

THE UNIVERSITY PLAN

1996-97

University of Minnesota

May 10, 1996

The University Plan 1996-97 is presented in seven parts:

- Mission Statement and Organization
- Current Environmental Assessment
- University 2000 Vision
- Planning Assumptions
- Developing a Financial Framework
- Strategic Issues and Initiatives: U2000 Agenda for Change
- Evaluation

The University Plan guides annual budgetary decisions and sets parameters for campuses, provostal areas, colleges, and support units in their planning for the up-coming year. *The University Plan* serves as an annual presentation or update of U2000. Unit-level action plans of the chancellors and provosts complement the University Plan and are included in section six: *Strategic Issues and Initiatives*.

MISSION STATEMENT AND ORGANIZATION

Mission

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the creation of knowledge and the advancement of learning and artistic activity; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world. The University's mission is threefold:

Research and Discovery. Generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activity that benefits students, scholars, and communities across the state, the nation, and the world.

Teaching and Learning. Share that knowledge, understanding, and creativity by providing a broad range of educational programs, in a strong and diverse community of learners and teachers, and prepare a graduate, professional, and undergraduate student body for active roles in a multiracial and multicultural world.

Outreach and Public Service. Extend, apply, and exchange knowledge between the University and society, by applying scholarly expertise to community problems, by assisting organizations and individuals to respond to their changing environments, and by making the knowledge and resources created and preserved here accessible to the citizens of the state, the nation, and the world.

The statutory mission of the University of Minnesota is to “offer undergraduate, graduate, and professional instruction through the doctoral degree, and...be the primary state supported academic agency for research and extension services” (Minnesota Statutes 135A.052, subd. 1).

Organization

As a comprehensive research land-grant institution, the University of Minnesota carries out its mission on four-campus, one collaborative center, and through statewide outreach as follows:

Crookston Campus. The Crookston campus provides career-oriented education at the baccalaureate level primarily in technical disciplines. Life long learning opportunities and outreach activities are an integral part of the Crookston mission.

Duluth Campus. The Duluth campus is a comprehensive regional university that provides extensive professional, graduate, and undergraduate educational programs. Focused research efforts, life long learning opportunities, and outreach activities are part of the Duluth mandate.

Morris Campus. The Morris campus provides an innovative and high quality residential undergraduate liberal arts education to a very selective student body, as well as life long learning and outreach activities.

Twin Cities Campus. The Twin Cities campus builds upon its comprehensive research endeavors to provide extensive professional, graduate, and undergraduate educational programs as well as life long learning opportunities and outreach activities.

University Center Rochester. The University of Minnesota, Winona State University, and Rochester Community College collaborate in offering a number of specialized graduate programs and select undergraduate programs through the University Center Rochester.

Statewide Outreach. In keeping with its land-grant mission, the collegiate and administrative units of the University engage in outreach activities that support the economic, social, and cultural development of the state.

CURRENT ENVIRONMENTAL ASSESSMENT

University planning builds upon an assessment of external and internal factors that will affect the future directions of the University of Minnesota.

External Environmental Assessment:

Diversity/Demography. In both urban and rural settings, the population of the state of Minnesota continues to become more diverse. The Minneapolis and St. Paul public schools now have a majority of “minority” students; in 1995, students of color were 63 percent of current enrollment in the Minneapolis schools and 54 percent of current enrollment in the St. Paul schools. There is a significant and growing Spanish-speaking and Southeast Asian population in the western part of the state; there are also eight American Indian reservations within 100 miles of the Duluth campus.

Diversity is not the only demographic trend of importance for the state. Minnesota is becoming an older, longer living society. As a consequence, professional practice and research are striving to meet the new services and quality of life enhancements required by this rapidly growing elderly population. On the other end of life’s spectrum, elementary and secondary school populations are increasing in Minnesota, and a higher proportion than ever are demanding post-secondary education.

Changing Economy and Preparing the Leaders of Tomorrow. A high-technology world requires workers who are flexible, adaptable, and able to respond effectively to changing economic and technological circumstances. This implies that higher education must produce students with strong critical-thinking skills, provide a core liberal education that prepares students for a variety of situations, provide the option for specialized professional and academic training throughout the life span, and instill an enthusiasm for life long learning. The demand for professional and applied master’s degrees will continue to increase.

Internationalization. As technology, markets, and economic opportunity make this a smaller world, Minnesota must be better prepared to work with people and ideas from around the globe. The University will have major opportunities to address international issues of concern such as health, environment, food and nutrition, population studies, sustainable agriculture, and the alleviation of poverty, hunger, and disease. As the people of Minnesota increasingly interact across national boundaries, a better understanding of the history, customs, and cultures of other nations is required of all of its citizens.

International students continue to seek entry into the University. They continue to provide important links that can ultimately benefit the state through cooperative trade, education, research, and outreach.

