

Higher Education Finance Overview

Ken Savary, Fiscal Analysis Department



Budget Process – 2021 Session

Budget Enactment Timeline – Odd Year Session:

- Early December (12-1-2020) – MMB releases November economic forecast.

- January – Legislative session convenes (1-5-2021) . Governor makes budget recommendations (fourth Tuesday in Jan. in 2021). 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 17, 2021 (no later than 1st Monday after 3rd Saturday in May).

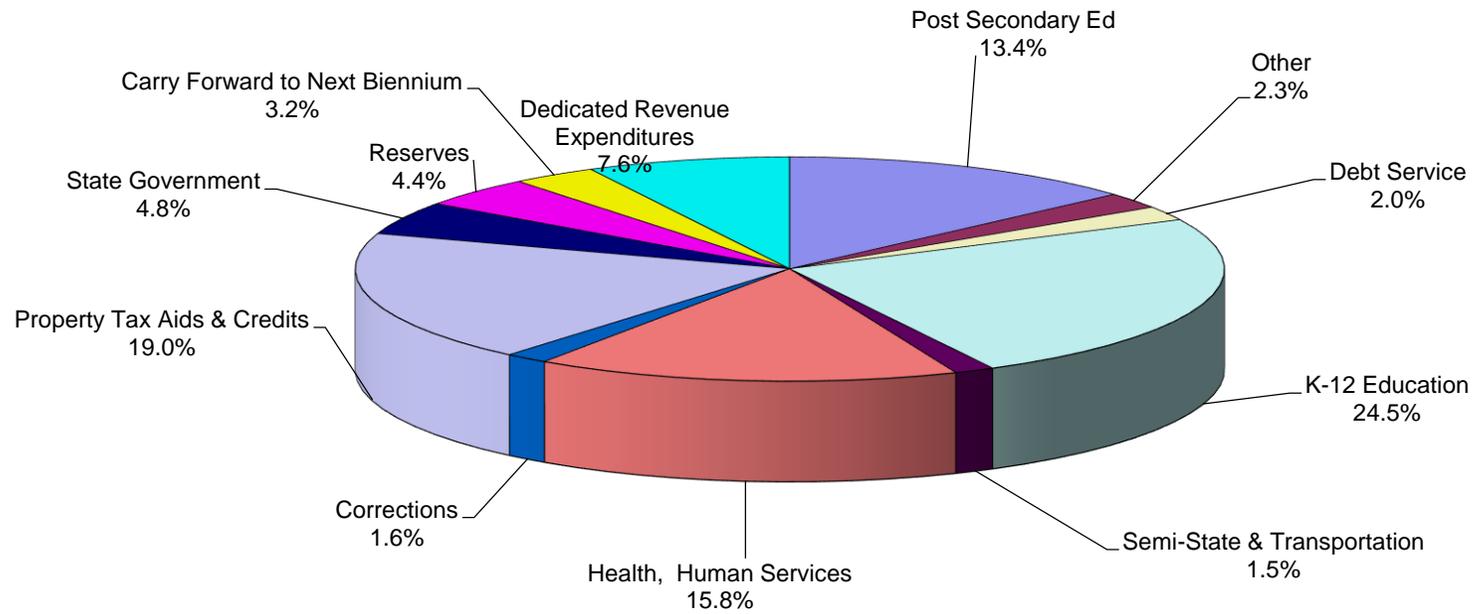
- May – Governor signs/vetoes legislation.

