



**ISSUE BRIEF**  
**Introduction to Higher Education Finance**

Higher education funding in Minnesota is enacted every two years as part of the biennial budget setting process. Typically done in the odd numbered year regular session of the legislature, the omnibus higher education finance bill establishes a two-year budget (often referred to as the biennial budget) for the Office of Higher Education, Minnesota State, University of Minnesota and the Mayo Foundation Partnership (NOTE. The legislature has the discretion to determine the exact makeup of agencies/accounts within the higher education budget/committee area.). The omnibus higher education finance bill also includes various legislative member policy and finance bills that travel through the legislative process. Appropriations to these agencies are made from the general fund and are appropriated for two fiscal years.

**Office of Higher Education**

The Office of Higher Education (OHE) provides families and prospective students with financial aid programs and tools for gaining access to higher education. The agency also serves as the state's clearinghouse for postsecondary data, research and analysis. Additionally, OHE serves in an oversight capacity of postsecondary institutions that operate in Minnesota. OHE's most noteworthy program is the State Grant program, it provides need based financial aid for Minnesota students attending public, private and for-profit colleges, and universities. Beginning in fiscal year 2025 OHE will also administer a free college program called the North Star Promise. The North Star Promise will provide no cost tuition for students who come from families with an income of up to \$80,000 a year or less. The new last-dollar scholarship will work in tandem with the State Grant program.

Additional appropriations to the agency are comprised of grants to specific higher education non-profits (and programs), student support initiatives, career development programs and occupational loan repayment/assistance appropriations. Administrative support for the agency is designated by a specific line-time (rider) within the omnibus higher education finance bill. Additionally, certain financial aid programs may designate a percentage of administrative expenses within session law.

**Biennial Appropriation History: Office of Higher Education**

(\$ in thousands)  
FY 2010-11: \$372,387  
FY 2012-13: \$381,396  
FY 2014-15: \$450,853  
FY 2016-17: \$470,683  
FY 2018-19: \$516,531  
FY 2020-21: \$538,016  
FY 2022-23: \$545,971  
FY 2024-25: \$776,374

**Minnesota State**

The Minnesota State system or Minnesota State Colleges and Universities (MnSCU) system is comprised of 54 campuses throughout Minnesota. These 54 campuses include 30 colleges, both technical and community, in addition to seven state universities granting baccalaureate and post graduate degrees. The Minnesota State system is governed by a 15-member Board of Trustees. Trustees are appointed by the governor. Minnesota State receives much of its general fund biennial appropriation via the operations and maintenance appropriation in the Minnesota State subdivision of the omnibus higher education finance bill. This large appropriation is then distributed to colleges, universities and other initiatives by a budget model or framework established by the Board of Trustees once the legislative session has concluded and the omnibus higher education finance bill has been signed into law. Tuition revenue is also used to fund colleges and universities but is not appropriated via the omnibus higher education finance bill. However, the omnibus higher education bill will frequently specify a rate of allowable tuition increase or decrease per each academic year within the biennium or academic year. The specified tuition increase or decrease is also considered as part of the Board of Trustees budget setting process in addition to allocation models established by the trustees and administered by the chancellor. Tuition and state appropriation are the two largest components of public higher education funding in Minnesota.

### **Biennial Appropriation History: Minnesota State**

(\$ in thousands)  
 FY 2010-11: \$1,269,663  
 FY 2012-13: \$1,090,731  
 FY 2014-15: \$1,210,058  
 FY 2016-17: \$1,346,441  
 FY 2018-19: \$1,452,938  
 FY 2020-21: \$1,524,338  
 FY 2022-23: \$1,581,483  
 FY 2024-25: \$1,872,128

### **Appropriation and Tuition Revenue Split: Minnesota State**

Fiscal Year	Appropriation %	Tuition Revenue %
2010	55.2	44.8
2011	57.1	42.9
2012	60.1	39.9
2013	60.4	39.6
2014	58	42
2015	55.8	44.2
2016	53.6	46.4
2017	53.1	46.9
2018	50.9	49.1
2019	51	49
2020	49.7	50.3
2021	48.9	51.1
2022	52.6	47.4
2023	52.9	47.1

### **University of Minnesota**

The University of Minnesota system is comprised of five campuses throughout Minnesota. The University offers nearly 300 programs and grants undergraduate, graduate and professional degrees. The University of Minnesota system is governed by a twelve-member Board of Regents. Regents are elected by a joint convention of the Minnesota House of Representatives and Minnesota Senate. The University of Minnesota receives much of its general fund biennial appropriation via the operations and maintenance appropriation in the University of Minnesota subdivision of the omnibus higher education finance bill. These general fund dollars are then allocated to components of the University by a budget framework approved by the Board of Regents as part of the University's budget setting process. The Regents also allocate tuition revenue and other sources of revenue

such as research dollars, major gifts, etc. Due to the University’s constitutional autonomy the legislature typically refrains from setting specific tuition rates within session law. The University is “requested” to comply with tuition increases or decreases as specified by the legislature. Ultimately, the Board of Regents is responsible for establishing tuition and fees as well as oversight of all University finances.

In addition to operations and maintenance appropriations the University also receives funding from state special appropriations. Historically, these were appropriations made by the legislature for specific University purposes. State special appropriations operate much like any other appropriation to the University. These appropriations are drafted with the intent of addressing specific facets of the Universities function or research portfolio. Current state special appropriations include:

- Agriculture and Extension
- Health Sciences
- College of Science and Engineering (Institute of Technology)
- System Special (various functions)
- University of Minnesota and Mayo Foundation Partnership

Biennial appropriations for state specials totaled \$137.376 million in FY 2022-23.

**Biennial Appropriation History: University of Minnesota**

(\$ in thousands)  
 FY 2010-11: \$1,264,608  
 FY 2012-13: \$1,095,002  
 FY 2014-15: \$1,172,398  
 FY 2016-17: \$1,251,998  
 FY 2018-19: \$1,307,322  
 FY 2020-21: \$1,340,772  
 FY 2022-23: \$1,381,312  
 FY 2024-25: \$1,503,728

**Appropriation and Tuition Revenue Split: University of Minnesota**

Fiscal Year	Appropriation %	Tuition Revenue %
2010	48	52
2011	44	56
2012	40	60
2013	40	60
2014	41	59
2015	41	59
2016	42	58
2017	42	58
2018	42	58
2019	41	59
2020	41	59
2021	41	59
2022	42	58
2023	41	59

## Higher Education: History of Legislative Spending Targets

Below is a chart that tracks the history of legislative spending targets for the higher education finance budget area. Conference committees can meet in both the even numbered and odd numbered year legislative session. Additionally, conference committee targets can be established by legislative leadership at any time during the legislative session. Odd numbered year targets tend to be larger, as the legislature is establishing the two-year biennial budget for finance areas. It is not uncommon for smaller or zero targets to be assigned during the even numbered session. Positive numbers on the chart represent spending above the appropriation base as established by the most recent economic forecast. Negative numbers represent a reduction to the base.

Legislative Year	Conference Target (\$ 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

*If you have any questions on higher education finance issues, please contact Ken Savary, House Fiscal Analysis Department, at 651-296-7171 or [ken.savary@house.mn.gov](mailto:ken.savary@house.mn.gov)*