

MINNESOTA STATE UNIVERSITY

M A N K A T O



Budget Planning Budget Sub Meet and Confer

**Rick Straka
October 10, 2006**

Presentation Outline

- ◆ **FY2008-FY2009 Biennium**
 - Dept of Finance Planning
 - Dept of Finance Slides
 - Planning Environment
- ◆ **FY2007 Budget Update**
- ◆ **Budget Process Discussions**



FY2008-FY2009 Biennium

- ◆ **Dept of Finance Guidelines**
 - Inflation Estimate – 3% - 3 ½%
- ◆ **Tuition Plans by Governor Candidates**
 - Pawlenty – Top 25% Free, Inflation Adj.
 - Hatch – Freeze or Reduce Tuition Levels
- ◆ **MnSCU Board Leadership Change**



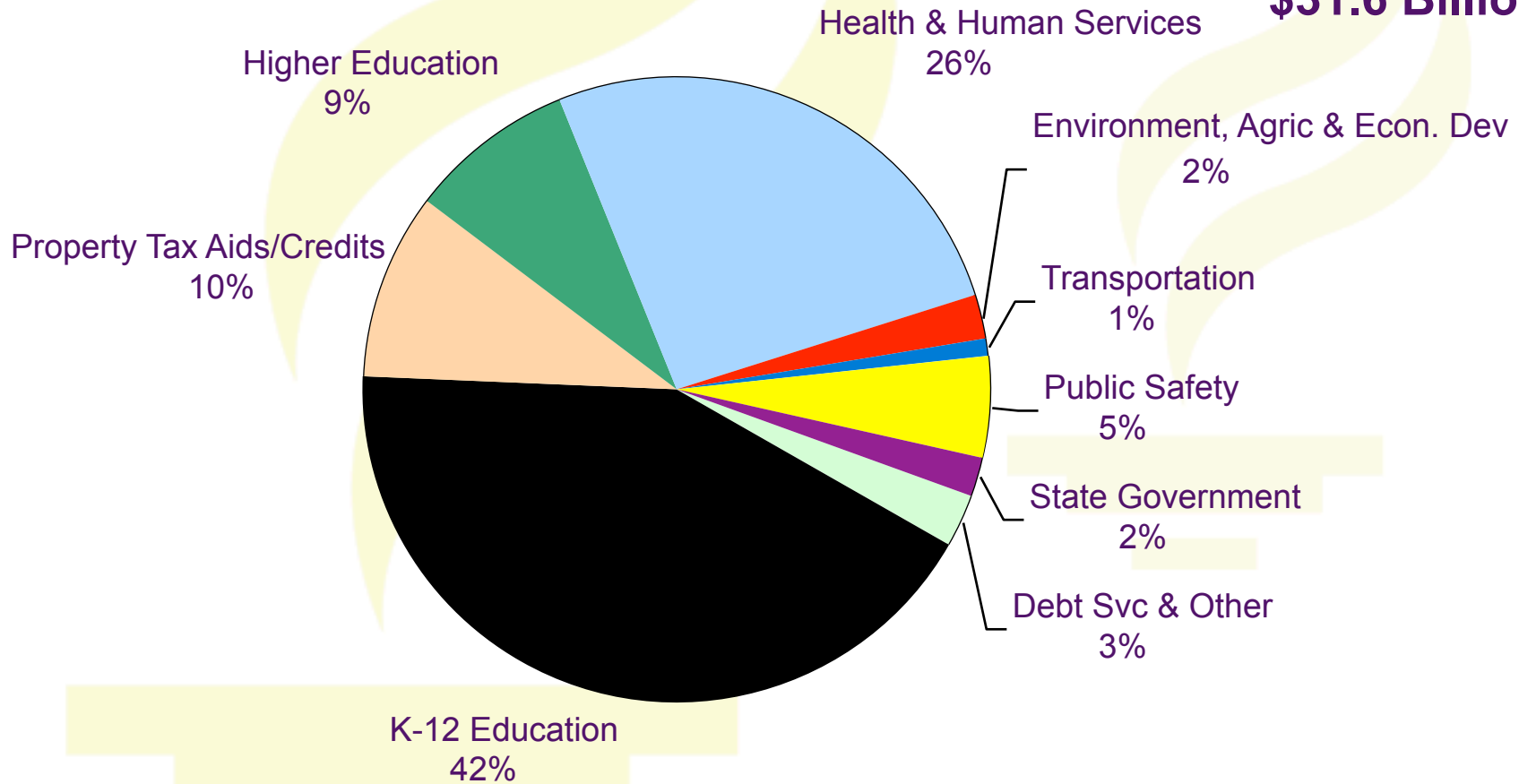
FY2008-FY2009 Biennium

- ◆ **Selected Slides from Dept of Finance Budget Presentation Follow**



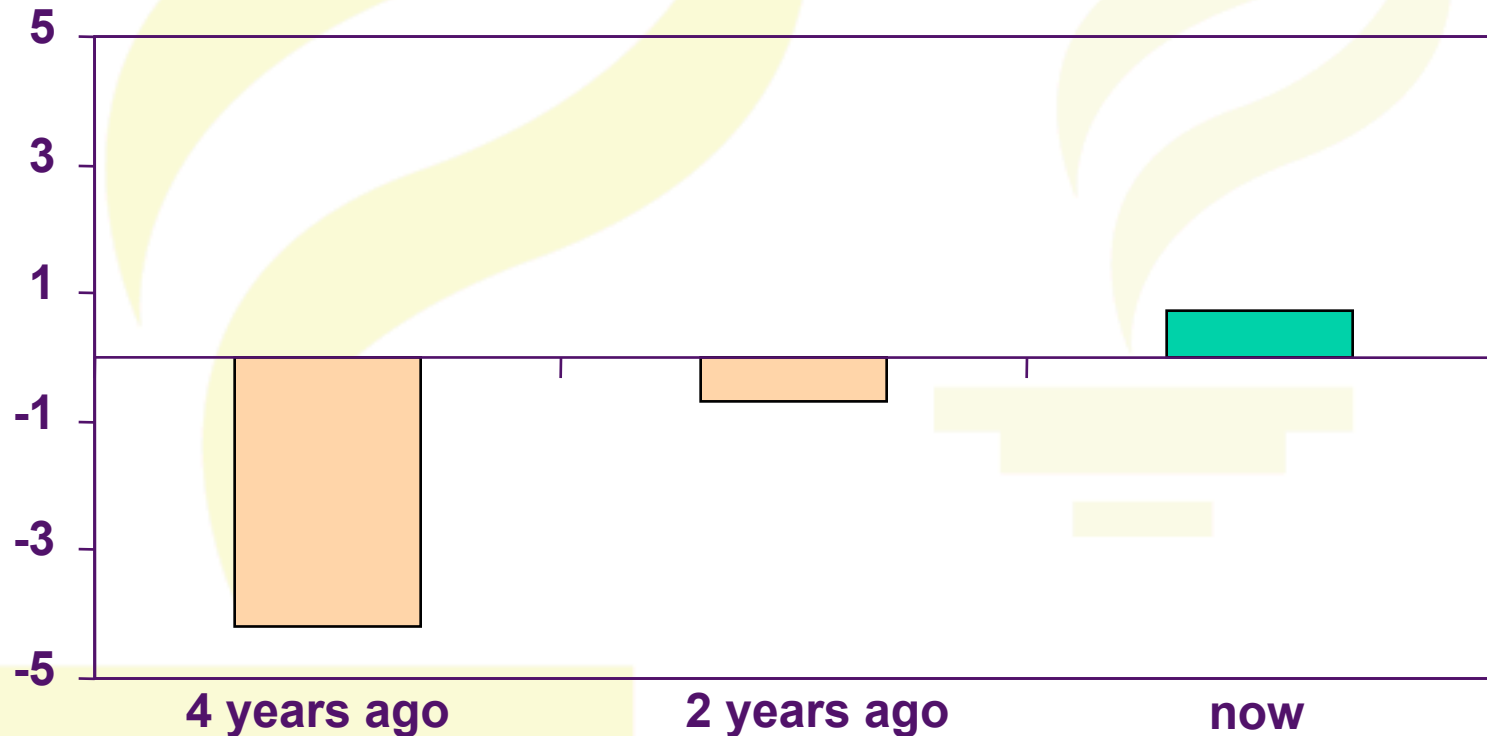
K-12 Education and Human Services are Nearly 70 % of General Fund Spending

2006-07 Spending
\$31.6 Billion



The Budget Outlook for the Next Biennium is Best Since 2000

\$ in Billions



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Projections for FY 2008-09 Are The Starting Point For Budget Planning

	<u>FY06-07</u>	<u>FY08-09</u>
Beginning Balance	\$1,393	\$1,113
Revenues	31,332	33,220
Spending*	31,612	32,593
Budget Reserve	653	653
Cash Flow Acct.	350	350
Tax Relief Account	110	0
Projected Balance	<u>\$0</u>	<u>\$ 737</u>

*Spending does not include inflation



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Outlook for FY 2008-09 Budget Planning

