



June 19, 2019

Finance and Facilities Committee

FY2020 Annual Operating Budget

Minnesota State FY2020 Operating Budget

- Supports the academic and student success agendas of colleges and universities
- Balances system commitment to affordability with maintaining programs and services that will serve our current and future students
- Supports Next Gen project to strengthen enterprise-wide technology infrastructure
- Brings appropriation share of funding to 50% with tuition at 50% - continuing movement towards statutory goal of 67% state funding



Budget Challenges

- Enrollment forecasting is a top challenge for FY2020, increasing collaborative efforts to identify practices, tools and resources to enable more active management of enrollment trends
- Compensation cost increases are estimated at three percent overall but contract settlements are not yet known for either the State-negotiated or System-negotiated contracts
- Continued structural challenges in appropriation and other revenues are echoed in the budgets requiring ongoing efforts to actively manage the overall structural balance of each college or university budget

2020-2021 Higher Education Omnibus Bill

\$s in millions

Item	FY2020	FY2021	FY20-21 Biennium	Board Request	Gap for Biennium
Campus Support	30.8	33.7	64.5	149.0	(84.5)
ISRS Next Gen	4.0	4.0	8.0	37.0	(29.0)
Workforce	2.0	6.0	8.0	15.0	(7.0)
Other*	0.5	0.5	1.0	45.0	(44.0)
Total "New" State Support	37.3	44.2	81.5	246.0	(164.5)