Higher Education Finance Accounts

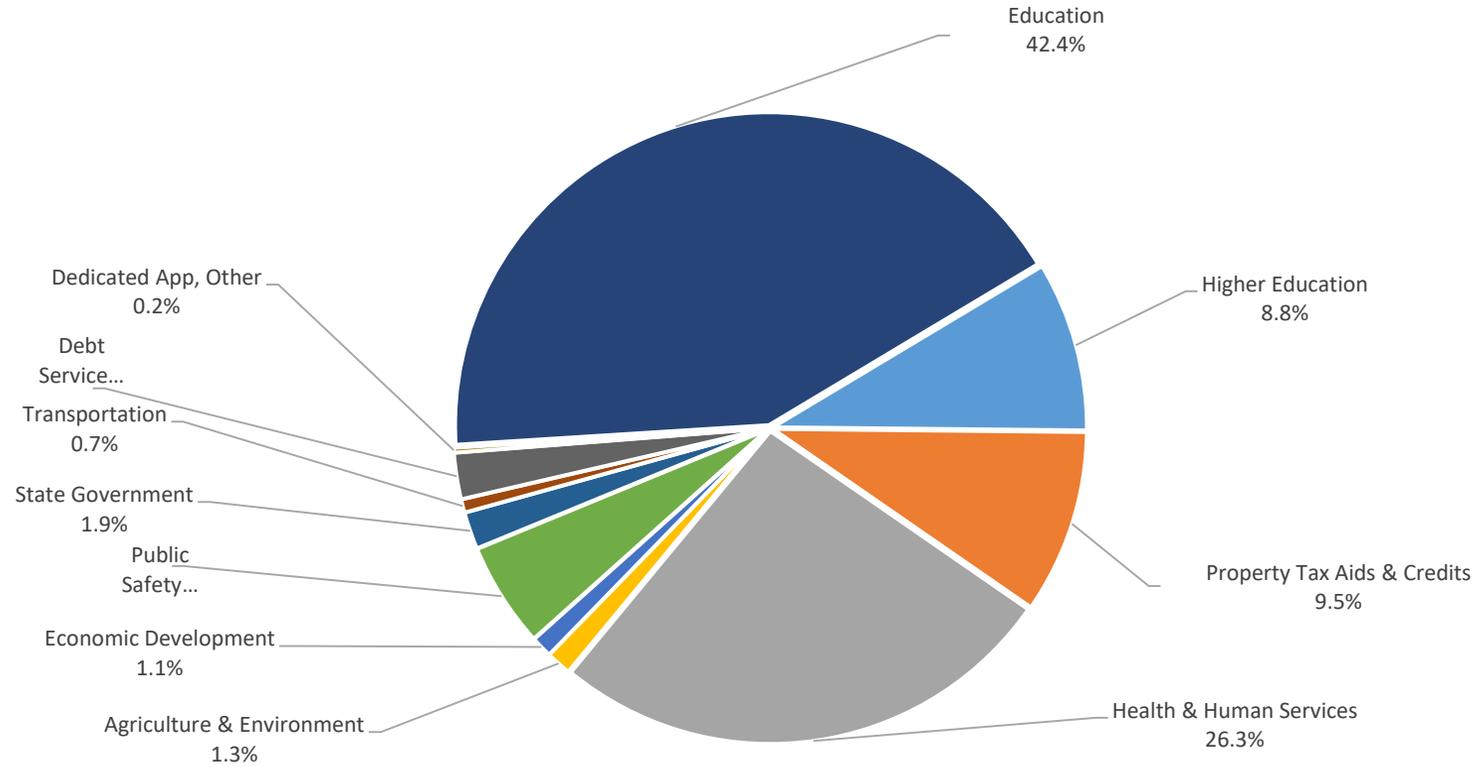
- Minnesota Office of Higher Education
- Minnesota State Colleges and Universities
- University of Minnesota
- Mayo Foundation (Residency Programs)



