c 11 s 14; 1994 c 532 art 3 s 1; 2007 c 144 art 2 s 3

Minn Statute 135A.01

University of Minnesota

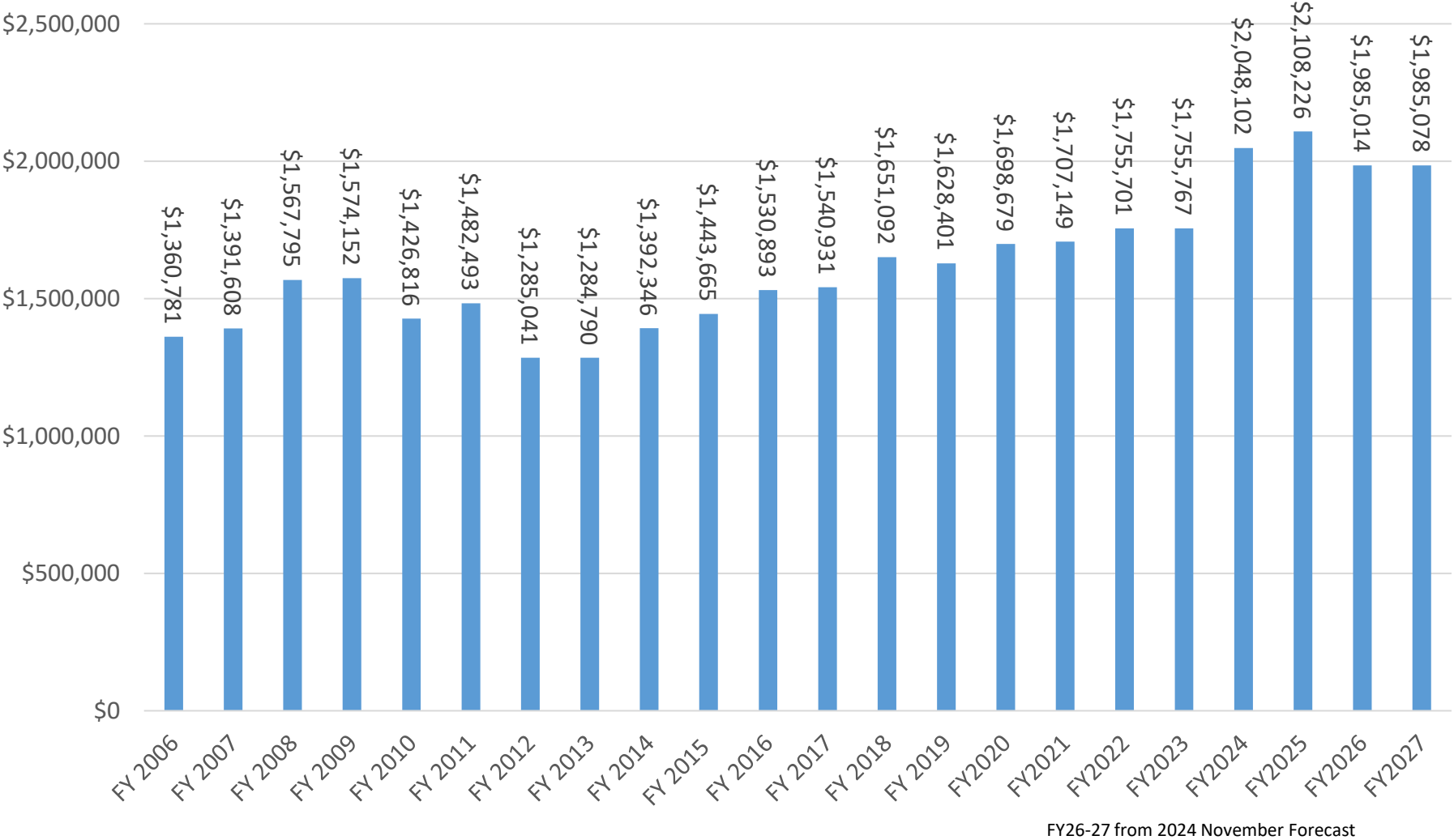
Fiscal Year	Tuition %	Appropriation %		Fiscal Year	Tuition %	Appropriation %
2025	58	42		2012	60	40
2024	57	43		2011	56	44
2023	59	41		2010	52	48
2022	58	42		2009	48	52
2021	59	41		2008	46	54
2020	59	41		2007	47	53
2019	59	41		2006	47	53
2018	58	42		2005	47	53
2017	58	42		2004	44	56
2016	58	42		2003	36	64
2015	59	41		2002	32	68
2014	59	41		2001	30	70
2013	60	40		2000	29	71

