

Year 2002-03

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 26, 2003

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, June 26, 2003, at 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Executive Vice President and Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Robert Jones, and Kathleen O'Brien; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, and Richard Pfitzenreuter

FY2004 ANNUAL OPERATING BUDGET

A motion was made and seconded to approve the following resolution relating to the FY04 annual operating budget:

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

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated \$1,097,351,000 in state general fund monies for the 2004-2005 biennium to the University of Minnesota, which represents a \$185,069,000 decline compared to current base level funding, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Board of Regents approves the University of Minnesota Fiscal Year 2003-04 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 2003-04.

The Fiscal Year 2003-04 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's Recommended Fiscal Year 2003-04 Operating Budget:

- Attachment 1 - Resource and Expenditure Budget Plan (University Fiscal Pages)
- Attachment 2 - Fund Forecast - Centrally Distributed and Attributed Funds
- Attachment 3 - University of Minnesota 2003-04 Tuition Plan: Tuition Rates
- Attachment 7 - University of Minnesota 2003-04 Tuition Plan: Course Fees
- Attachment 8 - University of Minnesota 2003-04 Tuition Plan: Academic Fees
- Attachment 9 - Student Services Fees

President Bruininks briefly reviewed details of his proposed two-year operating budget plan as described in the docket materials and on file in the Board Office, noting that the plan was discussed extensively at previous board meetings. The plan was based on the following components:

- An investment plan that includes \$4 million for academic investments, \$5 million for investments in student goals, \$1.6 million for infrastructure and unanticipated financial needs, and \$8 million for required facilities and debt obligations;
- A reduction in the state appropriation of \$93.9 million in FY04;
- A resource plan for funding the investment plan and the reduction in state appropriation that includes: \$24.4 million assumed by faculty and staff through an FY04 wage freeze and restructuring of employee health plans; \$43.1 million through administrative, programmatic and operating cost reductions (\$25 million of which is associated with the FY03 unallotment); \$4.4 million of additional central Indirect Cost Recovery revenues; \$46.2 million of new tuition and fee revenue, and \$10.5 million of one-time central account balances carried forward from FY03. The Preliminary Financial Plan for FY05 presented by the President includes recurring revenues \$10.5 million in excess of recurring expenses to cover that use of one-time funds in FY04 and will result in a structurally balanced budget for the biennium.

Bruininks expressed gratitude to the Board of Regents and the University community for its support and constructive comments received during the development of this operating budget.

Board members expressed support of the President's proposed budget. They expressed appreciation to the president and administration for the extensive efforts involved in the development of the budget noting that the University experienced the largest budget reduction in the nation among public universities. Appreciation was also expressed to students, faculty, and staff for their participation in the process.

Concern was expressed by a number of Board members regarding the effects the budget reductions will have on the University in the future. Several Board members agreed that tuition cannot continue to increase at this level. It is imperative that the Board work with the President and administration to focus on the future and how best the University can maintain its critical role in the health and economy of the State.

The Board of Regents voted unanimously to approve the resolution related to the FY04 Annual Operating Budget.

The meeting was adjourned at 10:02 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

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