



**State of Minnesota
Department of Finance**

Office Memorandum

Date: July 6, 2006

To: Judy Borgen
Associate Vice Chancellor for Budget,
MnSCU

Julie Tonneson
Budget Director,
University of Minnesota

From: Jayne Sprinthall Rankin *JASR*
Executive Budget Officer

Phone: (651) 296-7316

Subject: Implementation of Enrollment Adjustment Repeal

As you know, the 2005 Legislature repealed the statutory funding formula provision that triggers funding adjustments for the public post-secondary systems with each two percent change in their enrollment. (Laws 2005, chapter 107, article 2, sections 1 and 2) That law specifies that the provisions being repealed are effective June 30, 2007.

In recognition of this legislative action, the Department of Finance (DOF) will no longer apply post-secondary enrollment adjustment calculations to its November forecast of expenditures for higher education. The forecasts conducted by DOF are current law forecasts. This means that each forecast is done using the laws that are in effect during the time period being forecasted. The November 2006 forecast will be reporting projected changes to state expenditures for the FY 2008-09 biennium, which begins July 1, 2007 and runs through June 30, 2009. Because the time period covered by the November 2006 forecast occurs after the provisions repealing the automatic adjustment for enrollment take effect, no enrollment adjustment will be applied to the higher education expenditures included in the forecast.

As a result of this law change (and unlike in past even-numbered years), in preparation for the November 2006 forecast DOF will not be requesting that you calculate and submit information about enrollment changes for the FY 2008-09 biennium.

If your agency wishes to seek new state funding that is related to changes in enrollment, that request should be prepared as a Change Item request in its FY 2008-09 Biennial Budget submission. DOF will be providing details about the submission of biennial budget requests in the coming weeks.

JASR/jr