

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-SECOND SESSION**

**S.F. No. 3**

(SENATE AUTHORS: ROSEN and Johnson)

DATE	D-PG	OFFICIAL STATUS
01/07/2021	69	Introduction and first reading Referred to State Government Finance and Policy and Elections
01/28/2021	175a	Comm report: To pass as amended and re-refer to Finance
02/17/2021	198	Author added Johnson Comm report: To pass as amended Second reading

1.1 A bill for an act  
 1.2 relating to state government; reducing planning estimates in the February 2021  
 1.3 forecast; report on the expense patterns of public higher education institutions.

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

1.5 Section 1. **ADMINISTRATIVE EXPENSES REDUCTION.**

1.6 Notwithstanding any law to the contrary, when preparing the February 2021 budget  
 1.7 forecast under Minnesota Statutes, section 16A.103, the commissioner of management and  
 1.8 budget shall reduce the general fund administrative expense planning estimates for each  
 1.9 state agency by five percent each year in fiscal years 2022 through 2025. For purposes of  
 1.10 this section, "state agency" means a department, commission, board, or institution in the  
 1.11 executive branch, but does not include the Department of Human Services direct care and  
 1.12 treatment program, the Department of Veterans Affairs, or the Minnesota State Colleges  
 1.13 and Universities.

1.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.15 Sec. 2. **REPORT ON THE EXPENSE PATTERNS OF PUBLIC HIGHER**  
 1.16 **EDUCATION INSTITUTIONS.**

1.17 (a) The Board of Trustees of the Minnesota State Colleges and Universities shall perform  
 1.18 an internal audit of expenditures to determine the extent to which administrative costs have  
 1.19 increased based on uniform, historical data, and provide a report to the chairs and ranking  
 1.20 minority members of the house of representatives and senate higher education committees  
 1.21 and the chairs and ranking minority members of the senate Finance Committee and the  
 1.22 house of representatives Ways and Means Committee by April 1, 2021.

2.1 (b) The Board of Trustees shall provide the following information for each institute  
2.2 under its jurisdiction. The Board of Trustees shall use the Integrated Postsecondary Education  
2.3 Data System (IPEDS) data submitted to the National Center for Education Statistics (NCES)  
2.4 to ensure uniformity, as institutions that receive federal financial aid funding report their  
2.5 financial data annually to NCES, and expense classifications are generally consistent  
2.6 year-to-year and apply to institutions uniformly. The report shall include for each Minnesota  
2.7 state college and university the following information:

2.8 (1) the amount and description of expenses included in the following terms as reported  
2.9 in the integrated postsecondary education data system:

2.10 (i) instruction;

2.11 (ii) research;

2.12 (iii) public service;

2.13 (iv) academic support;

2.14 (v) student services;

2.15 (vi) institutional support; and

2.16 (vii) other core expenses;

2.17 (2) historical data on the amount of expenses listed in clause (1) over the previous ten  
2.18 years, accompanied by a graph reflecting the figures;

2.19 (3) the current ratio of the institution's spending on institutional support versus instruction,  
2.20 and the ratio over the previous ten fiscal years, accompanied by a graph reflecting the figures;  
2.21 and

2.22 (4) an analysis as to whether the institution's administrative operations are growing  
2.23 disproportionately in relation to its core academic functions, which may place upward  
2.24 pressure on the cost of tuition and required fees, if such institution has any ratio under clause  
2.25 (3) that is greater than the respective median ratio for institutions of its Carnegie classification  
2.26 and of similar undergraduate enrollments. The variables in clause (3) must be used when  
2.27 comparing and calculating ratios for institutions of the same Carnegie classification and  
2.28 similar undergraduate enrollments.

2.29 (c) The Board of Trustees shall also provide in the report an analysis of administrative  
2.30 costs at the central office and the increase in staffing over the previous ten years.

2.31 (d) The Board of Regents of the University of Minnesota is requested to perform an  
2.32 audit and provide the reports as specified under this section.