



# Fiscal Year 2025 Operating Budget (First Reading)

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**Finance and Facilities Committee**

*May 22, 2024*

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

- » Authority
- » Policy
  - Development of a state budget request
  - Development of all funds operating budgets
- » Accountability/Reporting
- » Student Consultation

# Fiscal Year 2025 Annual Operating Budget First and Second Readings

## May 2024 – First Reading

- » FY2024-2025 legislative funding
  - Session ends May 20th
- » Enrollment outlook
- » Initial tuition & fee information
- » College & university budget planning

## June 2024 – Second Reading

- » Enterprise-level & college/university operating budgets
- » Tuition and fee tables
- » Revenue fund financing information and proposed charges
- » Updated enrollment projections
- » System, college, and university financial reserves
- » System office budget
- » Student consultation letters

# FY2024-2025 Annual Operating Support Detail

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

# FY2024-2025 New Funding vs. Estimated New Cost Increases

College and University Operations New Resources and <b>(New Costs)</b>	Biennial dollars in thousands
College and University Operations Increased Funding	\$128,000
College and University Funding for Tuition Freeze	\$75,000
Adjusted Estimate of Biennial Compensation and Operating Cost Increases	<b>(\$264,000)</b>
<b>Unmet Needs/Supplemental Request</b>	<b>(\$61,000)</b>

# Fiscal Years 2024 & 2025 Enrollment Trends & Factors

- » FY2024 enrollment projections improving and anticipate FY2024 ending with around a 2% enrollment increase over FY2023 at the system level
- » Current enrollment for FY2025 is trending upwards for both sectors
  - Colleges trending at higher rates than universities
- » FAFSA Simplification Act
  - Helpful to students & families
  - Implementation created challenges for financial aid staff around the nation
  - Anticipate financial aid offers sent to students by late May
  - System office continuing to monitor developments
- » North Star Promise may play a role in improving enrollment

# Fiscal Year 2025 Tuition

- » As part of the biennial state funding legislation, undergraduate tuition rates are frozen, but legislative language provides some flexibility...
  - *“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”*
  
- » 5.11 Tuition and Fees Part 2. Authority:
  - *“Minnesota Statutes 136F.06 Powers and Duties and 136F.70 Tuition; Fees; Activities Funds provides that the Board of Trustees shall set tuition, fees, and refunds for the colleges and universities it governs...The board shall approve the tuition and fee structure for all colleges and universities”*

# College and University Budget Planning

- » Budget development process
  - Alignment to long-term strategic plans
  - Involvement of faculty and staff
  - Student consultation
  
- » Implications of one-time funding
  - \$50 million of one-time funding in FY2024
  - Flat and reduced base funding in FY2025 and FY2026

# Fiscal Year 2025 Fee Increases & Referendums

- » Per statutory requirements, referendums held to increase student activity fees over 2%
  - Athletic fees increasing more than 2% at 6 universities and 1 college from \$0.47 to \$1.75 per credit with all referendums passing
  - Student Life/Activity fees increasing more than 2% at 1 university and 2 colleges from \$1.04 to \$2.60 per credit including creating a separate sustainability fee with all referendums passing
- » Other fee increases could be added to the June materials as long as those increases do not increase more than 3% in aggregate and also did not require referendums

# Board Policy 5.11 Subpart D: Revenue Fund Facility Fees

- » *“Adequate fees must be charged for the use of revenue fund facilities to meet the requirements of Minn. Stat. 136F.93 and 136F.95 and the Master Indenture of Trust. The fees must be sufficient to cover debt, operating costs, all repairs and replacement costs, and reserves.”*

# Fiscal Year 2025 Revenue Fund Fees

<b>Annual Revenue Fund Fees</b>	<b># increasing</b>	<b>Range of annual \$ increases</b>	<b>Range of annual % increases</b>
Residence Halls	6 out of 7	\$100-\$578	1.4% to 9.0%
Dining	All (6)	\$100 to \$318	2.0% to 8.0%
<b>Per Credit Revenue Fund Fees</b>	<b># increasing</b>	<b>Range of per credit \$ increases</b>	<b>Range of per credit % increases</b>
Student Union	5 out of 9	\$3.18 to \$23.36	3.0% to 8.0%
Wellness	1 out of 5	\$10.32	5.5%
Parking	2 out of 7	\$0.05 to \$0.08	1.3% to 2.0%

# 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

# Thank you.



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