



# FY2026-FY2027 Biennial Budget Request (Second Reading)

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## Finance and Facilities Committee

Finance and Facilities Division

*November 19, 2024*

# Timeline: State Funding for FY26 and FY27

- Sep-Nov 2024 - System develops FY2026-27 biennial budget request
- Oct 15-16, 2024 - Board hears first reading of biennial budget request
- Nov 5, 2024 - Election day
- Nov 19-20, 2024 - Board approves biennial budget request; submits request to MMB
- Late Nov 2024 - State releases November Budget and Economic Forecast
- Jan 14, 2025 - Legislative Session Begins
- Jan 28, 2025 - Governor sends budget to legislature; may differ from Board request
- Late Feb 2025 - State releases February Budget and Economic Forecast
- May 19, 2025 - Legislative Session Ends
- May 20-21, 2025 - Board hears first reading of FY2026 operating budgets
- June 17-18, 2025 - Board approves FY2026 operating budgets
- July 1, 2025 - System begins FY2026

# Request for FY26-FY27 Biennium

<b>FY2026-FY2027 Biennial Appropriation Request (dollars in thousands)</b>			
<b>Request Area</b>	<b>Base Funding</b>	<b>One-Time Funding</b>	<b>Total</b>
Student Affordability & System Operations	\$285,000	\$0	\$285,000
Critical Infrastructure	\$0	\$100,000	\$100,000
Student Support	\$40,000	\$0	\$40,000
Workforce-Focused Support	\$40,000	\$0	\$40,000
<b>Total</b>	<b>\$365,000</b>	<b>\$100,000</b>	<b>\$465,000</b>

# Additional Feedback Since First Reading

- » Broad support for the priorities of the request
- » Discussion related to what is intended by flexibility for setting tuition rates
- » Further clarification as well as stressing the need for additional student support
- » Additional areas of consideration for the critical infrastructure priority

# Base Increase for Student Affordability and System Operations

**\$285 million (base)**

- » This request would provide stable state funding to campuses to allow for an overall five percent increase in costs each year
- » The funding would move the system closer to the statutory goal of 67 percent of funding coming from the state and 33 percent of funding coming from students through tuition
- » Focused tuition flexibility would be provided if this request is fully funded

# Student Affordability and System Operations Calculations

General Fund Operating Budgets (June 2024) and Biennial Budget Request Calculations				
Expenses (\$s in millions)	FY2025 Budget	FY2026 5% Increase	FY2027 5% Increase	Total Increase over FY2026-FY2027 Biennium
Compensation	\$1,371	\$68	$\$68 + \$73 = \$141$	\$209
Operating Costs	\$499	\$25	$\$25 + \$26 = \$51$	\$76
<b>Total</b>	<b>\$1,870</b>	<b>\$93</b>	<b><math>\\$93 + \\$99 = \\$192</math></b>	<b>\$285</b>

# Tuition Flexibility

- » This request is designed to allow the Board of Trustees to set tuition through its extensive consultation process. This process allows decision making to be respected at the campus level.
- » Potential overall tuition increases would be directly related to the amount of additional base funding received out of the \$285 million request
- » Differential tuition rates would be allowed to be adjusted where:
  - costs have increased for reasons outside the institutions control
  - high-cost programs are not covering unique program costs with the current rate
  - online rates are being combined into base rates
- » Individual compelling college and university requests could be considered

# Critical Infrastructure Concerns

**\$100 million (one-time funds)**

- » This funding would address the most urgent immediate needs in
  - asset preservation (\$50 million)
  - building demolition and site repurposing to avoid maintenance costs for un-usable facilities that undermine a campus's sense of community (\$25 million)
  - the development of the new Workday student module (\$25 million)



# Student Support

**\$40 million (base)**

- » to provide campus staffing to connect students to essential resources that have been created like the basic needs supports, emergency grants, the Mantra Health mental health resource, and other campus-based resources (\$32.5 million)
- » for emergency grants, which would add \$2.75 million per year to the \$2.25 million per year currently available through OHE (\$5.5 million)
- » to continue current funding levels for the development of free course materials (\$2 million)

# Workforce-Focused Program Support

**\$40 million (base)**

- » to continue fiscal 2024-2025 biennial one-time funding into fiscal 2026-2027 biennium (\$27 million)
  - Continue to upgrade college and university equipment and learning environments in high-cost, high-need workforce programs
  - Continue to develop and expand industry sector programming with an emphasis on offering students work-based learning experiences
- » to support high-cost and high-demand career & technical, baccalaureate, and graduate programs, focus on industry partnerships, and build capacity for new and re-designed curricular options (\$8.5 million)
- » to increase the base for workforce scholarships by 50 percent and broaden availability of scholarships to non-credit training programs (\$4.5 million)

# Total State Funding Request by Year

State Appropriation Funding (dollars in millions)			26-27			28-28
	FY2026	FY2027	Biennium	FY2028	FY2029	Biennium
Base Funding	\$875.7	\$875.7	\$1,751.4	\$875.7	\$875.7	\$1,751.4
Student Affordability & System Operations	\$93	\$192	\$285	\$192	\$192	\$384
Critical Infrastructure	\$100	\$0	\$100	\$0	\$0	\$0
Student Support	\$20	\$20	\$40	\$20	\$20	\$40
Workforce-Focused Support	\$20	\$20	\$40	\$20	\$20	\$40
<b>Total</b>	<b>\$1,108.7</b>	<b>\$1,107.7</b>	<b>\$2,216.4</b>	<b>\$1,107.7</b>	<b>\$1,107.7</b>	<b>\$2,215.4</b>

# Recommended Action

The Finance and Facilities Committee recommends that the Board of Trustees approves the fiscal 2026-2027 biennial budget request in the amount of \$1,108,689,000 in fiscal year 2026 and \$1,107,700,000 in fiscal year 2027 for a total of \$2,216,389,000.

This includes \$285 million for Student Affordability and System Operations, \$100 million for Critical Infrastructure, \$40 million for Student Support, and \$40 million for Workforce-Focused Support. This request strengthens the state's commitment to inclusive excellence and ensuring our students receive an extraordinary, affordable, and accessible education. It further strengthens the economic and workforce viability of Minnesota's communities and the State.

The Board of Trustees has been granted the authority in state statute to govern and operate Minnesota State. The board, after full consultation with Minnesota State constituencies, will make final budget decisions, including setting tuition rates, at the conclusion of the legislative session.



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