



MINNESOTA STATE
Board of Trustees

AGENDA ITEM SUMMARY

NAME: Finance and Facilities Committee

DATE: March 20, 2024

TITLE: Proposed Amendment to Board Policy 5.9 Biennial and Annual Operating Budget Planning and Approval (First Reading)

Action

Review and Discussion

This item is required by policy

PRESENTERS

Bill Maki, Vice Chancellor for Finance and Facilities

PURPOSE

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6. Board Policies and System Procedures requires board review and approval of proposed board policy changes and that each board policy is reviewed at least once every five years.

BACKGROUND INFORMATION

[Board Policy 5.9](#) *Biennial and Annual Operating Budget Planning and Approval* provides for the financial stewardship of the colleges, universities, and system office through development and approval of state budget requests; preparation of balanced budgets for each college, university, and the system office; and approval of the systemwide annual all funds operating budget. The board last reviewed this policy in March 2016.

State biennial budget requests are developed every other year for consideration by the legislature in odd-numbered years. Requests for state appropriation center on funding for ongoing campus operations and may also include requests for strategic priorities. Policy requires the Chancellor to consult with constituent groups in the process of developing these requests. The board must approve requests, typically with first and second readings occurring in October and November of even-numbered years. The requests are then forwarded to the governor and to the legislature for their consideration. State supplemental requests are normally also developed in odd-numbered years for even-numbered legislative sessions to address any situations that changed since the biennial budget was enacted.

Annual all-funds operating budgets are developed by colleges, universities, and the system office every year based on guidelines provided by the chancellor and vice chancellor for Finance and Facilities. Colleges and universities must consult with students on the budgetary decisions they are making—especially on possible tuition and fee rate changes—before final decisions are made. The board must approve annual all-funds budgets, typically with first and second readings

occurring in May and June each year before the fiscal year begins on July 1. During the fiscal year, presidents must monitor their budgets for accuracy and to maintain balance. The chancellor and vice chancellor must monitor operating budgets and provide updates to the board as needed.

POLICY REVIEW PROCESS

Board Policy 5.9 is due for review since it has been more than five years since the last time it was reviewed. Since the last review, trustees have expressed increased interest in the student consultation letters provided for in this policy. The purpose of these letters is for student leaders to provide feedback to the board on their experiences discussing budgetary decision-making with campus administrators during the consultation process.

In response to trustee interest in consultation along with discussions that occurred last spring during the review of Board Policy 5.11 and in recognition of the value it provides to students, more substantial language was drafted for Part 5 of this policy. A proposed policy document was prepared and posted for review and comment by college, university, and system office staff for 30 days. No additional adjustments to the policy were suggested during this review period.

RECOMMENDED CHANGES

Minor changes are included in the proposed revised policy to improve standardization across policies and add clarification where possible. More substantial additions are proposed to Part 5 *Student Consultation*. Requirements for the student consultation process are outlined in the draft language to align with broader guidance established in [Board Policy 2.3](#) and [System Procedure 2.3.1, Student Involvement in Decision-Making](#). Language added focuses on key components that should be included in the consultation process.

RECOMMENDED ACTION (FIRST READING DRAFT)

This month's presentation provides the first reading for the proposed changes to this policy. A motion to adopt policy changes will be presented as part of the second reading at next month's meeting. Discussions at today's meeting and any follow-up work requested may lead to additional changes to the policy language.

<i>Date Presented to the Finance and Facilities Committee:</i>	<i>3/20/2024</i>
<i>Date Presented to the Board of Trustees:</i>	<i>First reading – no action taken.</i>
<i>Date of Implementation:</i>	<i>TBD</i>