

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

September 9, 2005

A work session of the Board of Regents was held on Friday, September 9, 2005 at 9:15 a.m. in the East Committee Room, McNamara Alumni Center.

Regents present: Anthony Baraga, presiding; Clyde Allen, Frank Berman, Peter Bell, Dallas Bohnsack, John Frobenius, Steven Hunter, David Larson, David Metzen, Lakeesha Ransom, and Patricia Simmons.

Staff present: President Robert H. Bruininks; and Executive Director Ann Cieslak.

Chair Baraga informed Boardmembers that this was the first work session dedicated to the financing strategies that will support the strategic positioning initiative. President Bruininks observed that alignment of financial and strategic investment strategies will be critical to reaching the goal of becoming one of the top three public research universities in the world. He profiled the University's current financial situation and long-term outlook in the following areas:

- State support;
- Tuition and fees;
- Sponsored research;
- Technology commercialization;
- University assets; and
- Private giving.

Bruininks identified financial challenges and impediments within all these areas, but highlighted the decreasing support at the state level, the imminent slowdown of the growth in tuition and fee revenue, and the increasingly competitive nature of sponsored research. He singled out entrepreneurial activity as an area in which the University has the potential for significant revenue growth. Specifically, Bruininks identified intellectual property commercialization; University assets with a new or enhanced strategic focus; and private giving as growth areas.

In response to questions and comments from Regents, Bruininks stated:

- The University currently has very little capacity for undergraduate enrollment growth;
- A greater focus on non-traditional age students must be accompanied by more emphasis on on-line learning options;
- Although 90 to 95 percent of all gifts to the University are restricted, they are working on methods of increasing unrestricted giving;
- Because intellectual commercialization is a secondary focus to many researchers, the University must provide the infrastructure and incentives for promoting it;
- Intellectual property income will be somewhat predictable in the short term, but swiftly-changing technology makes long-term predictions challenging.

Regent Allen commented that although examining specific areas of potential revenue growth is important, a comprehensive strategy for long-term financial management should also be addressed. Regent Frobenius added that the revenue generators listed in the presentation will leave financial gaps and that other areas must be identified. Bruininks agreed and stated that although there are no quick fixes, discovery of other forms of revenue is a priority.

The work session adjourned at 10:15 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary