

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 2432

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Introduction and first reading
Referred to Higher Education Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to higher education; establishing a higher education account automatically
1.3 funded by a general fund balance if the legislature does not fulfill its postsecondary
1.4 funding policy; amending Minnesota Statutes 2016, section 16A.152, subdivisions
1.5 1b, 2, by adding a subdivision.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2016, section 16A.152, subdivision 1b, is amended to read:

1.8 Subd. 1b. **Budget reserve level.** (a) The commissioner of management and budget shall
1.9 calculate the budget reserve level by multiplying the current biennium's general fund
1.10 nondedicated revenues and the most recent budget reserve percentage under subdivision 8.

1.11 (b) If, on the basis of a November forecast of general fund revenues and expenditures,
1.12 the commissioner of management and budget determines that there will be a positive
1.13 unrestricted general fund balance at the close of the biennium and that the provisions of
1.14 subdivision 2, clauses (1), (2), (3), (4), and (5), ~~and (6)~~ are satisfied, the commissioner shall
1.15 transfer to the budget reserve account in the general fund the amount necessary to increase
1.16 the budget reserve to the budget reserve level determined under paragraph (a). The amount
1.17 of the transfer authorized in this paragraph shall not exceed 33 percent of the positive
1.18 unrestricted general fund balance determined in the forecast.

1.19 Sec. 2. Minnesota Statutes 2016, section 16A.152, subdivision 2, is amended to read:

1.20 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
1.21 revenues and expenditures, the commissioner of management and budget determines that
1.22 there will be a positive unrestricted budgetary general fund balance at the close of the

2.1 biennium, the commissioner of management and budget must allocate money to the following
2.2 accounts and purposes in priority order:

2.3 (1) the cash flow account established in subdivision 1 until that account reaches
2.4 \$350,000,000;

2.5 (2) the budget reserve account established in subdivision 1a until that account reaches
2.6 \$1,596,522,000;

2.7 (3) the amount necessary to increase the aid payment schedule for school district aids
2.8 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
2.9 tenth of a percent without exceeding the amount available and with any remaining funds
2.10 deposited in the budget reserve; ~~and~~

2.11 (4) the amount necessary to restore all or a portion of the net aid reductions under section
2.12 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
2.13 subdivision 5, by the same amount; and

2.14 (5) if, in the last biennium, the legislature did not provide at least 67 percent of the
2.15 instructional costs to public postsecondary institutions, in compliance with the funding
2.16 policy in section 135A.01, subdivision 1, the commissioner must transfer up to 25 percent
2.17 of the unrestricted budgetary general fund balance to the higher education reserve fund
2.18 created in subdivision 9. The commissioner must not transfer money to the higher education
2.19 reserve fund if the fund has met the funding target specified in subdivision 9, paragraph (c).

2.20 (b) The amounts necessary to meet the requirements of this section are appropriated
2.21 from the general fund within two weeks after the forecast is released or, in the case of
2.22 transfers under paragraph (a), clauses (3) ~~and~~ (4), and (5), as necessary to meet the
2.23 appropriations schedules otherwise established in statute.

2.24 (c) The commissioner of management and budget shall certify the total dollar amount
2.25 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
2.26 The commissioner of education shall increase the aid payment percentage and reduce the
2.27 property tax shift percentage by these amounts and apply those reductions to the current
2.28 fiscal year and thereafter.

2.29 Sec. 3. Minnesota Statutes 2016, section 16A.152, is amended by adding a subdivision to
2.30 read:

2.31 Subd. 9. Higher education reserve account. (a) A higher education reserve account is
2.32 created in the general fund in the state treasury.

3.1 (b) The higher education reserve account may be used when a negative budgetary balance
3.2 is projected. Funds in the account may only be appropriated to the Board of Trustees of the
3.3 Minnesota State Colleges and Universities or the Board of Regents of the University of
3.4 Minnesota.

3.5 (c) The funding target for this account is 15 percent of the combined appropriations to
3.6 the Board of Trustees of the Minnesota State Colleges and Universities and the Board of
3.7 Regents of the University of Minnesota in the previous biennium.