

Year 2002-03

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 13, 2003

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 13, 2003, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Clyde Allen, Anthony Baraga, Peter Bell, Frank Berman, Dallas Bohnsack, John Frobenius, William Hogan, Richard McNamara, David Metzen, Lakesha Ransom, and Patricia Simmons.

Staff present: President Robert Bruininks; Chancellors Donald Sargeant and Samuel Schuman; Executive Vice President and Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Carol Carrier, Sandra Gardebring, Robert Jones, and Kathleen O'Brien; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice Presidents Margaret Carlson, Gerald Fischer, Gail Klatt, Stuart Mason, Michael Perkins, Donna Peterson, Richard Pfitzenreuter, and Michael Volna.

ANNUAL MEETING

Chair Reed called the annual meeting of the Board of Regents to order at 9:02 a.m.

ESTABLISHMENT OF MEETING DATES

A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule for 2003-2004:

July 10-11, 2003	
No August Meeting	
August 7-8, 2003	Board of Regents Retreat
September 11-12, 2003	
October 9-10, 2003	Meeting at University of Minnesota Morris
November 13-14, 2003	
December 11-12, 2003	
No January 2004 Meeting	
February 12-13, 2004	
March 11-12, 2004	
April 15-16, 2004	Tentative
May 13-14, 2004	
June 10-11, 2004	

NOMINATING COMMITTEE REPORT: ELECTION OF OFFICERS

Regent Bohnsack, Chair of the Nominating Committee, presented the report of the Nominating Committee for

officers of the Board of Regents. The following individuals were placed in nomination for the respective Board officer positions for the term July 1, 2003 through June 30, 2005:

Treasurer: Richard H. Pfitzenreuter
Secretary: Ann D. Cieslak
Vice Chair: Anthony Baraga
Chair: David Metzen

Chair Reed asked if there were additional nominations. There were none and the nominations were closed.

A motion was made that the slate presented by the Nominating Committee be approved. The motion was seconded and the Board of Regents voted unanimously to approve the slate as presented.

The annual meeting adjourned at 9:08 a.m.

The regular meeting of the Board of Regents was convened at 9:08 a.m.

RECOGNITIONS

Chancellor Donald Sargeant

Recognition was given to Donald Sargeant upon his retirement as Chancellor of the University of Minnesota Crookston (UMC). Sargeant served as chancellor of UMC from 1985 to 2003.

John Tate Awards for Excellence in Undergraduate Advising

Recognition was given to the 2002-03 recipients of the John Tate Award for Excellence in Undergraduate Advising. The Tate Award serves to recognize and reward high quality academic advising. It calls attention to the contribution academic advising provides in helping students formulate and achieve intellectual, career, and personal goals. The 2002-03 recipients are:

Jane Anderson, Community Coordinator
College of Liberal Arts Student Services

Jan Reifsteck, Coordinator
Student and Professional Services

Gerald Rinehart, Assistant Dean and Director
Undergraduate Studies, Carlson School of Management

Ulrike Tschirner, Professor
Department of Wood and Paper Science
College of Natural Resources

PRESIDENT'S AWARD FOR OUTSTANDING SERVICE

Recognition was given to the recipients of the President's Award for Outstanding Service. The award recognizes exceptional service to the University, its schools, colleges, departments, and service units by any active or retired member of the faculty or staff. Such service goes well beyond the regular duties of a faculty or a staff member, and demonstrates unusual commitment to the University community.

The 2002-03 recipients are:

Ann L. Beattie, Manager
Payroll Services

Lance C. Brockman, Professor
Department of Theater, Arts and Dance

M. Janice Hogan, Professor
Department of Family Social Science

Thomas B. McRoberts, Associate Director
Continuing Education, Regional Programs, and Summer
Session and Director, Center for International Programs
University of Minnesota Morris

Leonard Polakiewicz, Professor
Institute of Linguistics, English as a Second Language,
and Slavic Languages and Literature

Terrie Shannon, Associate Professor of Education
University of Minnesota Duluth

Gregory M. Vercellotti, Senior Associate Dean
for Education, Medical School

Mahmood Zaidi, Professor
Industrial Relations, Carlson School of Management

OUTSTANDING COMMUNITY SERVICE AWARDS

Recognition was given to a number of individuals from the University community chosen to receive the award for their significant contributions to improving the quality of life and the well being of society. The 2002-03 recipients are:

