

Table 3 Revised

**Minnesota State Colleges and Universities
Summary Outlook
All Operating Funds
FY2005- FY2007**

(\$ in millions)	FY2005 Estimated Budget	FY2006 Projected Budget	Change	FY2007 Outlook
Revenues	\$1,627.1	\$1,713.3	5.3%	\$1,729.8
Expenditures	\$1,659.1	\$1,741.9	5.0%	\$1,795.3
Balance	-\$32.0	-\$28.6		-\$65.5
Carry forward	\$41.6	\$34.3		
Balance	\$9.6	\$5.7		

Proposed FY2006 General Fund Budget and FY2007 Outlook

Table 4 outlines the general fund revenues and expenditures for FY2005-FY2007. In FY2006, colleges and universities used a variety of strategies to balance their budgets that include, but are not limited to, personnel reductions, equipment and supplies reductions, redesigning or eliminating programs, improving administrative efficiencies, tuition rate increases, and the use of carry forward/reserves.

The FY2006 proposal contains a balanced budget with a very modest structural deficit. Colleges and universities submitted plans which include the use of \$31.4 million of fund balances, approximately 2.6% of total FY2006 revenue. Increases in state support and tuition rates provide sufficient revenue to cover the costs of enrollment increases, compensation increases and general operating inflation. Campus administrators also anticipate re-allocations to provide for additional new investment opportunities in support of the goals of the Board of Trustees and the Chancellor.

The FY2007 outlook characterizes the second year impacts of the FY2006 recommendations. The outlook does not include any assumptions concerning a FY2007 tuition increase. It does reflect the second year costs of now pending labor contracts. Colleges and universities were instructed to carry compensation and other operating cost increase assumptions into the FY2007 information. The result is a \$65.9 million gap in the FY2007 outlook, or approximately 5.4%. FY2007 budgets, with the gap solution will be presented to the Board in January 2006.

Table 4 Revised

**Minnesota State Colleges and Universities
Summary Outlook
General Fund
FY2006 Proposed Budget**

(\$ in millions)	FY2005 Estimated Budget	FY2006 Proposed Budget	Change	FY2007 Outlook
Revenues				
State Support	\$546.4	\$600.7	9.9%	\$602.2
Tuition support	\$518.4	\$545.8	5.3%	\$550.6
Other revenues	\$101.4	\$96.5	-4.8%	\$97.6
Carry forward	\$39.0	\$32.7	-16.2%	
Budgeted Revenues	\$1,205.2	\$1,275.7	5.9%	\$1,250.4
Expenditures				
Compensation	\$864.9	\$907.1	4.9%	\$944.0
Other Operating	\$335.2	\$367.3	9.6%	\$374.5
Budgeted Expenditures	\$1,200.1	\$1,274.4	6.2%	\$1,318.5
Balance	\$5.1	\$1.3		-\$68.1

Budget Planning Process

In January colleges and universities were given direction regarding planning for inflation in the next biennium based on the state Department of Finance (DOF) biennial budget guidelines. DOF suggested planning for a 4% per year increase in employee compensation, both salary and benefits, and a 1.5% increase for other operating costs in FY2006 and 1.6% in FY2007.

A set of revenue planning guidelines were sent to the colleges and universities based on the Governor's recommended appropriation for MnSCU. As more information was obtained on the state appropriation, additional information was sent to the institutions.

The colleges and universities were encouraged to produce various scenarios around these revenue and expenditure guidelines, tailoring them to the specific make up of their revenue structure and operating cost patterns. In the information submitted for this report, colleges and