

**MINNESOTA STATE
BOARD OF TRUSTEES**

BOARD ACTION – FIRST READING
Fy2022-23 Supplemental Budget Request (First Reading)

CURRENT BIENNIAL APPROPRIATIONS

The State biennial budget enacted in the June, 2021, included \$56.42 million in new funding for Minnesota State. Of the System request for Campus Support, \$45 million was included. This is \$30 million below the System’s \$75 million request and the money was appropriated equally between the two years of the biennium, meaning there is no increase in the second year. Of the System’s \$45 million request for Equity and Affordability initiatives, \$1.5 million was included for mental health programs, \$1 million was included for other basic needs, and \$500,000 was included for Z-Degree open text programs. The mental health and basic need appropriations are appropriated all in the first year of the biennium as one-time appropriations without ongoing funding. For the Z-Degree programs, the ongoing funding for next biennium is reduced to \$50,000 per year. Table 1 summarizes positions on System and Legislative proposals for the biennial budget. The new funding brought the System’s total biennial funding from a base of \$1.525 billion to \$1.581 billion.

Table 1
State Appropriation Changes for FY2022-23 Biennium *\$s in millions*

Item	Request	Senate	House	Enacted Budget	Difference from Request
Campus Support	\$ 75.00	\$ 10.00	\$ 64.50	\$ 45.00	\$ (30.00)
Equity/Affordability Scholarships	\$ 23.00	\$ -	\$ -	\$ -	\$ (23.00)
Equity/Affordability Basic Needs	\$ 15.00	\$ 2.50	\$ 2.70	\$ 2.50	\$ (12.50)
Equity/Affordability CTE	\$ 6.00	\$ -	\$ -	\$ -	\$ (6.00)
Equity/Affordability Open Texts	\$ 1.00	\$ 1.14	\$ 1.00	\$ 0.50	\$ (0.50)
Non-metro Colleges	\$ -	\$ 5.40	\$ -	\$ 5.40	\$ 5.40
Workforce Scholarships	\$ -	\$ 4.00	\$ -	\$ 1.00	\$ 1.00
Central Office	\$ -	\$ 2.02	\$ -	\$ 2.02	\$ 2.02
Career Tech Ed Pilot	\$ -	\$ -	\$ 0.40	\$ -	\$ -
Tuition Reduction	\$ -	\$ (71.00)	\$ -	\$ -	\$ -
Tuition Refunds	\$ -	\$ (4.42)	\$ -	(if Federal funds use allowed)	\$ -
Total	\$ 120.00	\$ (50.36)	\$ 68.60	\$ 56.42	\$ (63.58)

Position on tuition: silent - 5% frozen 3.5%/yr

In addition to this new state funding, the enacted legislation provided that undergraduate tuition may be increased by up to 3.5 percent each year of the biennium at each institution.

HISTORICAL AND ECONOMIC CONTEXT

Legislative budgeting activity during sessions in even-numbered years is focused on capital budget needs and it has not been uncommon in recent years for supplemental operating budget requests to not be acted upon. Table 2 shows the historical success of the System’s legislative requests in recent bienniums.

Table 2
System Operating Budget Requests versus Received Amounts

(\$ in millions)	System Request	Amount Received	Percent Received
FY2014-15 Biennial Budget	\$97.0	\$88.3	91%
FY2014-15 Supplemental	\$31.0	\$17.0	55%
FY2016-17 Biennial Budget	\$142.0	\$101.4	71%
FY2016-17 Supplemental	\$21.0	\$0.6	3%
FY2018-19 Biennial Budget	\$178.0	\$106.3	60%
FY2018-19 Supplemental	\$31.0	\$0.0	0%
FY2020-21 Biennial Budget	\$246.0	\$81.5	33%
FY2020-21 Supplemental	\$54.2	\$0.0	0%
FY2022-23 Biennial Budget	\$120.0	\$56.4	47%

The 2022 legislative session will consider supplemental requests in the context of the continuing recovery from the COVID-19 pandemic. The February State Budget and Economic Forecast from Minnesota Management and Budget (MMB) projected a State General Fund budgetary balance of \$940 million at the end of FY2021. The July Update to the February Forecast showed that revenues for the current fiscal year have been well above what was projected in February and MMB’s August Revenue Review confirmed this positive outlook. The July Update identified driving factors for the strong near-term economic recovery in Minnesota and nation-wide, as (1) continued fiscal and monetary support, (2) the rising share of the population that is fully vaccinated, and (3) re-openings of state economies. Notable among these factors is that the State’s fiscal support from Federal pandemic relief assistance programs will be winding down in the coming year and State budgets will need to return to traditional sources of revenue to support programmatic needs.