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



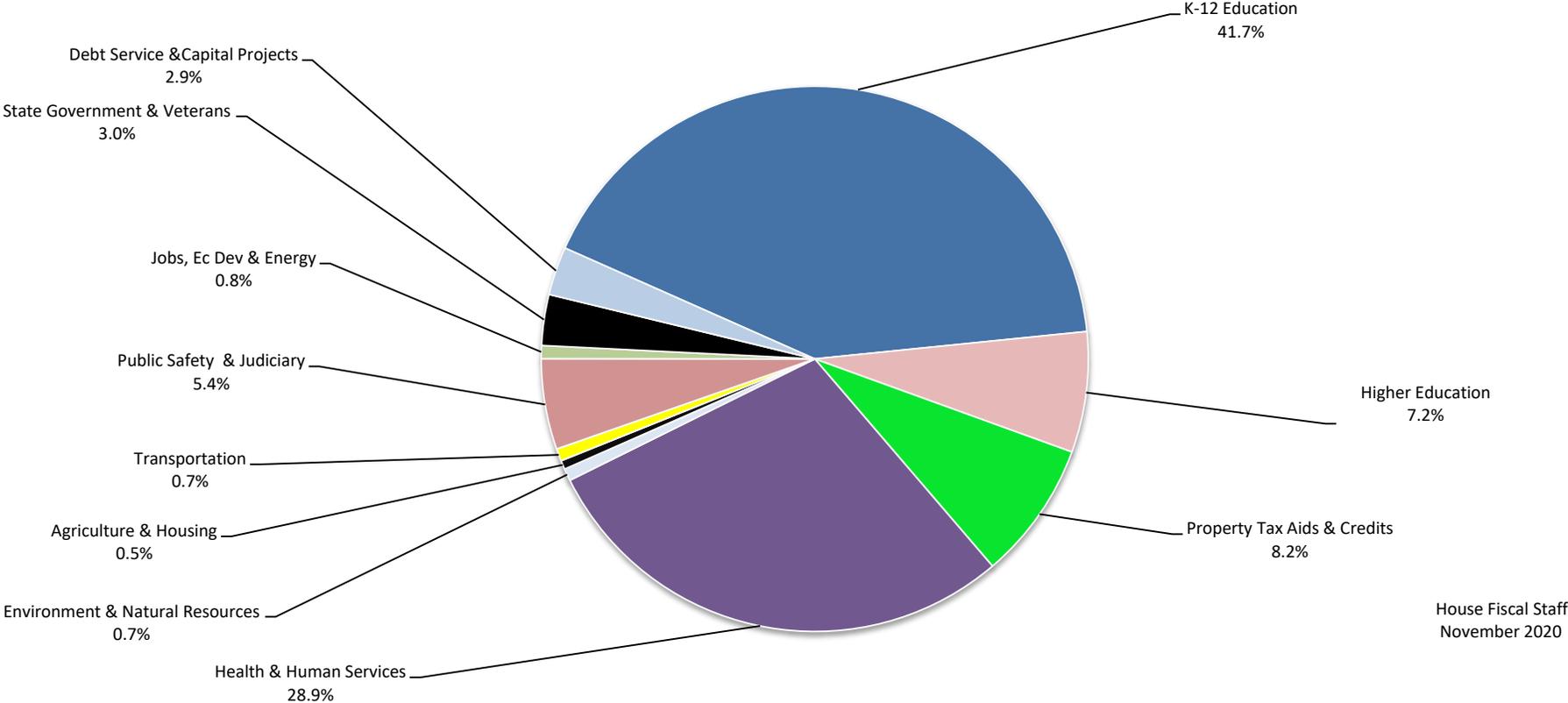
Allocation of General Fund Resources FY 2006-07 By Program
FY 2006-07 General Fund = \$31.5 Billion
Feb. 2008 Forecast



