



Fiscal Year 2025 Operating Budget (Second Reading)

Finance and Facilities Committee

June 18, 2024

Board Policy 5.9 State Budget Requests & Annual Operating Budget Planning & Approval Timeline

- » May 20 – Legislative session ends
- » May 22 – Board of Trustees FY2025 operating budget first reading
- » June 17-18 – Board of Trustees FY2025 operating budget second reading and approval
- » July 1 – Start of FY2025
- » Summer/fall – Development of FY2026-2027 biennial budget request
- » October 2024 – Biennial budget request first reading
- » November 2024 – Biennial budget request second reading and approval
- » Late November 2024 – Submit biennial budget request to Minnesota Management and Budget

Board Motion June

- » “The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:
 - Adopt the annual total all funds operating budget for fiscal year 2025 as shown in Table 5.
 - Approve the proposed tuition structure recommendations and differential tuition rationale for fiscal year 2025 as detailed in Attachments 1A through 1H.
 - Tuition rates are effective summer term or fall term 2025 at the discretion of the president. The chancellor or designee is authorized to approve any required technical adjustments and is requested to incorporate any approvals at the time fiscal year 2025 tuition recommendations are presented to the Board of Trustees.
 - Continue the policy of market-driven tuition for closed enrollment courses, customized training, and non-credit instruction, continuing education, and contract postsecondary enrollment option programs.
 - Approve the Revenue Fund and related fiscal year 2025 fees for room and board, student union, wellness and recreation facilities, and parking ramps/surface lots as detailed in Attachments 2A through 2E, including any housing fees that the campuses may charge for occupancy outside the academic year.
 - Authorize the chancellor or designee to enter into an agreement with the Learning Network of Minnesota to provide the funding appropriated to the organization in Minnesota Laws 2023, Chapter 41, Article 1, Section 3, Subdivision 4, in the amount of \$4,115,000.”

Proposed Fiscal Year 2025 All Funds Budget

<i>\$s in millions</i>	FY2024 Current Budget	FY2025 Proposed Budget	\$ Change	% Change
Revenues				
General Fund	\$1,848.5	\$1,826.4	(\$22.1)	-1.2%
Revenue Fund	\$104.4	\$118.7	\$14.3	13.7%
Other Funds	\$386.0	\$409.6	\$23.6	6.1%
HEERF Funds	\$6.4	\$0.0	(\$6.4)	-100.0%
Revenues Total	\$2,345.4	\$2,354.6	\$9.4	0.4%
Expenses				
Compensation	\$1,436.2	\$1,491.7	\$55.5	3.9%
Operating costs	\$904.7	\$911.5	\$6.7	0.7%
Expenses Total	\$2,341.0	\$2,403.2	\$62.2	2.7%
Budget gap	\$4.4	(\$48.4)		
<i>Fund balance to balance budget</i>	\$28.1	\$52.1		
Budget balance	\$32.5	\$3.7		