Minn Statute 135A.01

Minnesota State

Fiscal Year	Tuition %	Appropriation %		Fiscal Year	Tuition %	Appropriation %
2025	44.8	55.2		2012	60.1	39.9
2024	43.5	56.5		2011	57.1	42.9
2023	47.4	52.6		2010	55.2	44.8
2022	47.4	52.6		2009	50.2	49.8
2021	48.9	51.1		2008	48.6	51.4
2020	49.7	50.3		2007	49.5	50.5
2019	51	49		2006	47.4	52.6
2018	50.9	49.1		2005	48.3	51.7
2017	53.1	46.9		2004	44.7	55.3
2016	53.6	46.4		2003	39.9	60.1
2015	55.8	44.2		2002	33.7	66.3
2014	58	42		2001	33.3	66.7
2013	60.4	39.6		2000	32.6	67.4

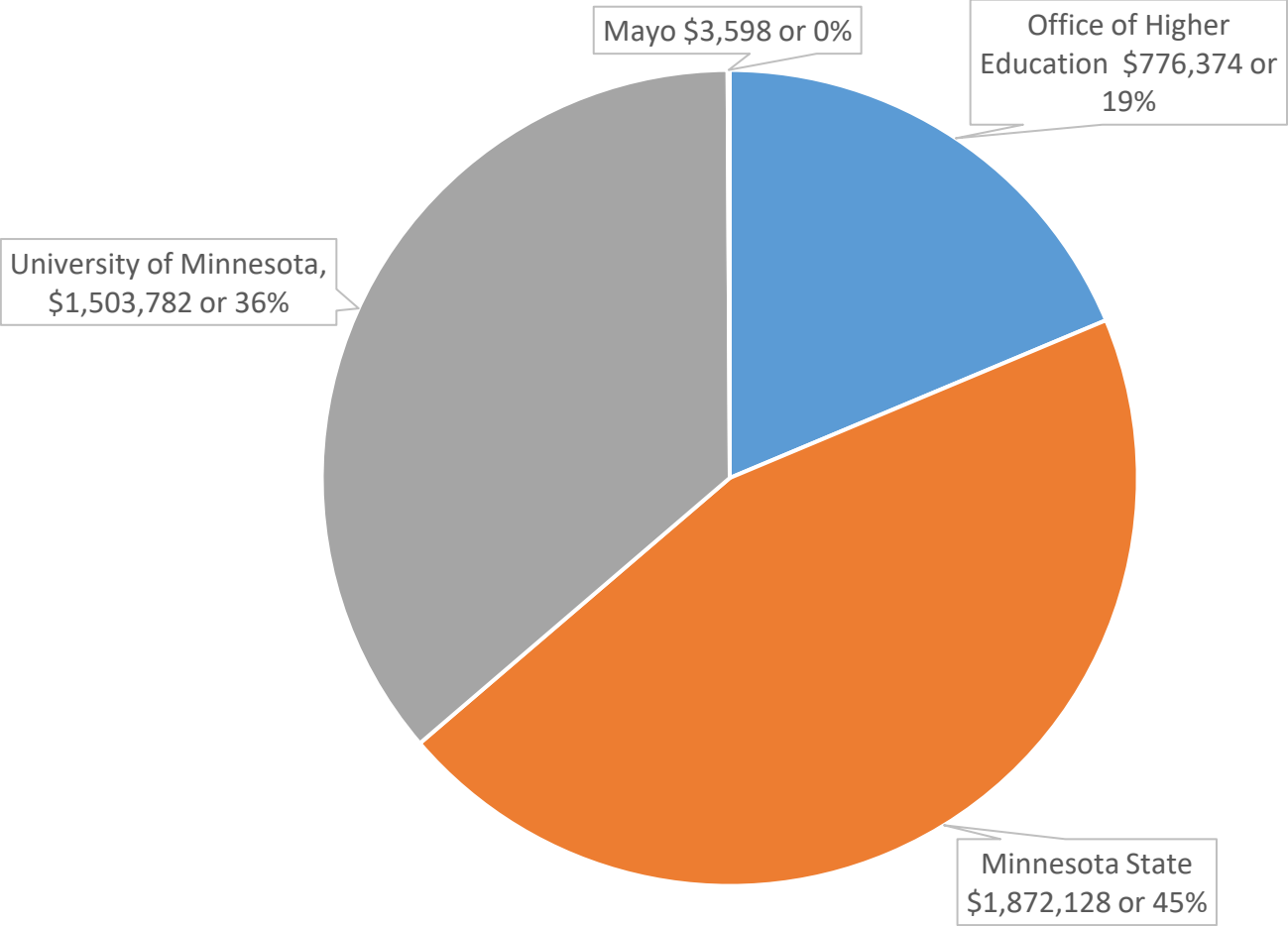
Higher Education General Fund Appropriations 06-27 (\$ in thousands)



Fiscal Overview (2023 Session)