General Fund Spending FY 2020-21

Data from December 2020 Fund Balance Information

FY 2020-21 General Fund Spending = \$47.7 Billion



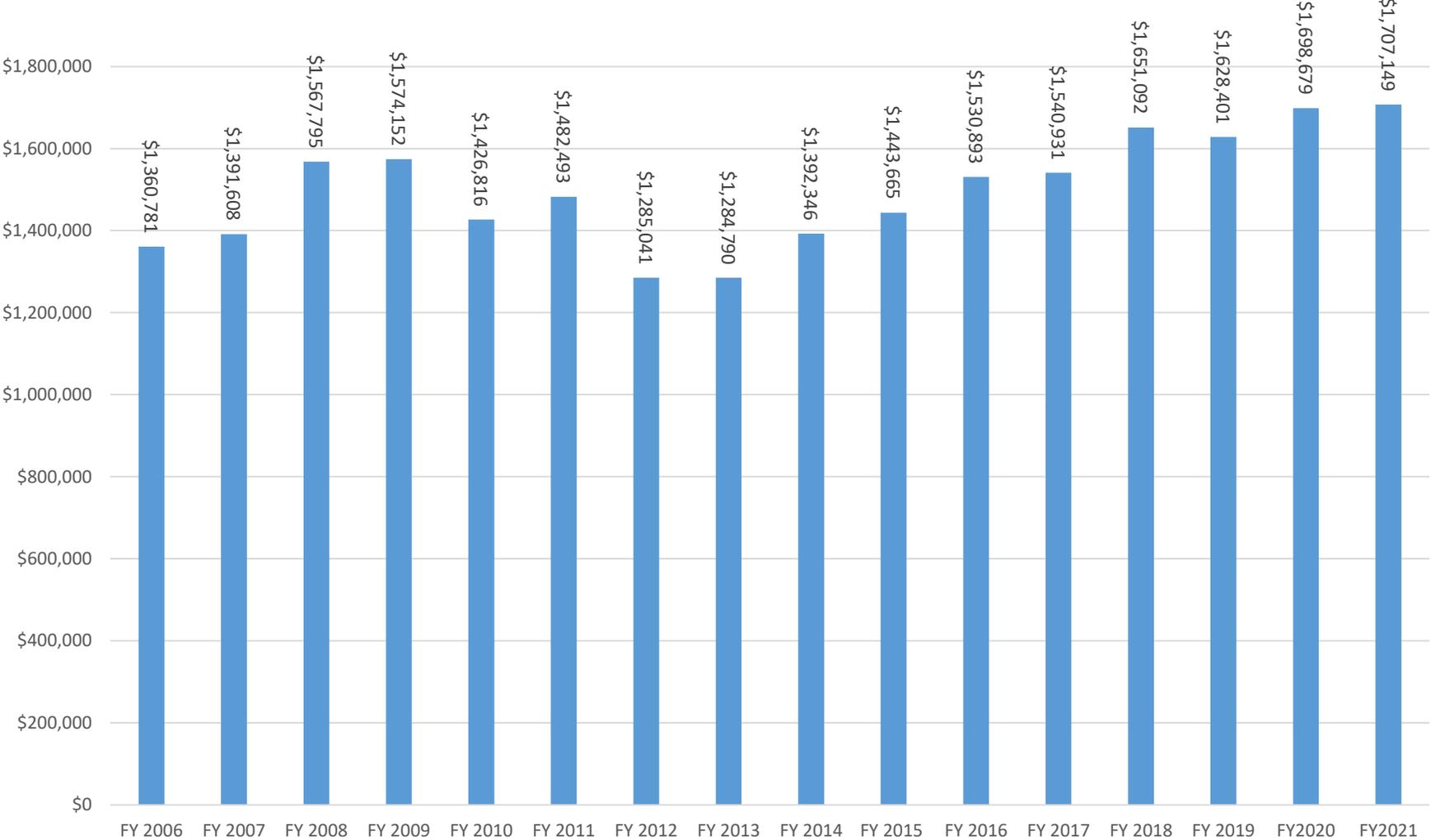
House Fiscal Staff
November 2020

Common Fiscal Terms – Higher Education

