

Higher Education Finance Overview



Higher Education Finance Accounts

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

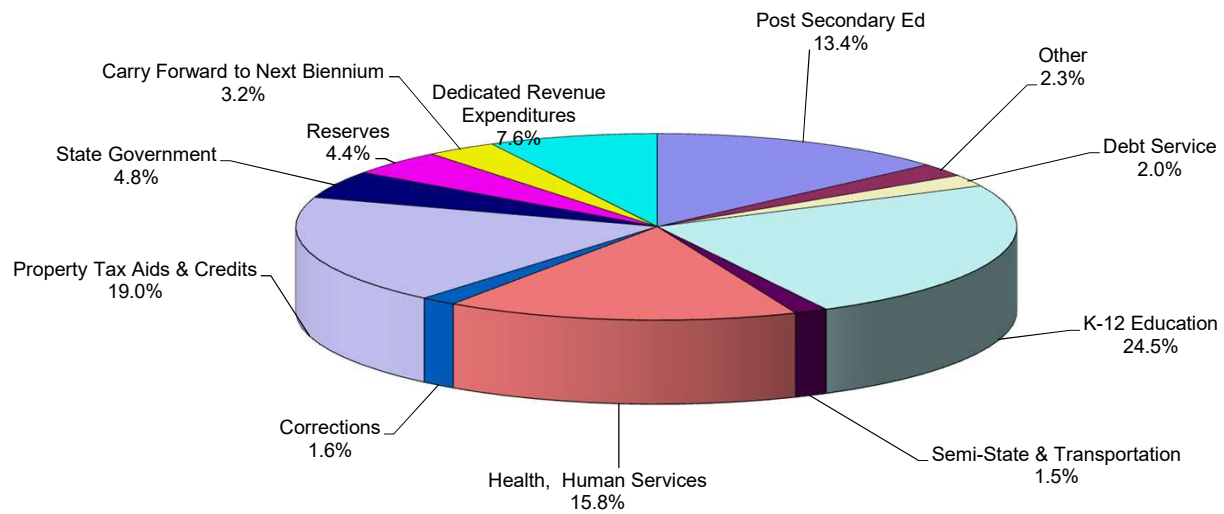


Common Fiscal Terms – Higher Education

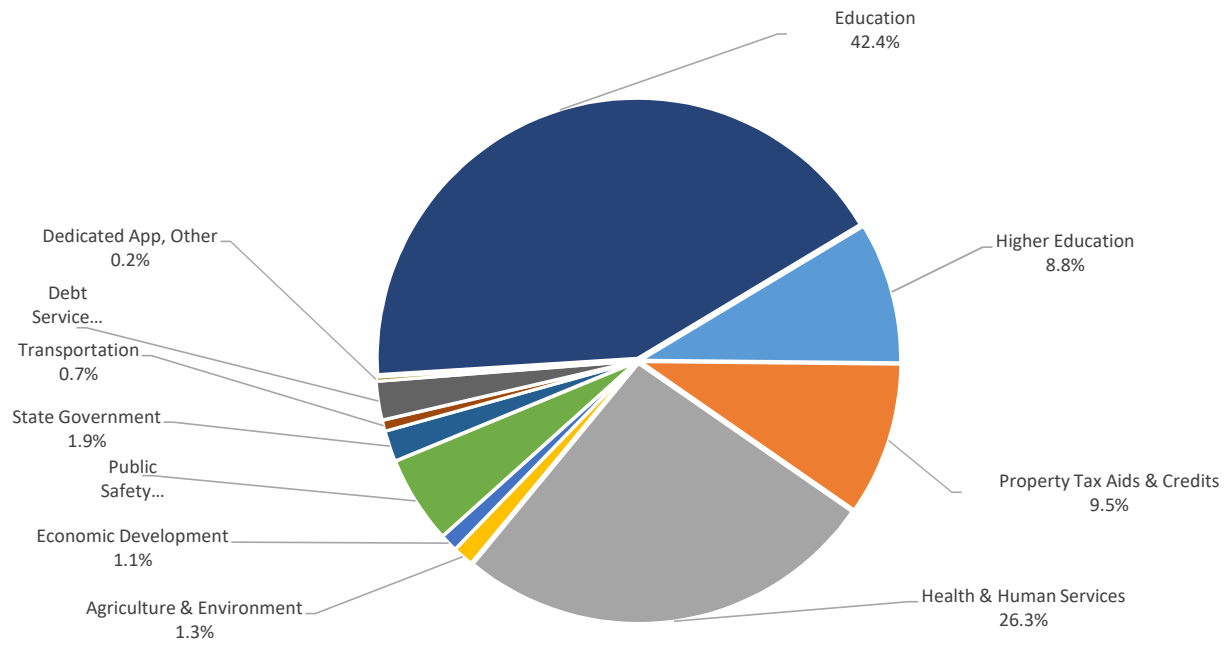
- Appropriation Base
- Direct Appropriation – General Fund
- Operations and Maintenance Appropriation (O&M)
- State Grant Program
- State Special Appropriation
- State share of higher education