SUPPLEMENTAL BUDGET REQUEST

The 2022 legislative session will be an opportunity for the Board to request supplemental funding to address the system’s needs in light of experience gained since the state budget was enacted. While the lingering budgetary effects of the COVID-19 pandemic are not yet clear, the System’s

commitment remains to meet the State’s talent needs through affordable high quality educational opportunities that are achievable equitably regardless of race and ethnicity, socioeconomic status or geographical region. To fill gaps left in the enacted budget and better support the mission of Minnesota State, the items below address lingering campus needs in pandemic response and financial stabilization, provide students with more affordable tuition, and address critical student needs in mental health and basic resources.

Initial consultation occurred in September with most bargaining units and Leadership Council. There was general support to have a supplemental budget request. The first reading formalizes the size and the components of the potential request. Between now and the second reading in November, ongoing and additional consultation will occur with student, employee, and other system interest groups and be summarized for the second reading.

The \$60 million supplemental budget request continues to focus on the two priorities identified in the Board’s biennial budget request.

I. Campus Responsiveness and Stabilization

Campus Support

\$30 million

To support increases in campus expenses resulting from compensation and other cost increases over the biennium. We received new funding for FY2022, but no new funding for FY2023 was received over the FY2022 level.

II. Equity and Affordability Directly Supporting Our Students’ Critical Needs

Provide Funding so Tuition can be frozen in FY 2023

\$25 million

Protect access and affordability by not increasing undergraduate tuition while providing the base funding needed to meet ongoing operating costs. This state funding would allow colleges and universities to not implement the 3.5 percent undergraduate tuition increase for the 2022-2023 academic year as allowed in the biennial budget bill of 2021.

Mental Health Resources

\$ 2 million

Provide all Minnesota State students with access to a variety of mental health support options to meet each student’s individual needs. This initiative includes at least four system-wide components, all of which offer inclusive and culturally relevant support for BIPOC students, students in the LGBTQIA+ community, international students, and students with other underrepresented identities.

- A mental health platform providing access to crisis response and peer support 24/7/365
- A clinical support platform providing self-driven, self-paced counseling with follow-up that is designed to complement services existing on campus and in campus communities
- Professional telepsychiatry services, expanding the established and successful model at Minnesota State University, Mankato, for students that require care from a psychiatric nurse practitioner and medication management from a campus level perspective

- A mental health education and training platform to provide training on a range of mental health and wellness subjects for students, faculty, and staff, including techniques for improving mental health and wellbeing

Workforce Development

\$ 2 million

Address the workforce gap through innovative career, technical, and professional programming serving business and industry. Insuring programmatic capacity alignment with the Minnesota Future Together grant program through the Office of Higher Education, to meet needs of high-demand sectors such as advanced manufacturing, agriculture, health care services, information technology, early childhood, transportation, and other areas with local need.

Student Basic Needs Resources

\$ 1 million

Provide all Minnesota State students with access to a statewide basic needs resources hub available via phone, text, and chat that will connect students with basic needs resources on their campus and in their local community, as well as national information and resources to address basic needs concerns. The hub would allow for student feedback in order to collect data at the campus level so local needs can be identified and addressed effectively and to allow for individual student follow-up. An easy to use and administer emergency grant application would also be developed to focus on equity and need in decision making and to reduce barriers in applying for and receiving emergency grant aid.

Together, these initiatives request \$60 million in supplemental funding. All of these requests would be for ongoing funding that continues in the base budget in following bienniums.

RECOMMENDED BOARD MOTION

Motion to be included at second reading.