Higher Education						
Total General Fund Spending						
(all dollars in thousands)						
		Forecast Base	Enacted	Percentage Change	Percentage Change	
	FY 22-23 Forecast	FY 2024-25	FY 2024-25	Enacted FY 2024-25 vs. FY 2022-23 with Changes	Enacted vs. Base FY 2024-25	Enacted FY 2026-27
Office of Higher Ed	570,414	545,392	776,374	36.1%	42.4%	723,269
Mayo Foundation	2,702	2,702	3,598	33.2%	33.2%	3,598
MN State Colleges and Universities	1,581,883	1,579,222	1,872,128	18.3%	18.5%	1,747,497
University of Minnesota	1,381,025	1,378,512	1,503,728	8.9%	9.1%	1,481,464
Total Expenditures	3,536,024	3,505,828	4,155,828	17.5%	18.5%	3,955,828
General Fund Revenue						
Net GF Total	3,536,024	3,505,828	4,155,828	17.5%	18.5%	3,955,828

2023 Higher Education Omnibus Finance Bill
FY24-25, \$3.955 Billion General Fund. Data from Laws 2023, Chapter 41 (\$ in thousands)



2024 Omnibus Higher Education Finance Bill

Higher Education - Net General Fund Changes						
(Dollars in Thousands)						
	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
North Star Promise	0	(5,040)	(5,040)	0	0	0
Fostering Independence Grant	0	5,040	5,040	0	0	0
ALS Grant Extension	0	0	0	0	0	0
Minnesota State - Kids on Campus	0	500	500	0	0	0
Total General Fund Net Changes	0	500	500	0	0	0
February Forecast Biennial Base			4,194,484			3,970,220
Percent Increase over Base			0.012%			0.000%

Omnibus Finance Bill Format: Appropriations

- Office of Higher Education
 - State Grant
 - Financial Aid Programs
 - Other Riders
- Minnesota State
 - Central Office and Shared Services
 - Operations and Maintenance
 - Designated Spending Riders
 - Other Riders
- University of Minnesota
 - Operations and Maintenance
 - Designated Spending Riders
 - State Special Appropriations
- Mayo Foundation
 - Medical School and Residency Programs

Base Budget: Office of Higher Education

\$ in Thousands	FY2026-27 Base	FY2028-29 Base
Total Base Appropriation	\$725,141	\$725,194
State Grant	\$450,132	\$450,132
North Star Promise	\$99,000	\$99,000
All Other Programs	\$176,009	\$176,062

Base Budget: Minnesota State

\$ in Thousands	FY2026-27 Base	FY2028-29 Base
Total Base Appropriation	\$1,751,389	\$1,751,400
O&M Appropriation	\$1,670,357	\$1,670,368
Central Office and Shared Services	\$72,802	\$72,802
Learning Network of Minnesota	\$8,230	\$8,230

Base Budget: University of Minnesota

\$ in Thousands	FY2026-27 Base	FY2028-29 Base
Total Base General Fund Appropriation	\$1,489,964	\$1,489,964
O&M Appropriation	\$1,241,636	\$1,241,636
State Special Appropriations	\$138,876	\$138,876
Health Care Access Fund (Non-GF)	\$2,702	\$2,702

Base Budget: Mayo Clinic

\$ in Thousands	FY2026-27 Base	FY2028-29 Base
Total Base General Fund Appropriation	\$3,598	\$3,598
Mayo Medical School	\$1,330	\$1,330
Mayo Family and Residency	\$2,268	\$2,268

History of Spending Targets

Legislative Year	Target Amount (\$ in Thousands)
2012	-
2013	248,499
2014	22,250
2015	166,000
2016	5,000
2017	190,000
2018	3,000
2019	150,000
2020	-
2021	100,000
2022	20,000
2023	650,000
2024	500

State Special Appropriations: University of Minnesota

- Agricultural State Special
 - Base Appropriation: \$85.844 million
 - Alternative energy and biofuel research (biomass, crops, native plants, etc.).
 - College of Food, Agricultural and Natural Resource Sciences for work in a variety of horticultural, livestock and food systems research.
 - Additional emphasized research priorities as described by law.
 - Must report back to the legislature (ag and higher ed committee) by Feb 1st 2025.
- Health Sciences State Special
 - Base Appropriation: \$18.408 million
 - Includes \$346k a year to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program.
 - Remainder of program dollars for specified health science and veterinary initiatives as described by law.

State Special Appropriations: University of Minnesota

- College of Science and Engineering State Special
 - Base Appropriation: \$2.2 million
 - Geological survey and talented youth mathematics program.
- System Special
 - Base Appropriation: \$14.362 million
 - \$2 million per year for the Natural Resource Research Institute (NRRI) to invest in applied research.
 - Remainder of funding for general research at NRRI, Center for Urban and Regional Affairs, Bell Museum of Natural History and the Humphrey Exhibit.

State Special Appropriations: University of Minnesota

- University of Minnesota and Mayo Foundation Partnership
 - Base Appropriation: \$15.982 million
 - \$7.4 million per year designated for direct and indirect expenses of the research partnership between the University and the Mayo Foundation for research in biotechnology and medical genomics.
 - \$500k per year designated for conducting Alzheimer's related research.

Contact Information

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