Tom Augst, Professor
Department of English

Patricia Crain, Professor
Department of English

Eric Daigre, Ph.D.
Department of English

Brenda Child, Professor
Department of American Studies

E.Dan Dahlberg, Professor
Department of Physics and Astronomy

Carol McCannon, Associate Administrator
Office of Student Activities
University of Minnesota Morris

Nadifa Osman, Community Health Coordinator
Division of Epidemiology

Kristi Rudelius-Palmer, Associate Program Director
Human Rights Center

APPROVAL OF MINUTES

A motion was made and seconded, and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - May 8, 2003
Educational Planning & Policy Committee - May 8, 2003
Facilities Committee - May 8, 2003
Litigation Review Committee - May 8, 2003
Board of Regents Work Session - May 8, 2003
Board of Regents - May 8, 2003

REPORT OF THE PRESIDENT

President Bruininks reported that the University was recently selected as School of the Year by the National Association of College and University Residence Halls. Schools are evaluated on the quality of programs they provide students on campus and in the residence halls, and the level of student community service.

He also noted that the University received a good report from Moody's Investor Service and Standard and Poor's in its latest bond offerings. Bruininks recognized the efforts made by those who volunteered their time on behalf of the University during the recent legislative session.

A copy of the Report of the President is on file in the Board Office.

REPORT OF THE CHAIR

Chair Reed gave her final report as chair of the Board of Regents. She recognized the future leadership of Chair-Elect Metzen and Vice-Chair-Elect Baraga, who begin two-year terms July 1, 2003. Chair Reed thanked the members of the Board and Executive Director Cieslak for their support.

President Bruininks recognized Chair Reed for her leadership on the Board of Regents, noting her role in establishing a strong foundation for the University's future. Regent Metzen recognized Reed's leadership during the last two challenging years, commending her for her role in selection of the University president.

Regents Reed, Metzen, and Baraga presented a summary of the Presidential Performance Evaluation Committee. The committee recognized Bruininks' academic leadership, administrative and fiscal management, and his relationship with the Board of Regents and internal and external constituencies.

A copy of the report of the Presidential Performance Evaluation Committee is on file in the Board Office.

RECEIVE AND FILE REPORTS

Chair Reed reported there were no receive and file reports this month.

GIFTS

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through April 30, 2003, and is on file in the Board Office.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Regent Reed stated that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on May 30, 2003.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

QUARTERLY SUMMARY OF EXPENDITURES

Regent Reed presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for nine months ending March 31, 2003 as contained in the docket materials.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending March 31, 2002.

REPORT OF THE NOMINATING COMMITTEE/ FUMC BOARD OF TRUSTEES

Regent Bohnsack, Chair of the Nominating Committee for the Fairview-University Medical Center (FUMC) Board of Trustees presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents Nominating Committee for the Fairview-University Medical Center (FUMC) Board of Trustees, the following appointments are hereby approved:

James Swift, D.D.S. Reappointed for a three-year term
Expiring May 2006

David A. Rothenberger, M.D. Appointed for a three-year term expiring May 2006

A motion was made and seconded and the Board of Regents voted unanimously to approve the resolution.

BOARD OF REGENTS POLICY: *CODE OF ETHICS* - ANNUAL REVIEW

General Counsel Mark Rotenberg reviewed the Board of Regents policy: *Code of Ethics for Members of the Board of Regents*. Section IV, Subdivision 1 of the policy provides that the Board publicly reviews annually the requirements and procedures provided in the Board policy.

Rotenberg highlighted three general standards that board members are obligated to follow: 1) Each member of the Board must consider the welfare of the entire University, not just a particular constituency, when considering an issue; 2) conflict of interest comes in many forms and cannot be entirely avoided, and is not a reflection of some misconduct by any individual regent; and 3) Board members are obligated to not use the authority, title, or prestige of the regental office to obtain any private financial, social, or political benefit that would in any manner be inconsistent with public interest.

Regarding procedures, Rotenberg reviewed that any individual can bring an ethics or conflict of interest claim to the chair of the Board. A regent for whom a conflict of interest question has arisen is encouraged to consult with the general counsel and may request that the general counsel provide a written opinion on the matter. A copy of the opinion is provided to the chair. Likewise, the chair may also request an opinion from the general counsel on any conflict of interest question that comes to the chair's attention.

