

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES**

INFORMATION ITEM
Legislative Report

1 Governor Tim Pawlenty signed the 2005 higher education bill on May 26 in Rochester, capping a long
2 20-week session for college and university students, faculty, administrators and Trustees in the
3 Minnesota State Colleges and Universities system. The higher education bill is one of only three major
4 omnibus bills that passed in the regular Legislative session. The rest of the appropriation bills and the tax
5 bill are still in the negotiations process and it remains to be seen just how well they will turn out.
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7 Throughout the session, the more difficult priorities have been health care services for citizens,
8 particularly those with low income, and the K-12 education budget. These appropriations are
9 developed within a “no new taxes” pledge by the administration. Since the start of special session one
10 minute after the regular session adjourned, lawmakers have been negotiating taxes, fees, and spending
11 targets with working groups assigned to each of these topics.
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13 It was clear at the end of the regular session that more revenue for higher education would not be
14 feasible within these parameters. The proposed spending amount for higher education was reviewed
15 with Board of Trustees leadership, and senators and representatives on the Higher Education
16 Conference Committee. While neither bill was able to fully fund the enrollment adjustment, the final
17 compromise language provided additional base money for the colleges and universities, listed two
18 priorities for the Board of Trustees (centers of excellence and competitive salaries), and retained the
19 Board’s authority to set tuition. Completion of the higher education bill in the final hours of the regular
20 Legislative session also allowed the colleges and universities to proceed with budget planning, tuition
21 consultation, financial aid calculations, and staffing decisions for the upcoming year.
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23 **Omnibus Higher Education Bill**

24 Minnesota State Colleges and Universities received \$107.5 million in new funding over the last
25 biennium, which is an 8.5 percent increase in state appropriations over the base. Within the \$107.5
26 million, lawmakers distributed \$36 million each year to the colleges and universities in the allocation
27 framework, \$6 million each year for competitive salaries, and \$5 million each year for centers of
28 excellence. The remaining \$6.5 million each year is for expanding on-line education, expanded nursing
29 programs, teacher education programs, farm and small business management programs, and services to
30 underserved populations, or it may be used for other programs requested in the original Board of
31 Trustees budget request.

32 The Centers of Excellence language is very detailed and requires the Board of Trustees to designate
33 three to eight centers that meet the criteria. A report is due to the governor and legislature by January
34 15, 2007. Lawmakers approved the Board request for money to enhance the competitive salary
35 position of the Minnesota State Colleges and Universities in the academic marketplace, with \$6 million
36 each year in addition to the funds available within the base budget.

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38 The financial aid program was enhanced through a two week extension in the time students need to
39 apply for a state grant. An increase that amounts to approximately \$75 a year per student in the living
40 and miscellaneous expense allowance was also provided.

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42 Rochester received the requested \$3.2 million in new funding to develop a baccalaureate institution
43 under a plan recommended by an eleven member planning committee. A Trustee will be named by the
44 governor to serve on the committee and a report to the legislature is required in January 2006.

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46 The provision to add three additional members to the Board of Trustees from geographically large
47 congressional districts was not adopted by the Conference Committee.

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49 Minnesota's Higher Education Services Office will be renamed the Minnesota Office of Higher
50 Education and they will be responsible for developing new accountability and effectiveness standards for
51 postsecondary institutions.

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53 Conference Committee members also gave authority to state universities to award applied doctoral
54 degrees in education, business, psychology, physical therapy, audiology, and nursing.

55 56 **Bonding Bill**

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58 Earlier in the session Governor Pawlenty signed the bonding bill with \$213.6 million in construction
59 projects and repairs for Minnesota State Colleges and Universities. Each of the requested 32 projects
60 was adopted in the bill and work is underway to start construction as soon as possible on every project.

61 62 **State Government Budget Bill**

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64 In addition to passing the higher education and public safety spending bills, the Legislature also passed
65 the State Government Budget bill on the last day of the regular session. The bill includes provisions that
66 affect Minnesota State Colleges and Universities. The bill appropriates \$7.7 million over the biennium to
67 Military Affairs to fully fund the National Guard tuition reimbursement program. The bill also extends the
68 reimbursement grant an additional two years. Also included in the bill is the ratification of the 2003-
69 2005 Inter Faculty Organization contract.

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71 The bill creates a postretirement employment option by providing certain benefits to a qualifying
72 employee who terminates state service and returns to work on a schedule that is reduced by at least 25
73 percent and that is not more than half time. The employee would not be subject to suspension of their
74 state annuity that otherwise would apply once a specified earnings level had been reached.

75 **Summary**

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77 In the context of the last several biennial sessions, the 2005 session should be remembered as a
78 successful effort by the students, faculty, administrators and the Trustees. Students made an excellent
79 case for a tuition freeze and increased the public awareness of the high cost of tuition. Students stayed
80 true to their original principle of supporting the Board of Trustees budget. Their effort made a clear
81 linkage between reductions in state appropriations, and tuition increases to retain academic programs at
82 the colleges and universities. Students worked hard all session relaying the message for the need to fund
83 the enrollment adjustment of \$130. 8 million and the budget request of \$66.5 million.

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85 With both a major capital investment bill of \$213.6 million for Minnesota State Colleges and
86 Universities, and a biennial budget increase of 8.5 percent (\$107.5 million) over the previous biennium
87 in the same session, we can call the session a successful effort. We sincerely appreciate the focused
88 hard work of all sectors of the Minnesota State Colleges and Universities system.