**structural support, access grants / z-degree, mental health, leveraged equipment*

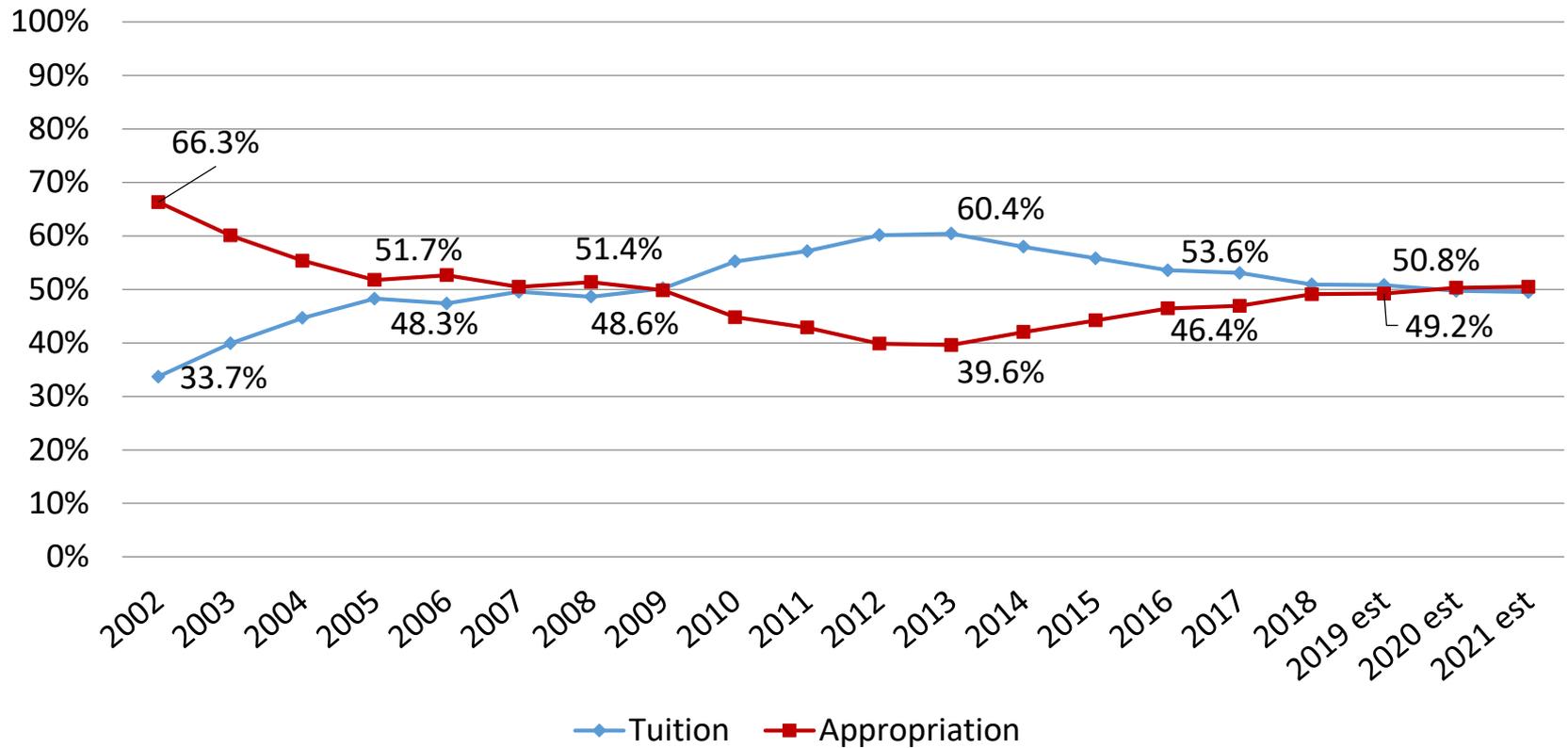


Tuition rates have been restricted by the legislature since 2014

Fiscal Year	Colleges	Universities
2014	Frozen	Frozen
2015	Frozen	Frozen
2016	Frozen	Increased overall average of 3.4%
2017	Cut 1%	Frozen
2018	Increased overall average of 1%	Increased overall average of 3.9%
2019	Frozen	Frozen
2020	Increase no more than 3%	Increase no more than 3%
2021	Increase no more than 3%	Increase no more than 3%
2020 recommended budgets	3% increase	3% increase



Relationship Between Appropriation and Tuition



All Funds Operating Budget – FY2020

<i>\$s in millions</i>	FY2019 Current Budget	FY2020 Proposed Budget	\$ Change	% Change
Revenues				
General Fund	\$1,635.5	\$1,678.3	\$42.8	2.6%
Revenue Fund	\$122.4	\$122.6	\$0.2	0.2%
Other Funds	\$290.0	\$274.5	(\$15.5)	-5.3%
Revenues Total	\$2,046.9	\$2,075.5	\$27.6	1.3%
Expenses				
Compensation	\$1,316.8	\$1,352.7	\$36.0	2.7%
Other Operating	\$716.7	\$719.6	\$2.9	0.4%
Expenses Total	\$2,033.5	\$2,072.3	\$38.8	1.9%
Budget balance	\$14.4	\$3.2		

**Numbers may not add due to rounding.*



General Fund Operating Budget – FY2020

\$s in millions	FY 2019 Current Budget	FY 2020 Proposed Budget	\$ Change	% Change
Revenues				
State appropriation	\$721.9	\$758.7	\$36.8	5.1%
Tuition	\$744.4	\$750.6	\$6.2	0.8%
Other revenues	\$143.2	\$137.5	(\$5.7)	-4.0%
Programmed fund balance	\$25.9	\$31.5	\$5.6	21.4%
Revenue Total	\$1,635.5	\$1,678.3	\$42.8	2.6%
Expenses				
Compensation	\$1,211.7	\$1,249.1	\$37.4	3.1%
Other operating costs	\$413.3	\$428.1	\$14.8	3.6%
Expenses Total	\$1,625.0	\$1,677.2	\$52.2	3.2%
Budget balance	\$10.4	\$1.1		

**Numbers may not add due to rounding.*



Annual tuition impacts before financial aid for full-time students¹ in FY2020

Impact on Minnesota State full-time students

FY2020	Annual Tuition Change	Annual Tuition & Fees ² Change
Colleges	\$144	\$154
Universities	\$231	\$288

1. Full-time students = 30 credits per year
2. Fee increases include revenue fund fees charged to all students



Student grant recipients by income level

Income Levels for State Grant Recipients	State Grant Recipients (% Change)	
	State Colleges	State Universities
Less than \$20,000	13,925 (2%)	4,026 (0%)
\$20,000 to \$39,999	11,721 (1.5%)	3,955 (0.1%)
\$40,000 to \$59,999	5,392 (1.6%)	2,901 (0.2%)
\$60,000 and above	3,974 (1.0%)	3,837 (0.2%)
All state grant recipients	35,011 (1.7%)	14,718 (0%)
Non-state grant recipients	74,188	39,538