When a conflict of interest has been disclosed or acknowledged, the regent with the conflict of interest issue shall not participate in the deliberations or vote of the Board of Regents. The policy also states that a disclosure or acknowledgement of a potential conflict of interest shall be noted in an appropriate place in the Board of Regents minutes.

Several Regents asked for additional information regarding how the University's code of ethics policy compares to that of peer institutions, which Rotenberg stated he would provide.

ANNUAL U of M ALUMNI ASSOCIATION REPORT

Deborah Hopp, UMAA National President, highlighted the achievements of the University of Minnesota Alumni Association during fiscal year 2003. The Alumni Association celebrated its 100th anniversary on May 29, 2003.

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

Chair Reed and several Regents complimented Hopp for her service and leadership on behalf of the University.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Hogan, Chair of the committee, reported that the committee voted unanimously to recommend:

a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the June 12, 2003 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Educational Planning & Policy Committee.

Hogan reported that the committee also received an update on outreach and civic engagement; discussed emerging issues and strategies related to University Libraries; and received a presentation on accreditation and assessment. The committee also reviewed a number of information items as described in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Bohnsack, Chair of the committee, reported that the committee did not meet this month.

REPORT OF THE FACILITIES COMMITTEE

Regent Ransom, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the June 12, 2003 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Facilities Committee.

Regents Bell and McNamara recused themselves from the discussion because of a possible appearance of a conflict of interest. They left the meeting.

Regent Ransom reported that the committee discussed the agreement to place TCF ATMs in various locations on the Twin Cities campus.

Regents Bell and McNamara rejoined the meeting.

Regent Ransom reported that the committee also engaged in a discussion regarding the design guidelines for the proposed Scholars Walk on the Twin Cities campus; and received a facilities condition assessment report; and reviewed information items as described in the docket materials.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

Regent Metzen, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Faculty, Staff, & Student Affairs Committee as presented to the committee and described in the June 12, 2003 committee minutes.
- b) Approval of a resolution relating to the administrative response to the post-championship events, as follows:

WHEREAS, the University of Minnesota is the state's public, land-grant university charged with the responsibility to pursue knowledge through research and discovery, and to apply this knowledge through teaching and learning, and outreach and public service; and

WHEREAS, property of the University of Minnesota and the surrounding community was seriously damaged by a handful of University students and other individuals who participated in a post-championship disturbance on April 12, 2003; and

WHEREAS, the University has the obligation and responsibility to take appropriate action to deter harmful and destructive behavior from occurring on- and/or off-campus in connection with or in response to any University-sponsored event; and

NOW, THEREFORE, BE IT RESOLVED, that the Board supports the implementation of an administrative policy, enforceable under the newly-amended Board of Regents Policy: *Student Conduct Code*, to prohibit students from inciting or participating in a riot; and

BE IT FURTHER RESOLVED, that the Board reaffirms its support for the administrative response to the post-championship events, and seeks to ensure that the actions will prohibit and sanction harmful and destructive behavior that impacts the safety of the University and surrounding communities and the reputation of the University of Minnesota.

c) Approval of resolution related to the adoption of amendments to Board of Regents Policy: *Student Conduct* , as follows:

BE IT RESOLVED, that the Board of Regents adopts amendments to Board of Regents Policy: *Student Conduct*, as presented in the docket. The amended policy shall become effective July 1, 2003.

STUDENT CONDUCT CODE

Subd. 1. Policy Statement. It is the policy of the University of Minnesota (University) that certain minimum standards of conduct are necessary to safeguard the rights, opportunities, and welfare of students, faculty, staff, and guests of the University community and to assure protection of the interests of the University as it seeks to carry out its mission.

The University requires a community free from violence, threats, and intimidation; protective of free inquiry; respectful of the rights of others; open to change; supportive of democratic and lawful procedures; and dedicated to a rational and orderly approach to the resolution of conflict.

Subd. 2. Delegation of Authority. The president or delegate shall promulgate these standards of conduct on all campuses with appropriate explanation, including publication and distribution of the Student Conduct Code (Code), procedures, and standards governing student conduct at the University.

Subd. 3. Application. This policy applies to all students and student organizations of the University.

SECTION I. INTERESTS OF THE UNIVERSITY RELEVANT TO A CODE.

Over a period of years, University adjudicative bodies have decided questions of jurisdiction by identifying University interests. The interests listed below provide a substantial foundation for the building of a code.

