

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

Agenda Item Summary Sheet

Committee: Advancement

Date of Meeting: March 15, 2011

Agenda Item: State and Federal Legislative Update

- Proposed Policy Change Approvals Required by Policy Other Approvals Monitoring
- Information

Cite policy requirement, or explain why item is on the Board agenda:

Review of state and federal legislative affairs and issues

Scheduled Presenter(s):

Dr. Mary Davenport, executive director of government relations

Outline of Key Points/Policy Issues:

State legislative activity
Federal legislative activity

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INFORMATION ITEM

State and Federal Legislative Update

STATE

87th Legislative Session

Several milestones have passed, bringing the legislative session to its mid-point:

- **State of the State Address:** Gov. Mark Dayton focused on investing in the future of Minnesota and invited legislators to join with him to pledge to the people of Minnesota that they will not shut down government, but rather will reach a shared solution to resolve the \$6.2 billion budget deficit. Dayton said the state needs to invest in job creation; better education; improved transportation; the health of our citizens, our communities and our environment; and the transformation of government services. Dayton recognized Chancellor McCormick who was sitting in the gallery. He thanked him for his service and commitment to the state of Minnesota.
- **Governor's budget plan:** Gov. Dayton released his FY2012-13 budget plan which included a 6 percent cut to both the Minnesota State Colleges and Universities system and the University of Minnesota. A six percent reduction to the system equates to \$37.8 million a year, which reduces the system's base to \$592.6 million for each year of the biennium. The governor's budget protects the state grant program.
- **February budget forecast:** Minnesota Management and Budget projected more than a billion dollar improvement in the deficit, from a \$6.2 billion budget deficit to a \$5.028 billion deficit for FY2012-13.

Next steps to watch:

- **Budget targets:** New budget numbers from the February forecast provide parameters for setting budget targets for each of the legislative committees. House and Senate leaders anticipate targets to be set by the second week of March.
- **Upcoming deadlines:**
 - March 25:** all finance bills must be out of committee and sent to their respective House Ways and Means committee, or Senate Finance Committee
 - April 18:** Passover/Easter break; legislators return April 26
 - April 29:** policy bills are to be out of the committee of origin
 - May 6:** policy bills must pass out of both bodies
 - May 23:** last day of session

Visits with legislators

Chancellor McCormick has nearly completed visits with all newly elected legislators, having visited 57 of 61 new members since the November 2010 election. Chair Thiss and/or other trustees have accompanied Chancellor McCormick on 15 of the visits to new legislators and five additional legislative meetings. Presidents are also visiting with their local elected officials, emphasizing the need for flexibility for the Board to set tuition; and, the impact further cuts to the system's budget would have on access, programs and services.

Legislative Hearings

A number of hearings have already taken place with a focus on Minnesota State Colleges and Universities where testimony from trustees, college and university administrators, and Office of the Chancellor staff was taken. Topics addressed have included an overview of the system, budget (with specific budget questions to address), transfer, tuition, bonding, and veteran re-entry education. System faculty and students have also testified in a number of hearings including those focused on budget, tuition, and transfer.

The Senate Higher Education committee recommended trustees Duane Benson, Phil Krinkie, Alfredo Oliveira, Thomas Renier and Michael Vekich for confirmation after a good exchange of questions and answers. Trustees spoke knowledgeably in response to questions on a variety of topics including the Board's role for advocacy, higher education and system transformation, system administration and management, costs, and remedial education. The confirmation is to be taken up next by the full Senate. Trustee Jacob Englund's confirmation is expected to be taken up when he returns from abroad.

