

Introduction to Higher Education Finance



November 2025

Overview

Higher education funding in Minnesota is enacted every two years as part of the biennial budget setting process. ¹Typically done in the budget year session of the legislature, the omnibus higher education finance bill establishes a two-year budget for the Office of Higher Education, Minnesota State, University of Minnesota, and the Mayo Foundation. Besides establishing budgets for state agencies, the omnibus higher education bill also includes higher education policy and finance provisions that House and Senate members have carried through the legislative process as individual bills. Appropriations in the budget bill are made from the general fund and are typically appropriated for two fiscal years.

Minnesota 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 maintains oversight capacity of postsecondary institutions that operate in Minnesota. OHE's most noteworthy program is the State Grant program, which provides need based financial aid for Minnesota students attending public, private, and for-profit colleges and universities. Beginning in FY 2025, OHE also administers a free college program called the North Star Promise Scholarship. North Star Promise provides no-cost tuition for students from families with an adjusted gross income of \$80,000 a year or less. This last-dollar scholarship works in tandem with the State Grant program. Projection and participation data for the State Grant and North Star Promise Scholarship are released in November and February in conjunction with the state economic budget forecast.

Additional appropriations to the agency comprise grants to specific higher education non-profits, education programs, student support initiatives, career development programs, and occupational loan repayment/assistance appropriations. Administrative support for the agency is designated by a line-item (rider) within the omnibus higher education finance bill. Additionally, certain financial aid programs may include language designating a percentage of the total appropriation that may be useful for administrative expenses. The commissioner of the agency is appointed by the governor and confirmed by the Senate.

¹ The legislature has the discretion to determine the exact composition of agencies and accounts within the higher education budget and committee jurisdiction.

**Table 1: Biennial Appropriation History: Office of Higher Education
(Dollars in thousands)**

Biennium	Appropriation
2026-27	\$750,301
2024-25	\$776,374
2022-23	\$545,971
2020-21	\$538,016
2018-19	\$516,531
2016-17	\$470,683
2014-15	\$450,853
2012-13	\$381,396
2010-11	\$372,387

Minnesota State

The Minnesota State Colleges and Universities (MnSCU) system, or Minnesota State, 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. The operations and maintenance 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 legislature has the authority to set tuition rates or place tuition restrictions on Minnesota State. The specified tuition increase or decrease is also considered part of the Board of Trustees budget setting process, in addition to allocation models established by the trustees. Allocation models formalize how much money is allocated per campus and can change each year to accommodate changes in enrollment and other factors. Changes to tuition and allocation models are administered by the system chancellor, who is appointed by the board to serve as the systems chief executive.

Tuition and state appropriations are the two largest components of public higher education funding in Minnesota. These two forms of revenue are used to assess the state's progress on meeting enacted policy initiatives for providing two-thirds of college and university appropriations via the general fund. Minnesota Statutes, Chapter 135A.01 states that the legislature intends to provide at least 67 percent of the combined revenue from tuition and state general fund appropriations. Data related to this policy can be found on table 3 and table 5.

**Table 2: Biennial Appropriation History: Minnesota State
(Dollars in thousands)**

Biennium	Appropriation
2026-27	\$1,757,589
2024-25	\$1,872,128
2022-23	\$1,581,483
2020-21	\$1,524,338
2018-19	\$1,452,938
2016-17	\$1,346,441
2014-15	\$1,210,058
2012-13	\$1,090,731
2010-11	\$1,269,663

Table 3: Appropriation and Revenue Split: Minnesota State

Fiscal Year	Appropriation %	Tuition Revenue %
2025	55.2	44.8
2024	56.5	43.5
2023	52.9	47.1
2022	52.6	47.4
2021	48.9	51.1
2020	49.7	50.3
2019	51	49
2018	50.9	49.1
2017	53.1	46.9
2016	53.6	46.4
2015	55.8	44.2
2014	58	42
2013	60.4	39.6
2012	60.1	39.9
2011	57.1	42.9
2010	55.2	44.8

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 the 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 operating budget is typically presented to the board for approval by the president during the June meeting of the board. 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 appropriations were made by the legislature for specific University purposes from the general fund. State special appropriations operate much like any other appropriation to the University and are drafted with the intent of addressing specific facets of the University's function or research portfolio. First Special Session Laws 2025, chapter 5 reorganized these into categorized special appropriations grouped together by research or function type. This reorganization reinstated many riders that had historically been rolled up, absorbed, or consolidated into the operations and maintenance appropriation over many legislative sessions. Prior to 2025, state special appropriations were structured slightly differently and did not include individual riders. New special appropriations are organized in the following categories:

- Research and Innovation
- Medical Training and Care
- Social Sciences
- Natural Resource Management and Education
- Campus Management and Student Support

Biennial appropriations for state specials totaled \$201.928 million in FY 2026-27.

**Table 4: Biennial Appropriation History: University of Minnesota
(Dollars in thousands)**

Biennium	Appropriation
2026-27	\$1,489,964
2024-25	\$1,503,728
2022-23	\$1,381,312
2020-21	\$1,340,772
2018-19	\$1,307,322
2016-17	\$1,251,988
2014-15	\$1,172,398
2012-13	\$1,503,728
2010-11	\$1,264,608

Table 5: Appropriation and Revenue Split: University of Minnesota

Fiscal Year	Appropriation %	Tuition Revenue %
2025	42	58
2024	42	57
2023	41	59
2022	42	58
2021	41	59
2020	41	59
2019	41	59
2018	42	58
2017	42	58
2016	42	58
2015	41	59
2014	41	59
2013	40	60
2012	40	60
2011	44	56
2010	48	52

History of Legislative Spending Targets

Conference committees can convene in both the even numbered and odd numbered year legislative sessions. Conference committee targets (limits on committee appropriations) can be established by legislative leadership at any time during the legislative session. Odd numbered year targets tend to be larger because the legislature is establishing the two-year biennial budget for each finance area. It is more common for smaller or zero targets to be assigned during the even numbered session. Even numbered year session targets often reference changes to the previous enacted budget. Positive numbers on the chart represent spending above the appropriation base as established by the most recent economic forecast. Negative numbers would represent a reduction to the base.

**Table 6: History of Legislative Spending Targets
(Dollars in thousands)**

Legislative Year	Conference Target
2025	\$22,000-
2024	\$500
2023	\$650,000
2022	\$20,000
2021	\$100,000
2020	-
2019	\$150,000
2018	\$3,000
2017	\$190,000
2016	\$5,000
2015	\$166,000
2014	\$22,250
2013	\$248,499
2012	-