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



Higher Education General Fund Appropriations 06-21 (\$ in thousands)



Omnibus Finance Bill Format – Appropriations

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



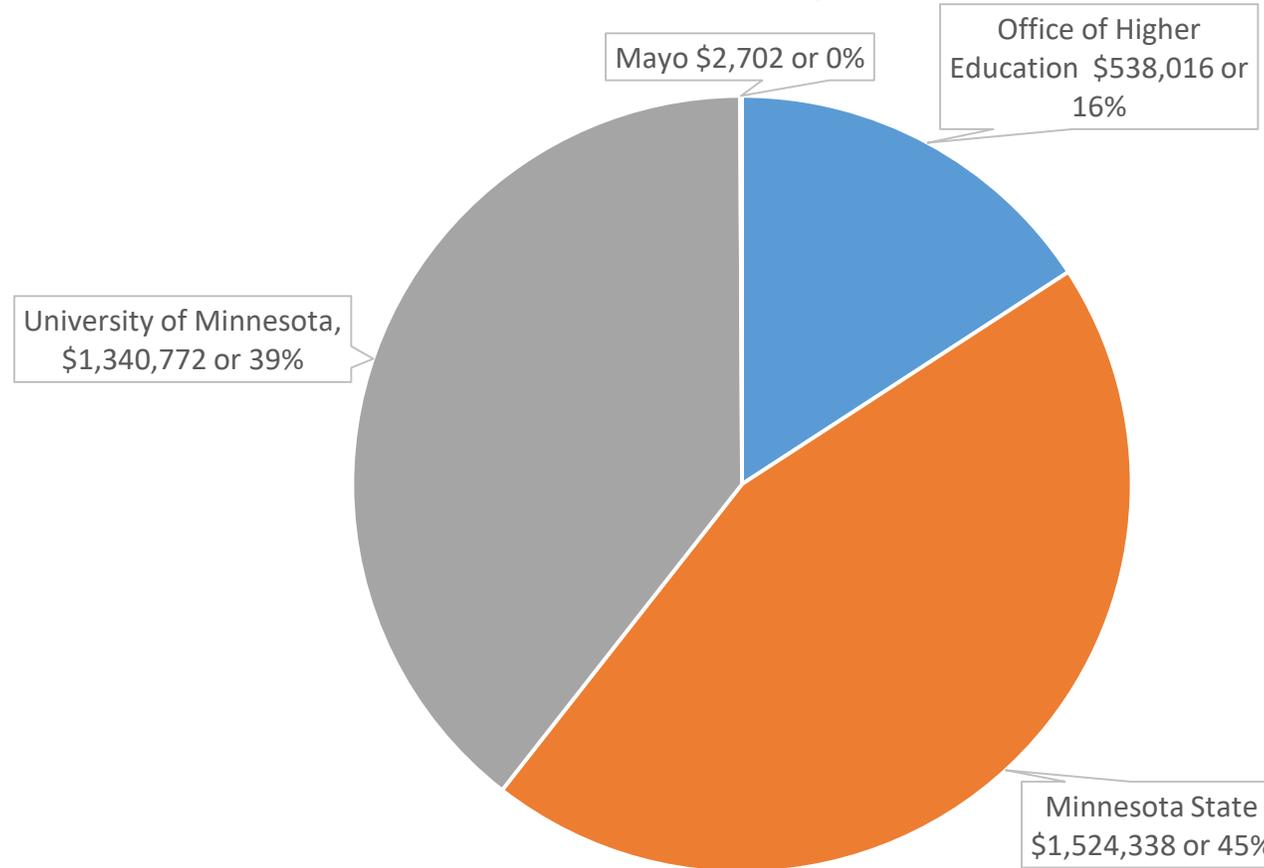
Fiscal Overview (2019 Session)