Numbers may not add due to rounding

Proposed Fiscal Year 2025 General Fund Budget

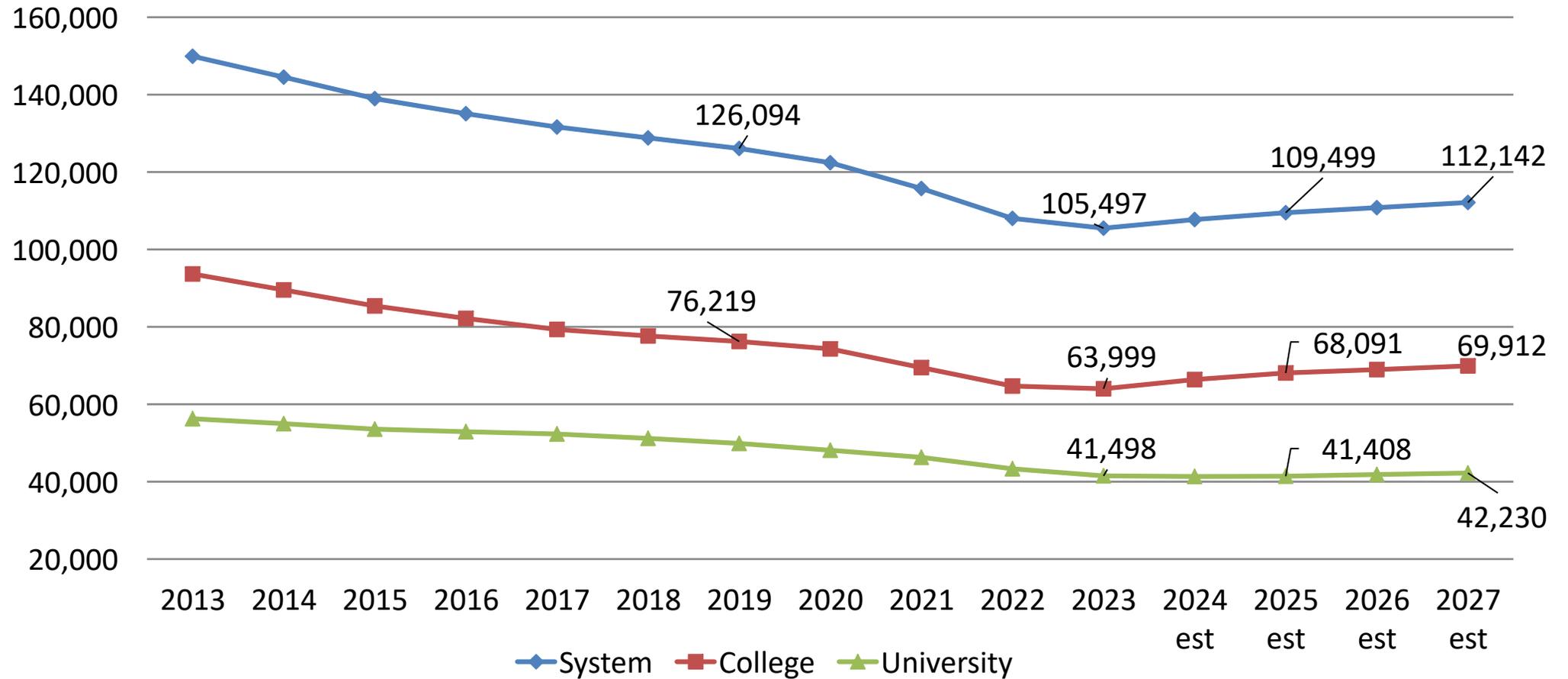
<i>\$s in millions</i>	FY2024 Current Budget	FY2025 Proposed Budget	\$ Change	% Change
Revenues				
State appropriation	\$948.9	\$923.2	(\$25.7)	-2.7%
Tuition	\$722.1	\$729.5	\$7.4	1.0%
Other revenues	\$150.6	\$153.4	\$2.8	1.9%
Fund balance for 1x investments	\$26.9	\$20.2		
Total budgeted revenues	\$1,848.5	\$1,826.4	(\$22.1)	-1.2%
Expenses				
Compensation	\$1,323.3	\$1,371.5	\$48.3	3.6%
Operating costs	\$511.7	\$499.2	(\$12.5)	-2.4%
Total budgeted expenses	\$1,834.9	\$1,870.7	\$35.8	1.9%
Budget gap	\$13.6	(\$44.3)		
<i>Fund balance to balance budget</i>	\$16.2	\$45.9		
Budget Balance	\$29.8	\$1.6		

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Minnesota State New Annual Operating Support in Current Biennium

Appropriations in Thousands of Dollars	FY2024	FY2025	FY2026
System Stabilization	\$ 64,000	\$ 64,000	\$ 41,500
One-time Operation Support	\$ 50,000		
Tuition Freeze	\$ 25,000	\$50,000	\$37,500

Enrollment Projected to Improve



Budget Development

- » Most colleges & universities held back FY2024 stabilization and/or operating support to offset less support in FY2025 to cover new inflationary costs.
- » Continued investments being made in biennial system priorities such as student success and equity and workforce and economic development.
- » The HCM and FIN Workday implementation and sustainment requires additional investments at the system-level.