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

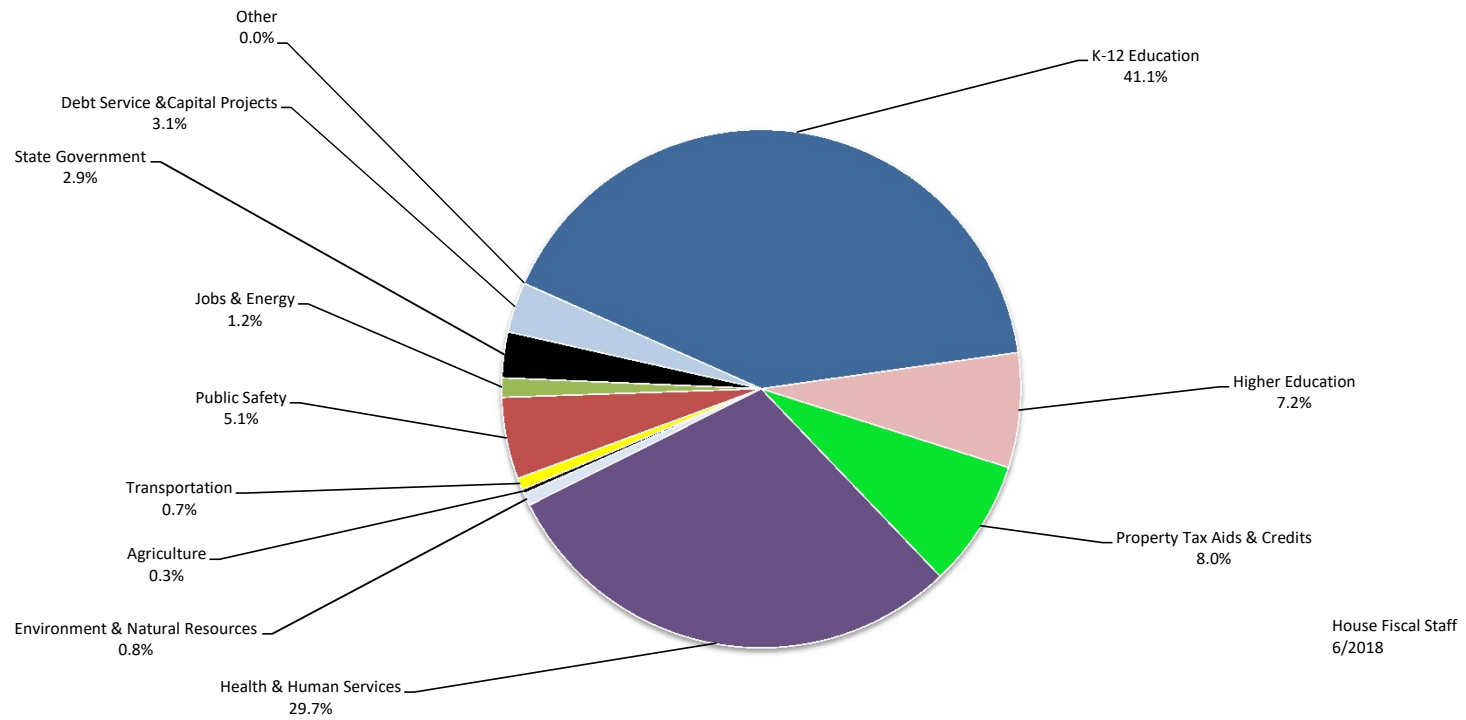


Allocation of General Fund Resources FY 2006-07 By Program
FY 2006-07 General Fund = \$31.5 Billion
Feb. 2008 Forecast