- (1) The University has a primary concern with matters that impinge upon academic achievement and integrity.
- (2) The University has a fundamental concern with conduct that breaches the peace, causes disorder, and substantially interferes with the rights of others.
- (3) The University has a fundamental concern with behavior that threatens or actions that imperil the physical and mental health and safety of members of the University community.
- (4) The University has an obligation to protect its property and the property of members of its community from theft, damage, destruction, or misuse.
- (5) The University has a commitment to enforce its contractual agreements.
- (6) The University has an obligation to support and be guided by applicable state and federal laws.
- (7) The University has a concern about behavior repugnant to or inconsistent with an educational climate.

SECTION II. THE RESPONSIBILITIES OF DUAL MEMBERSHIP.

Students are both members of the University community and citizens of the state. As citizens, students are responsible to the community of which they are a part, and the University neither substitutes for nor interferes with regular legal processes. Students are also responsible for offenses against that academic community. Therefore, an action involving the student in a legal proceeding in a civil or criminal court does not necessarily free the student of responsibility for this conduct in a University proceeding. When a student is charged

in both jurisdictions, the University will decide on the basis of its interest and the interest of the student whether or not to proceed with its internal review simultaneously or to defer action.

SECTION III. DISCIPLINARY OFFENSES.

Listed below are the disciplinary offenses actionable by the University.

- (1) **Scholastic Dishonesty.** Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.
- (2) **Disruptive Classroom Conduct.** Disruptive classroom conduct means engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities.
- (3) **Falsification.** Falsification means willfully providing University offices or officials with false, misleading, or incomplete information; forging or altering without proper authorization official University records or documents or conspiring with or inducing others to forge or alter without proper authorization University records or documents; misusing, altering, forging, falsifying, or transferring to another person University-issued identification; or intentionally making a false report of a bomb, fire, natural disaster, or other emergency to a University official or an emergency service agency.
- (4) **Refusal to Identify and Comply.** Refusal to identify and comply means willfully refusing to or falsely identifying one's self or willfully failing to comply with a proper order or summons when requested by an authorized University official.
- (5) **Attempts to Injure or Defraud.** Attempts to injure or defraud means making, forging, printing, reproducing, copying, or altering any record, document, writing, or identification used or maintained by the University when done with intent to injure, defraud, or misinform.
- (6) **Threatening, Harassing, or Assaultive Conduct on Campus.** Threatening, harassing, or assaultive conduct on campus means engaging in conduct on campus that endangers or threatens to endanger the health, safety, or welfare of another person, including, but not limited to, threatening, harassing, or assaultive behavior.
- (7) **Disorderly Conduct on Campus.** Disorderly conduct on campus means engaging in conduct on campus that incites or threatens to incite an assault or breach of the peace; breaching the peace; obstructing or disrupting teaching, research, administrative, and public service functions; or obstructing or disrupting disciplinary procedures or authorized University activities.
- (8) **Possession or Use of Weapons on Campus.** Possession or use of weapons on campus means possessing or using on campus weapons or articles or substances usable as weapons, including, but not limited to, firearms, incendiary devices, explosives, and dangerous biological or chemical agents, except in those instances when expressly authorized by an appropriate University authority for activities properly requiring the use or possession of the item.
- (9) **Unauthorized Possession or Use of Drugs or Alcohol on Campus.** Unauthorized possession or use of drugs or alcohol on campus means possessing or using drugs or alcohol without authorization.
- (10) **Unauthorized Use of University Facilities and Services.** Unauthorized use of University facilities and services means wrongfully using University properties or facilities; misusing, altering, or damaging fire-fighting equipment, safety devices, or other emergency equipment or interfering with the performance of those specifically charged to carry out emergency services; or acting to obtain fraudulently through deceit, unauthorized procedures, bad checks, or misrepresentation goods, quarters, services, or funds from University departments or student organizations or individuals acting in their behalf.
- (11) **Theft, Property Damage, and Vandalism.** Theft, property damage, and vandalism include theft or embezzlement of, damage to, destruction of, un-authorized possession of, or wrongful sale or gift of property belonging to the University, a member of the University community, or a campus guest.
- (12) **Unauthorized Access.** Unauthorized access means accessing without authorization University property, facilities, or services, or obtaining or providing to another person the means of such unauthorized access, including, but not limited to, using or providing without authorization keys, access cards, or access codes.