- ▶ **Jobs growth will continue at moderate levels through FY 2008**
- ▶ **The economy and state revenues are predicted to grow at a fairly strong rate through FY 2007-09**
- ▶ **Population and caseload trends will have the greatest affect on the budget for health care and K-12 education**
- ▶ **Cost pressures will contribute to a gap between available resources and perceived needs**



Constant Pressures...

Estimates for FY 2008-09

- ◆ General inflation on spending (\$954M)
- ◆ Transportation/MVST on 2006 ballot (\$172M)
- ◆ 2% state salaries & benefits (\$100M)
- ◆ 2% increase higher ed compensation (\$100M)
- ◆ 2% increase in general ed formula (\$290M)
- ◆ 2% for long-term care providers (\$80M)



Budget Planning Environment

- ◆ **Biennial Budget Not Set Until May/June**
 - Appropriation Estimates
 - Tuition Levels finalized in May/June
- ◆ **Bargaining Agreements**
 - Historically Settled During Next Biennium
- ◆ **Enrollment Levels**
 - RCFN - Effect of Policy Implementation
 - Demographics
- ◆ **Tuition Rates**
 - Political Factors Will Limit Tuition Increase



FY2007 Budget Update

- ◆ **Currently a Balanced Base Budget**
- ◆ **Estimated Reserve Just Below 5%**
 - MnSCU Required Reserve is 5%-7%
- ◆ **RCFN Policy Effects Better Known in Nov.**
- ◆ **Final Enrollment Levels**
 - NEF, Transfer, Intl, Grad





**Budget Planning
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