

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 7, 2007

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, June 7, 2007, at 10:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, presiding; Clyde Allen, Dallas Bohnsack, Maureen Cisneros, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, and Patricia Simmons.

Staff Present: President Robert Bruininks; Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Timothy Mulcahy, and Kathleen O'Brien; Acting Executive Director Carol Kraus; and Associate Vice Presidents Gail Klatt and Donna Peterson.

ANNUAL OPERATING BUDGET: ROLE OF TUITION

President Bruininks stated that this discussion would focus on the role of tuition in the University's annual operating budget and provide a context for proposed tuition reforms for undergraduate students. Bruininks stated that this discussion would focus on the role of tuition in the University's annual operating budget and provide a context for proposed undergraduate tuition reforms. Proposed tuition reforms, coupled with the current level of legislative support, can ensure that the University maintains access and graduates students who are ready to enter the workforce.

Bruininks outlined the following strategic objectives of the tuition reforms:

- recruit more students;
- increase diversity;
- increase enrollment of international students; and
- improve four- and five-year graduation rates.

He stated that in many cases current tuition strategies do not fully support these objectives. He explained that in light of Minnesota's changing demographics and employment trends, the University's tuition strategies can affect the State's future workforce, since a significant number of nonresident graduates choose to remain in Minnesota to live and work.

Bruininks introduced Senior Analyst Peter Zetterberg, Office of Institutional Research. Zetterberg summarized tuition rates for each campus and described changes in rates over the past ten years. He reported that tuition has become an increasingly important funding source for the University's core operations, accounting for nearly 40 percent of unrestricted funds.

Zetterberg presented four proposed tuition reforms that would benefit the University's undergraduate students on each campus and position the University to meet its objectives for undergraduate education:

- Establish 13-credit tuition bands on the Crookston, Duluth, and Morris campuses.
- Establish tuition rates for Duluth and Morris below Twin Cities rates.
- Reduce the nonresident tuition rate for undergraduate students on the Duluth and Twin Cities campuses.
- Negotiate a change in the Wisconsin tuition reciprocity agreement or withdraw from the agreement and establish tuition for Wisconsin students that is the same as rates for Minnesota residents.

Zetterberg described the details of each reform and their effect on tuition revenues. He explained that tuition bands and rate changes for some coordinate campuses will improve access and affordability, help recruit more high ability students, and improve retention and graduation rates. Reducing nonresident rates on the Twin Cities and Duluth campuses will help increase the diversity of students system-wide, increase enrollment of international students, and graduate sufficient students to meet workforce needs.

Zetterberg observed that tuition reciprocity reform will allow the University to maintain the spirit of reciprocity while recouping tuition lost under the current agreement. He emphasized the University's commitment to the principles of reciprocity with neighboring states, but noted that the current provisions are not beneficial to the University.

President Bruininks stressed that the tuition reform proposal better serves Minnesota students, will retain more talented, well-prepared students, and maintain the University's historic commitment to students. The reforms will also benefit the State and the long-term future of the University.

A lengthy discussion ensued.

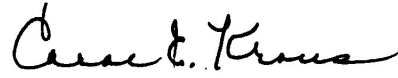
In response to a comment from Regent Hunter, Bruininks noted that among peer institutions, the University rates very low in recruiting international students, and stressed the importance of developing strategies to increase international student enrollment.

In response to a question from Regent Johnson, Bruininks stated that plans are in place to address any impact of decreased enrollment of students from Wisconsin should the University withdraw from the tuition reciprocity agreement. Zetterberg noted that a change in the reciprocity agreement would become effective in fall of 2008.

In response to a number of other questions, Zetterberg stated that most peer institutions have a single resident undergraduate tuition rate. Instructional costs may vary by discipline, but tuition rate differentials do not benefit the University. He also indicated that while the proposed changes will result in a slight increase in tuition revenues, the goal of the plan is to prevent revenue losses rather than to generate income. Bruininks added that if a significant gap were to arise between state appropriations and the University's legislative request, the difference would be accounted for not only by an increase in tuition, but through other cost savings and reallocations.

A copy of the presentation is on file in the Board Office.

The meeting recessed at 11:45 a.m.

A handwritten signature in cursive script, appearing to read "Carol E. Kraus".

CAROL E. KRAUS
Acting Executive Director and
Corporate Secretary