(13) Disruptive Behavior. Disruptive behavior means willfully disrupting University events; participating in a campus demonstration that disrupts the normal operations of the University and infringes on the rights of other individuals; leading or inciting others to disrupt scheduled or normal activities of the University; engaging in intentional obstruction that interferes with freedom of movement, either pedestrian or vehicular, on campus; using sound amplification equipment on campus without authorization; or making or causing noise, regardless of the means, that disturbs authorized University activities or functions.

(14) Violation of University Rules. Violation of University rules means engaging in conduct that violates University, collegiate, or departmental regulations that have been posted or publicized including provisions contained in University contracts with students.

(15) Violation of Federal or State Laws on Campus. Violation of federal or state laws on campus means engaging in conduct on campus that violates a federal or state law, including, but not limited to, laws governing alcoholic beverages, drugs, gambling, sex offenses, indecent conduct, or arson.

(16) Persistent Violations. Persistent violations means engaging in repeated conduct or action in violation of this Code.

SECTION IV. PROCEDURES AND SANCTIONS.

Listed below are the sanctions available if any student or student organization is found guilty or pleads guilty to an offense under this Code.

(1) Warning and Admonition. A warning or admonition means the issuance of an oral or written warning, admonition, or reprimand.

(2) Required Compliance. Required compliance means satisfying a bona fide University requirement as a condition for admission or continued membership in the University; restriction of privileges; restitution; removal from quarters; or withholding of diploma and degree for a specified period of time.

(3) Confiscation. Confiscation means confiscation of goods used or possessed in violation of University regulations or confiscation of falsified identification or identification wrongly used.

(4) Probation. Probation means special status with conditions imposed for a limited time after determination of misconduct.

(5) Suspension or Expulsion. Suspension or expulsion means termination of status in a given course for not more than one calendar year, termination of student status for not more than one calendar year, or indefinite termination of student status.

(6) Interim Suspension. Pending a hearing before the appropriate disciplinary committee, the president or delegate may impose immediate suspension with resultant loss of all student rights and privileges after evaluating the evidence received, the identification of parties, and the safety and well-being of students, faculty, staff, campus guests, and University property. Immediate suspension is reserved for those cases in which: (a) there is an indication that a student's misconduct will be repeated or continued or (b) where the president or delegate believes immediate suspension is necessary to permit the University to carry on its functions. The student has a right to a prompt hearing before the president or delegate on the limited questions of identification and whether the interim suspension should remain in effect until the full hearing is completed.

SECTION V. APPEALS OF STUDENT DISCIPLINE.

Any student or student organization charged with violation of a University rule or standard must have the opportunity to receive a fundamentally fair hearing and access to at least one campus-wide appeal. In order to safeguard the rights of students and student organizations, the president or delegate shall ensure that each campus has an appeals procedure to govern alleged violations of this policy. The appeals procedure shall reflect the University's concern for both substantive and procedural fairness for the accused student or student organization, including the right of all parties to resolution of a case within a reasonable period of time.

The procedure must specifically include sections stating:

- (1) grounds for an appeal;
- (2) procedures for filing an appeal; and

- (3) the nature of an appellate review.

Supersedes: Existing disciplinary appeals policies in contradiction and specifically repeals the appeals policies dated February 9, 1979.

The Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Regent Metzen reported that the committee received an update on the employee health care benefits program, and also reviewed a number of information items as described in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regents Bell and McNamara recused themselves from the discussion because of a possible appearance of a conflict of interest. They left the meeting.

Regent Baraga, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the June 12, 2003 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Finance and Operations Committee.

Regents Bell and McNamara rejoined the meeting.

Regent Baraga reported that the committee discussed the financial plan for replacing the campus data network and the FY2004 operating budget financial assumptions. The committee also reviewed a number of information items as described in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Berman, Chair of the committee, reported that the committee met on June 12, 2003 to discuss attorney-client privileged matters and that no actions were taken at the meeting.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Daniel Feeney reported on the activities of the committee since its last report to the Board of Regents, and briefly discussed ongoing and emerging initiatives.

A copy of the report is included in the docket materials and is on file in the Board Office.

RECOGNITION: FACULTY CONSULTATIVE COMMITTEE OUTGOING CHAIR

Recognition was given to Professor Feeny for his service as chair of the Faculty Consultative Committee. Feeny serviced as chair during the 2002-03 academic year.