Student Consultation

- » Board approved in April amendments to Policy 5.9 State Budget Requests and Annual Operating Budget Planning and Approval
 - Requirements for student consultation emphasized:
 - Alignment with Board Policy 2.3 and System Procedure 2.3.2 Student Involvement in Decision-Making
 - Consultation process
 - Position letter from campus student association
- » 53 student consultation letters received
 - An overall theme was that student consultation was a collegial process with sufficient information provided to students on budget planning and rate setting
 - Each college and university student government communicates their description of the annual budget consultation based on their local processes

College, University, and System Reserves

- » College and university reserves
 - All but two colleges and universities are within the 5% to 7% Board required reserve
- » FY2024 system reserves - \$13.25 million
 - \$4 million loan to system office to pay up-front costs of redesigning office space at Wells Fargo
 - \$2 million loan to St. Cloud State University to designate as an operating reserve
 - \$2 million loan to Bemidji State University to help address university's FY2025 cash flow challenges
- » FY2025 estimated system reserves - \$5.75 million

Fiscal Year 2025 Tuition and Fees

- » Undergraduate tuition continues to be frozen in FY2025
 - Average full-time college student saving \$191 per year
 - Average full-time university student saving \$304 per year

- » When factoring in fee increases, tuition & fees are increasing \$42 (0.6%) on an annual basis or Revenue fund financing information and proposed charges
 - \$20 annually (0.3%) for full-time college students
 - \$76 annually (0.8%) for full-time university students

- » *“Colleges and universities are permitted to increase differential tuition charges in fiscal years 2024 and 2025 where costs for course or program delivery have increased due to extraordinary circumstances beyond the control of the college or university. Rates and rationale must be approved by the Board of Trustees.”*

Federal and State Financial Aid Impact on Net Cost of Tuition

- » Federal FAFSA (Free Application for Federal Student Aid) Changes
 - Easier to apply
 - Low-income family eligibility expanded
- » State Grant Changes
 - Eligibility expansion to conform with Federal changes
- » North Star Promise scholarships
 - New in FY 2025
 - Brings tuition and fee costs to zero if family adjusted gross income less than \$80,000
 - Estimated that approximately 6,700 Minnesota State students may receive awards
 - Grants designated for books, required supplies, childcare, emergency assistance, food, and housing are allowed in addition

North Star Promise Scholarships

- » January 2024 Federal update of inflation tables increased students eligible for Pell Grants
- » February 2024 North Star Promise projections adjusted downward to reflect lower need

Table 9: North Star Promise Program Projected Awards, Fiscal Year 2025

System	Projected Student Count	Projected Average Award	Projected Total Awards
Minnesota State Colleges	3,800	\$1,260	\$4,779,000
Minnesota State Universities	2,900	\$2,120	\$6,149,500
University of Minnesota	4,400	\$2,790	\$12,273,900
Tribal Institutions	10	\$1,660	\$16,600
Total	11,000	\$2,110	\$23,218,800

Source: Minnesota Office of Higher Education, [Minnesota State Grant & North Star Promise Projections, February 15, 2024](#)

Fiscal Year 2025 Proposed Revenue Fund Rates

Revenue Fund Program or Facility	FY2025 Average Rate	\$ Change from FY2024	% Change from FY2024
Room and board for traditional double room with meal plan	\$9,199.00	\$394.00	4.5%
Student Union	\$294.41	\$6.23	2.2%
Wellness and Recreation Facilities	\$183.61	\$2.06	1.1%
Parking	\$284.69	\$2.84	0.5%

Proposed Fiscal Year 2025 Revenue Fund Budget

<i>\$s in millions</i>	FY2024 Current Budget	FY2025 Proposed Budget	\$ Change	% Change
Revenues				
Operating Revenue	\$104.4	\$111.2	\$6.8	6.5%
Fund balance for 1x investments	\$0	\$7.5		
Total budgeted revenues	\$104.4	\$118.7	\$14.3	13.7%
Expenses				
Compensation	\$26.4	\$28.7	\$2.3	8.8%
Other operating costs	\$79.2	\$92.1	\$12.9	16.2%
Total budgeted expenses	\$105.6	\$120.8	\$15.2	14.4%
Budget gap	(\$1.2)	(\$2.1)		
<i>Fund balance to balance budget</i>	\$2.8	\$2.8		
Budget balance	\$1.6	\$0.7		

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Thank you.



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