FEDERAL

Continuing Resolution extension

President Obama signed a Continuing Resolution for the federal FY2011 budget, setting the new budgeting deadline for March 18. The CR cuts \$4 billion from current federal government spending levels. The process for finalizing appropriations for FY2011 remains unclear, and another CR extension is highly probable, possibly until April 15, when Congress is scheduled to leave town for a two-week recess. Vice President Joe Biden has been charged to work on resolving the budget with Capitol Hill Republicans. There seems to be consensus by federal lawmakers that on-going threats of a government shutdown put the nation's economic progress in jeopardy. Programs at risk for funding losses include the Pell grant program; Tech Prep, within the Perkins Career and Technical Education Act; TRIO, new funding for WIA's (Title I) Adult, Dislocated Workers and Youth formula grant programs; funding for WIA's national discretionary grants; unobligated Dislocated Worker Reserve and Emergency Grant funding; and TRIO.

Federal Earmarks

The elimination of earmarks accounted for \$2.7 billion in the \$4 billion Continuing Resolution for the FY2011 budget. The elimination of earmarks at the federal level includes over \$16.9 million in system projects that were submitted by members of the Minnesota congressional delegation (Klobuchar, Franken, Walz, Ellison, Peterson and Oberstar). No earmarks are expected in the forthcoming FY2012.

President's 2012 budget

In the midst of work to resolve the FY2011 federal budget, President Obama introduced his proposed FY2012 budget to Congress in February. The President's budget includes a number of cuts and increases to education programs:

- Preserves the Pell Grant maximum at \$5,550 while proposing to offset the rising cost of the Pell Grant program by eliminating the new year-round Pell Grant.
- TRIO for Upward Bound program increases of \$10 million.

- Funding for the Perkins Career and Technical Education (CTE) programs would be reduced from the current \$1.160 billion in the Career and Technical State Grants to \$1.0 billion and funding for Tech Prep would be eliminated (\$102.9 million). This is an overall 21% reduction.
- The Department of Education's adult education programs would be increased by about \$19 million, with nearly \$7 million more for the Adult Basic and Literacy Education State Grants and \$12 million more for the National Leadership Activities.
- A major focus of the president's FY 2012 budget is on K-12 reform and reauthorization of the Elementary and Secondary Education Act (ESEA), currently known as No Child Left Behind (NCLB). The administration proposes to consolidate 38 existing programs into 11 new ones and increase investments in competitive grants focused on improving education outcomes.
- The U.S. Department of Labor's Training and Employment Services budget would be cut with the elimination of the \$125 million Career Pathways Innovation Fund (formerly Community-Based Job Training Grants). Other grant programs would receive increases, notably the Green Jobs Innovation Fund and Youthbuild.
- The administration has proposed modest funding decreases for the major formula streams authorized by the Workforce Investment Act. The Dislocated Worker funding stream would be reduced from \$1.413 billion to \$1.403 billion and the Adult program would be trimmed by a little more than \$1 million, to \$860 million. The administration is proposing to create a new Workforce Innovation Fund that would be funded by holding back 8% from the Adult, Dislocated Worker and Youth accounts.
- The administration has proposed a healthy 13% increase for the NSF. The Education and Human Resources directorate, which houses the programs of greatest interest to community colleges, including the Advanced Technological Education (ATE) program, is slated for a \$38 million increase, to \$911.2 million. Within that amount, the NSF proposes to keep ATE funding steady at \$64 million. The NSF budget indicates that investment in community colleges is a top priority, and, through a number of programs, would increase that investment to \$100 million. Most notably, the Course, Curriculum and Laboratory Improvement program would be rebranded the Transforming Undergraduate Education in STEM program and increased by \$6.26 million, which would go to enhance efforts to engage community colleges. In addition, the STEM Talent Expansion Program would see an increase of \$3 million.

Association of Community College Trustees

Trustee Dickson, Trustee Rice and Dr. Mary Davenport attended the Community College National Legislative Summit in Washington DC. The meeting took place in February amid activity focused on the Continuing Resolution and the presentation of the President's FY2012 budget. Trustees visited with Senator Klobuchar, Senator Franken, Congressman Kline, Congressman Paulsen, Congresswoman McCollum, and Congressman Cravaack. Individual visits were made with staff from these offices plus staff from the remaining congressional offices, including a lead committee staffer from the House Education and the Workforce Committee which Congressman Kline chairs.