FY2004 ANNUAL CAPITAL IMPROVEMENT BUDGET

President Bruininks stated that the FY2004 capital improvement budget authorizes projects intended for implementation during the coming year. Vice President O'Brien and Associate Vice President Pfitzenreuter presented the \$105 million budget, as detailed in the docket materials. O'Brien stated that this budget includes all projects that have a completed predesign and funding necessary for completion. The largest change from the budget presented in May is the addition of \$61 million of state-approved capital projects resulting from the bonding bill passed by the legislature.

Pfitzenreuter stated that the state provides approximately 50% of the funding for the capital improvement budget.

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

Regent Berman expressed a concern about amendments to the capital budget once it has been approved. O'Brien responded that the administration shares that concern and will work to minimize budget amendments.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the resolution related to the FY2004 Capital Improvement Budget as follows:

WHEREAS, the Board of Regents directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and 6-year capital improvement plan; and

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 2004 Capital Improvement Budget of \$100,496,000 and reaffirms its prior year capital expenditure authorizations.

FY2004 ANNUAL OPERATING BUDGET

President Bruininks presented the FY2004 annual operating budget and the preliminary financial plan for FY2005, as contained in the docket materials. A copy of the presentation is on file in the Board Office.

Bruininks outlined the reductions to the state appropriations (\$185 million over two years) which represents a decrease in the base budget of approximately 15%. The budget cut for the first year is nearly \$94 million; approximately \$10 million in the state special category. With the reductions in state support combined with other projected financial needs of the University, the total budget challenge is approximately \$318,769,000.

Bruininks summarized the proposed strategies for balancing the budget, including a salary freeze; changes to

employer and employee contributions to the health care plan, subject to collective bargaining; reductions in administrative, operating, and programmatic costs reductions; and an increase in tuition and fees. Units were instructed to protect the core academic mission of the University, student support, student services, and access to educational opportunities.

Bruininks outlined the tuition strategy, stating that approximately 44% of the budget challenge will be assumed by an increase in tuition and fees. The University currently ranks 5th with peer institutions in terms of tuition and fees increases and is assuming the largest percentage decrease in its budget among peer Big Ten schools. Bruininks reviewed sample financial aid packages for students to indicate how they will be impacted by tuition increases. He emphasized that low-income students will be well protected from increases due to increases in federal aid and decreased loan costs.

Bruininks summarized operating assumptions for the second year of biennium, FY2005. State general fund appropriations will increase \$2.8 million over FY2004. The anticipated increase in tuition and fees for undergraduates is expected to be 13.0% for Twin Cities campus; and 12.0% for University of Minnesota Morris, Duluth, and Crookston campuses. Administration will ask internal support units to reallocate \$5.7 million in compensation cost increases. It is projected that nearly \$20 million in program reductions will need to be identified in FY2005.

Bruininks ended his presentation by expressing his deep concern with long-term trends in funding in higher education, particularly public research universities.

Jake Elo, Chair of the Student Representatives, addressed the Board. Elo stated that students are angry that they are faced with large tuition increases and feel a sense of injustice. Students urge the Board of Regents and administration to create a long-term vision for the University that preserves the core mission of accessibility. A copy of Elo's comments is on file in the Board Office.

Regent Hogan expressed concern over the increases in tuition, particularly the rate of increase for out-state tuition. He stated that if out-state tuition continues to rise the composition of our student body will change over time.

Regent Frobenius expressed concern about the issue of healthcare in Minnesota. The decrease in applications to the Medical School will impact the supply of physicians in Minnesota. As the major supplier of healthcare education and research, the University needs to stress its importance to the legislature and other constituents. He suggested the Board discuss this issue in the future.

Regent Berman stated that he hopes staff will accept the necessary reductions in salaries, wages and benefits. He said that reductions in administrative, programmatic and operating costs will be difficult to achieve and there must be contingency plans in place.

Action on the budget will be considered at a special Board meeting on June 26, 2003.

2004 PRELIMINARY STATE CAPITAL REQUEST

President Bruininks presented for review the preliminary state capital request. The University submits this to the state for consideration by the Governor and the legislature in preparation for the 2004 legislative session.

The preliminary capital request is built around the priorities outlined in the current Six-Year Capital Improvements Plan. It places an increased emphasis on the renewal of existing facilities and infrastructure. The request also calls for funds to begin design work on new facilities for business schools.

The meeting adjourned at 1:04 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

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