Higher Education Total General Fund Spending (all dollars in thousands)							
				Percentage Change Enacted FY 2020-21 vs. FY 2018-19 with Changes	Percentage Change Enacted vs. Base FY 2020-21	Enacted FY 2022-23	
	FY 18-19 Forecast	Forecast Base FY 2020-21	Enacted FY 2020-21				
Laws 2019 Chapter 65	0	0	300	N/A	N/A	300	
Office of Higher Ed	524,630	513,016	538,016	2.6%	4.9%	535,546	
Mayo Foundation	2,702	2,702	2,702	0.0%	0.0%	2,702	
MN State Colleges and Universities	1,452,938	1,442,838	1,524,338	4.9%	5.6%	1,525,068	
University of Minnesota	1,309,822	1,297,272	1,340,772	2.4%	3.4%	1,342,512	
Net GF Total	3,290,092	3,255,828	3,406,128	3.5%	4.6%	3,406,128	



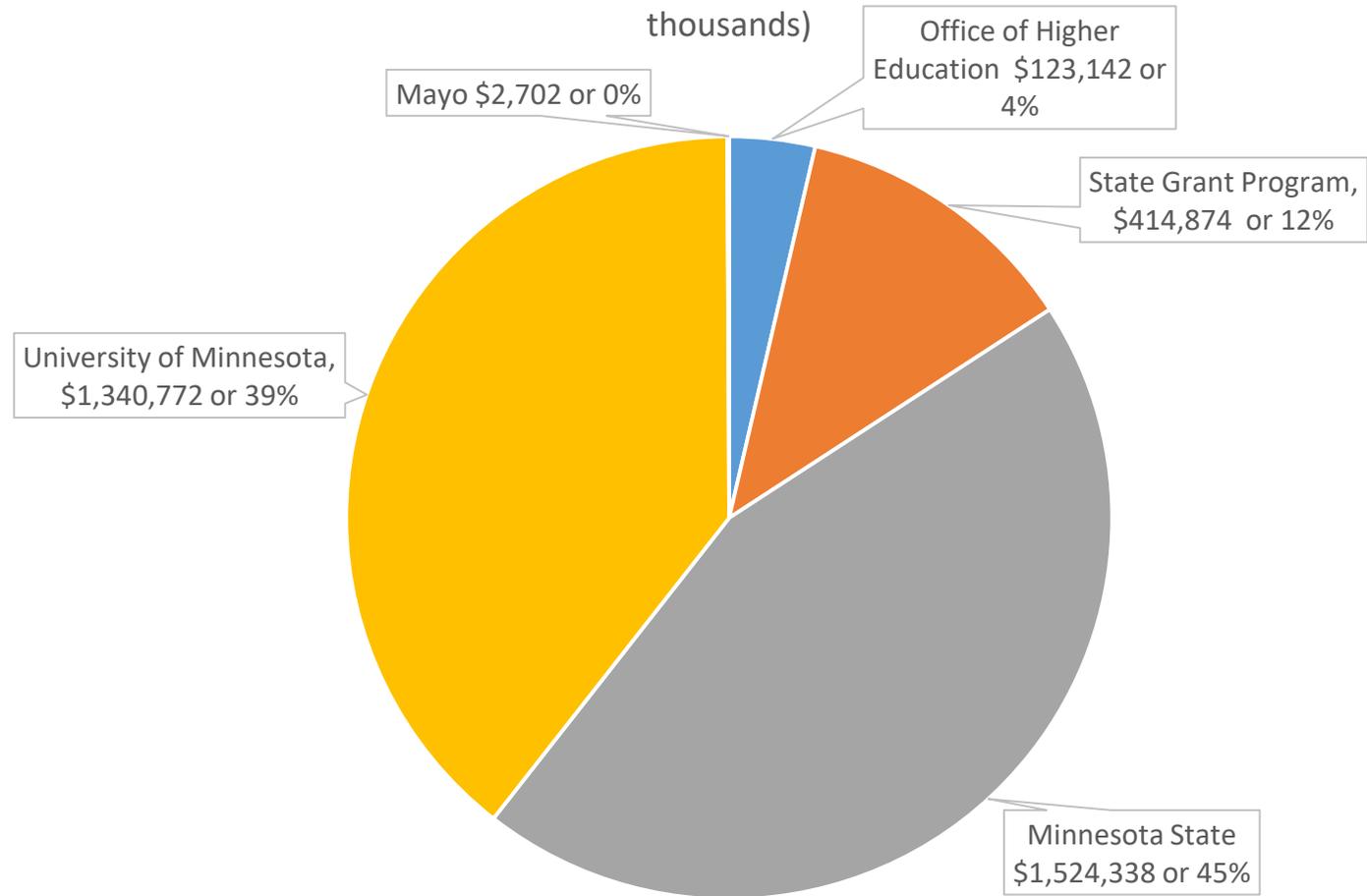
2019 Higher Education Omnibus Finance Bill

FY20-21, \$3.40 Billion General Fund. Data from December 2020 Fund Balance (\$ in thousands)



2019 Higher Education Omnibus Finance Bill

FY20-21, \$3.40 Billion General Fund. Data from December 2020 Fund Balance (\$ in thousands)



2019 Higher Education Omnibus Finance Bill Office of Higher Education (FY20-21)

- State Grant Program - \$18.16 million increase.
- Agency Admin - \$750k increase in FY20-21 for the college cost awareness campaign.
- SLEDS - \$1.8 million increase.
- Student loan counseling - \$400k new appropriation.
- College possible - \$500k increase.
- Grants to Teacher Candidates Program - \$1.5 million increase.
- MN Reconnect - \$2 million new appropriation (one-time).
- Emergency Assistance for Students - \$188k increase (one-time).



2019 Higher Education Omnibus Finance Bill Minnesota State (FY20-21)

- Operations and Maintenance Increase - \$64.5 million in campus investments.
- ISRS Next Gen - \$8 million increase.
- Mental Health Services - \$250k increase (one-time).
- Workforce Development Scholarships - \$7 million increase.
- Cook County Higher Education Board - \$200k increase.
- Z-Degree Textbook Program - \$500k increase (one-time).
- Skilled Workforce Partnership - \$1 million increase (one-time).
- Leveraged Equipment Acquisition - \$500k increase (one-time).



2019 Higher Education Omnibus Finance Bill University of Minnesota (FY20-21)

- Operations and Maintenance Increase - \$43.5 million increase.
- State special appropriations unchanged.
 - Agriculture and Extension: \$85.8 million
 - Health Sciences: \$18.4 million
 - Institute of Technology: \$2.2 million
 - System Special: \$14.3 million
 - U of M and Mayo Foundation Partnership: \$15.9 million



2019 Higher Education Omnibus Finance Bill

Health Care Access Fund

- Biennial Appropriation to the University of Minnesota
 - \$4.3 million in FY20-21.
 - Helps to fund primary care education for physician (family medicine).

- Was first funded by the legislature in the early 1990s.
 - Coincided with the establishment of the healthcare provider tax.



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.



Contact Information

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