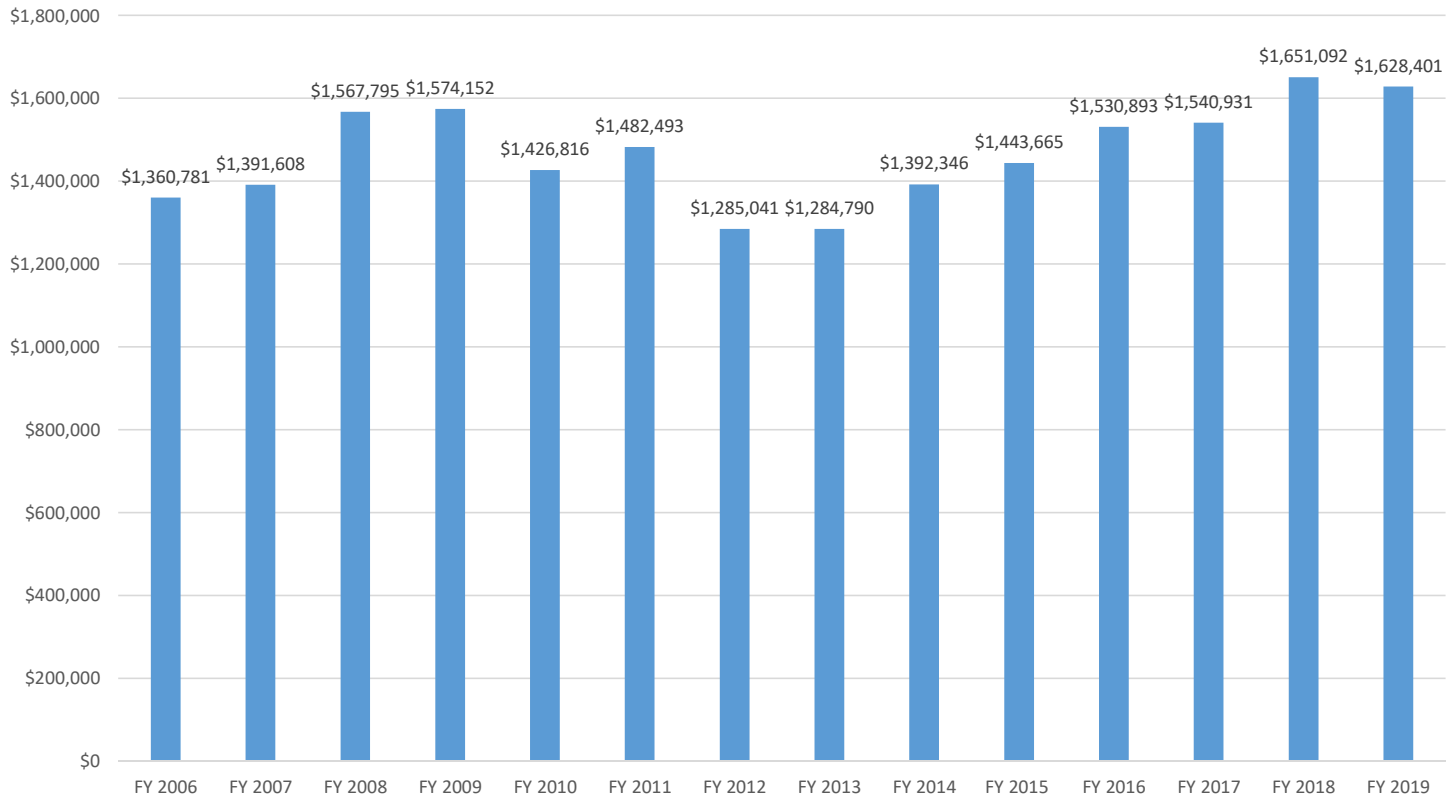


General Fund Spending FY 2018-19 - 2017 House Committee Structure

February 2018 Forecast and End of 2018 Session Data
FY 2018-19 General Fund Spending = \$45.9 Billion