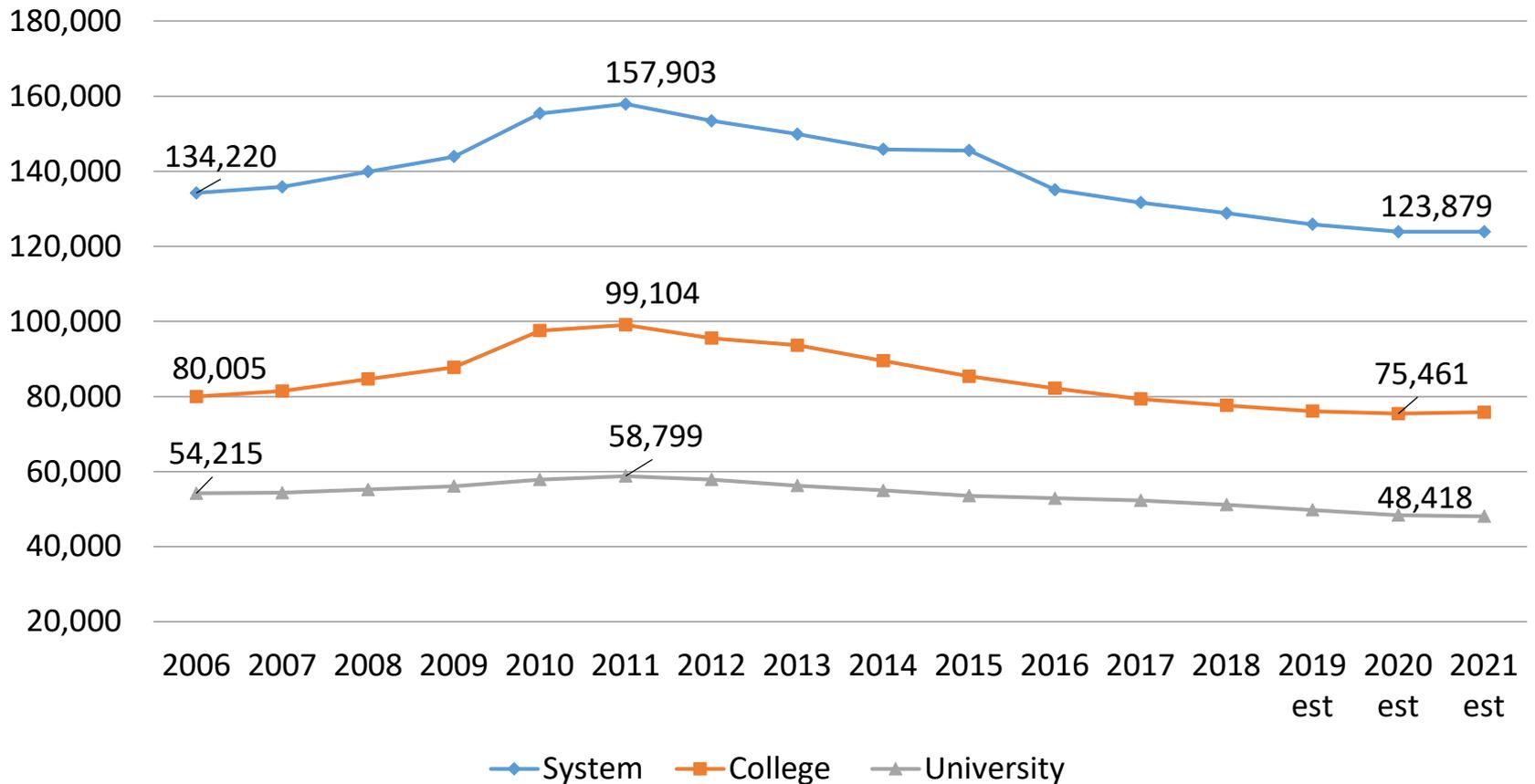


Tuition change increases and total tuition costs net of Pell/state grant for a full time student

Income Levels for State Grant Recipients	FY2019-20 Change in Student Tuition Cost			
	State Colleges		State Universities	
	Change in Cost	Average Tuition	Change in Cost	Average Tuition
Less than \$20,000	\$25	\$218	\$51	\$615
\$20,000 to \$39,999	-\$46	\$784	\$31	\$1,130
\$40,000 to \$59,999	-\$147	\$1,411	-\$8	\$2,256
\$60,000 and above	-\$134	\$2,834	-\$61	\$4,611
All state grant recipients	-\$46	\$893	\$6	\$2,118
Non-state grant recipients	\$144	\$4,960	\$231	\$7,518



FY2019 enrollment is projected to decline 1.6%



Strategic Enrollment Efforts

- Budget challenges call for strategic efforts to improve enrollment forecasting
- Efforts are underway to advance collaborative activities and identify practices, tools, and resources to enable more active management of enrollment trends



Progress on ISRS Next Gen

- FY2020 budget contains \$8 million state appropriation to move the Next Gen effort forward
- College and university contributions are based on employee and student headcount and amount to less than 1% of their general fund revenues
- A variety of methods, including reallocations and fund balances are incorporated to support this effort



Recommended Motion

- Adopt the FY2020 annual total all funds operating budget
- Approve the proposed tuition structure recommendations and differential tuition rationale for fiscal year 2020
- Approve the revenue fund and related fiscal year 2020 fees for room and board, student union, wellness and recreation facilities, and parking ramps/surface lots
- Authorize the \$4,115,000 payment to the Learning Network of Minnesota as appropriated in law