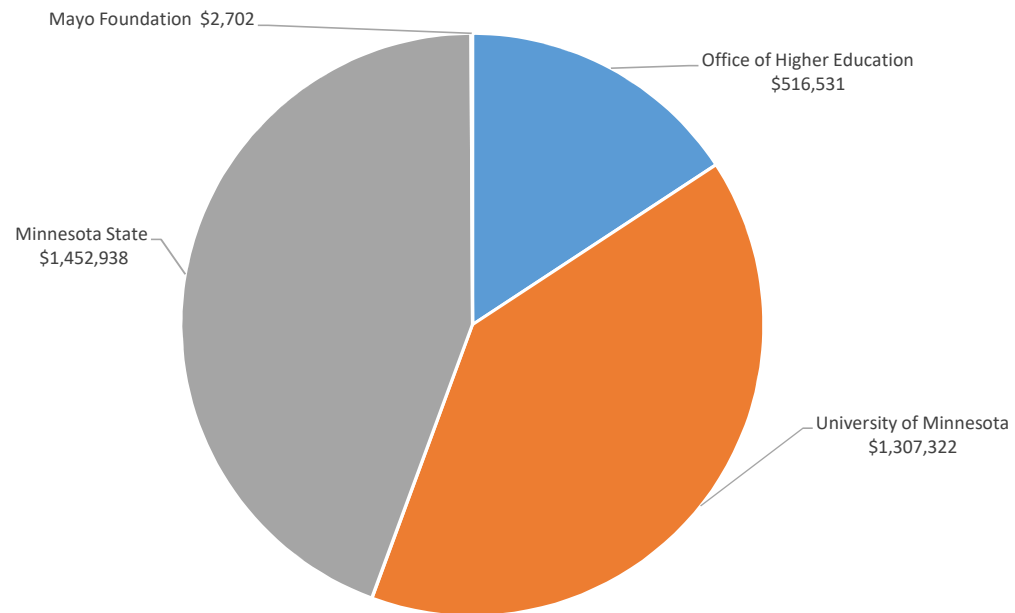


Higher Education General Fund Appropriations 06-19 (\$ in thousands)



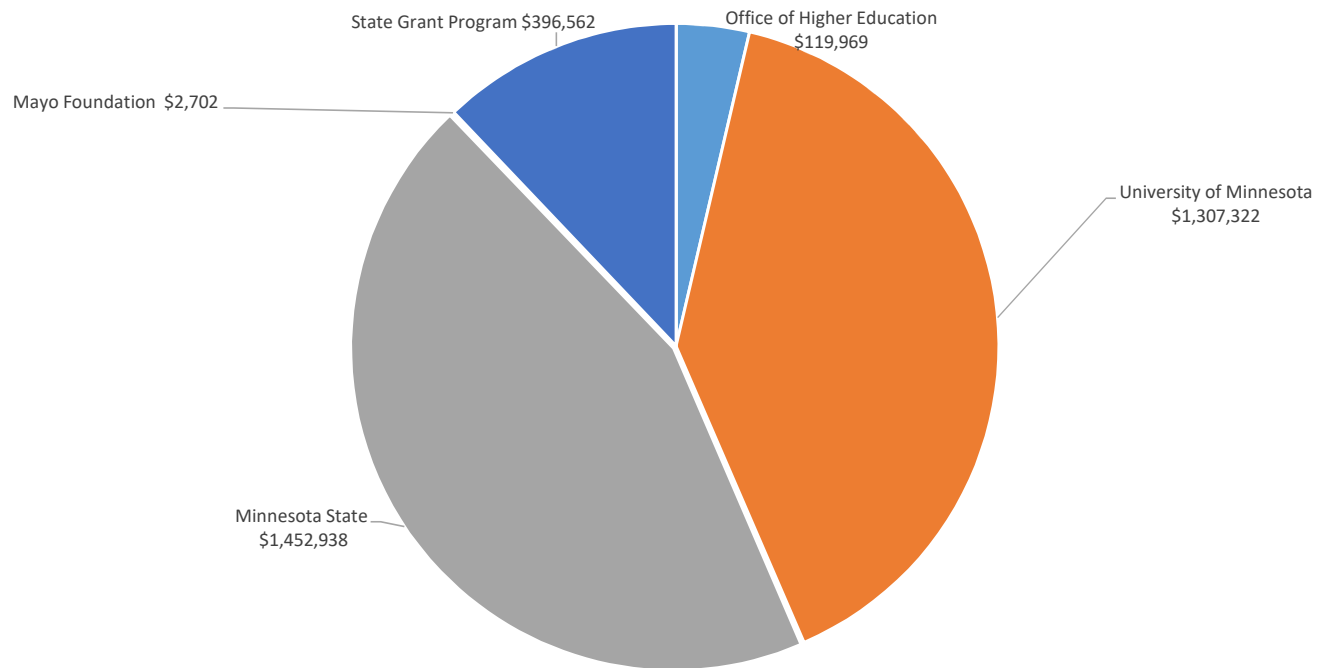
2017 Higher Education Omnibus Bill Appropriations

FY 2018-19 \$3.27 Billion, Data from 2017 End of Session



2017 Higher Education Omnibus Bill Appropriations

FY 2018-19 \$3.27 Billion, Data from 2017 End of Session (\$ in thousands)



Legislative Financing

- Current statute states the legislatures intent to provide 67% of the combined revenue from tuition, the university fee at the University of Minnesota, and state general fund appropriations to public postsecondary intuitions.
- Minn Statutes 135A.01



Fiscal Overview (2017 Session)

Higher Education							
Total General Fund Spending							
(all dollars in thousands)							
					Percentage Change		
					Enacted FY 2018-19	Percentage Change	
	Change	FY 16-17 Forecast	Forecast Base	Enacted	vs. FY 2016-17	Enacted vs. Base	Enacted
	FY 2017	with changes	FY 2018-19	FY 2018-19	with Changes	FY 2018-19	FY 2020-21
Office of Higher Ed	0	477,405	467,461	516,531	8.2%	10.5%	512,990
Mayo Foundation	0	2,702	2,702	2,702	0.0%	0.0%	2,702
MN State Colleges and Universities	0	1,346,441	1,346,632	1,452,938	7.9%	7.9%	1,442,838
University of Minnesota	0	1,254,598	1,252,698	1,307,322	4.2%	4.4%	1,297,272
Net GF Total	0	3,081,146	3,069,493	3,279,493	6.4%	6.8%	3,255,802



Fiscal Overview (2017 Session)

Minnesota State

- Partial tuition freeze for both College and University students. An additional \$91 million in campus support over the 2018-19 biennium.
- Annual funding of \$4 million to upgrade the Integrated Statewide Record System (ISRS).
- Annual funding on \$3 million in supplemental aid to non-metro institutions.

Office of Higher Education

- \$36 million in increased funding for the state grant program.
- \$1.5 million increase in agency operating funds.
- Establishment or reestablishment of three loan forgiveness programs (large animal vet, ag educators and pilots/mechanics).



Fiscal Overview (2017 Session)

University of Minnesota

- An additional \$27.9 million in campus support over the 2018-19 biennium.
- \$7 million in annual funding for health training restoration.
- \$4 million in annual funding for the MnDRIVE research program.
- \$500k in annual funding for the Indian Scholarship Program at the Morris Campus.



Fiscal Overview (2018 Session)

Several higher education finance changes were included in the supplemental omnibus budget bill which was vetoed by the governor. No higher education related fiscal provisions were enacted during the 2018 session. The most significant higher education finance issues included in the vetoed chapter 201 were:

- \$3 million in additional funding for campus support for Minnesota State;
- \$150,000 in additional funding for the agricultural educators loan forgiveness program and student loan debt counseling program; and
- \$300,000 in additional funding for the Minnesota State Grant Program (Office of Higher Education).

The vetoed bill did not allocate any new resources to the University of Minnesota or the Mayo Foundation.



Bonding Overview

- Higher Education Asset Preservation and Replacement (HEAPR)
- Projects must comply with statutory definition of HEAPR.
- Examples of eligible projects:
 - Health and safety code compliance
 - Americans with Disabilities Act requirements
 - Hazards material abatement
 - Air quality improvements



Bonding Overview (cont'd)

- General Obligation Bonds
- A security backed by the full faith and credit of the state; the state will levy a property tax, if necessary, to meet its debt service obligations.
- Each bond issue must distinctly specify the purposes and maximum amount of proceeds authorized to be expended for such purposes.
- Bond financed property must be:
 - publicly owned;
 - constitute a capital expenditure; and
 - for a public purpose.
- Requires super majority of each legislative body.



Budget Enactment Timeline – Odd Year Session:

- Early December – MMB releases November economic forecast.

- January – Legislative session convenes. Governor makes budget recommendations (third Tuesday in Feb. in 2019). 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 May 20, 2019 (no later than 1st Monday after 3rd Saturday in May).

- May – Governor signs/vetoes legislation.



Contact Information

Ken Savary, Fiscal Analysis Department
651-296-7171
378 State Office Building
Ken.savary@house.mn



Higher Education General Fund Appropriations FY 06-19
(\$ in thousands) as Adjusted for Inflation (CPI, 2018 data)