Information and Educational Technology. The state has consistently committed substantial resources to make this a high technology region, and time and again has been rewarded for its investment. Increasingly complex technology such as global networking, multimedia education, graphic-based information clearinghouses, and distance education will bring many changes and efficiencies to society. This trend shows no sign of abatement. The University must have technology development and application at the center of its research, instruction, and outreach activities if it is to fulfill its land-grant mission and continue as the economic engine for the state.

New technologies and federal policies will change the delivery of education programs from being highly site specific to one that must be much more market sensitive and oriented toward life long learning.

Continued and enhanced investment in infrastructure and facilities will be crucial to making this a reality. At the same time, new technology must improve productivity and be able to demonstrate a pay back on the University's investments. Fast-moving technology development has created additional concerns that must be addressed, such as the ability to develop, use, and protect intellectual properties.

Health Care. The health care sector is undergoing one of the most dramatic metamorphoses in recent memory that will continue to have a major impact upon the Academic Health Center. A longer living, more active populace; increasingly costly technology; and an exponential growth in research and information bring great challenges to this area. The University, state, and region will be expected to deliver effective and ever more efficient health care options and delivery systems to its citizens.

Rural Changes. Rural areas of the state face special challenges in the future and will increasingly place a greater demand on the research, instruction, and outreach services of the University. The University will be expected to apply its resources to addressing issues such as: new agricultural techniques; increased understanding of the use of biological materials and their interactions with natural and human environments; the growing use of technology; and the rapidly diversifying ethnic, economic, and vocational base of rural areas.

Responsibilities and Opportunities in Urban Areas. Minnesota is unique in that the largest campus of the state's research university is located in a major metropolitan area with enormous resources. The University has major opportunities to enhance its educational programs through the development of community teaching opportunities, adjunct professorships, and internships for students. Links and cooperative projects can be developed with the private and nonprofit sectors that will provide opportunities for needed research activities and outreach services.

Within the state, the University plays important roles as both an urban and statewide university, including a responsibility for addressing the educational needs of economically disadvantaged students (in the metropolitan area as well as other parts of the state). The University will be expected to apply the knowledge and expertise of its faculty and staff to educate students from urban areas, work with communities to find new solutions to urban problems, and develop resources and activities that will better serve the needs of students in the state's rapidly changing K-12 system.

Higher Education Resource Base. Higher education's resource base will be addressed in greater detail in a later section entitled "Developing an Institutional Financial Framework." Noted here is the intergovernmental battle for resources as society has become increasingly concerned with other issues such as tax relief, crime, violence, drug use, and health care. Since 1987, the proportion of the total state budget provided for higher education has declined by 21.5%.

To sustain its mission, the University must be prepared to further develop other sources of revenue such as: tuition, grants and sponsored research, gifts, interest on gifts, investments, auxiliary services, patents and copyrights, and so on. The availability of federal research dollars, another important resource for research universities, is at risk; and competition for research grants and contracts continues to increase.

Accountability and Oversight. A less complex political and regulatory environment is being replaced by greater oversight in all areas of public service. The University should expect to be held ever more accountable to its numerous clients (students, funding agencies, donors, government agencies, etc.). The recent negative perception of universities may continue unless they are able to demonstrate to the public meaningful measures, policies, and practices that emphasize an increased awareness of their responsibility and accountability.

Cooperation in Higher Education. The University has opportunities to leverage the state's resource commitment to higher education by working more effectively with MnSCU through partnership programs, and regionally, with other public and private higher education institutions. Though progress is being made in this area, such as the University Center Rochester, growth in international exchange programs, and library and technology cooperatives, still more work needs to be done.

Internal Environmental Assessment:

Faculty and Staff. The University's most important resource is the people it employs: the faculty, staff, and student employees who make the University run. The size of the University makes it uniquely able to offer disciplinary depth and, at the same time, bring scholars together to work on an extraordinarily broad range of interdisciplinary problems and research.

The University's ability to recruit and retain the highest quality faculty and staff and to compensate them adequately, given national competition for their services, remains a major challenge. Efforts must be made to provide life long learning opportunities and specialized training for employees. Minimally, the equivalent of 2.5% of payroll expenditures and more adequately the equivalent of 5% of payroll expenditures should be invested in staff training. Providing competitive compensation packages for employees will continue to be a major challenge.

Tenure will be challenged nationally and the University will be expected to make modifications to its tenure code and, at the same time, protect academic freedom and remain competitive in the recruitment and retention of faculty.

Students. In 1995, the University enrolled more than 48,000 students in 650 degree programs; 5,300 of these are students of color and an additional 2,700 are international students from 133 different countries. During 1994-95, there were over 134,000 registrations in Continuing Education and Extension/University College courses on all

campuses and through independent study. The University awards more than 10,000 degrees annually and has more than 350,000 living alumni.

An increase in the number of high school graduates, especially in the metropolitan area, and the demand for life long learning and professional master's programs will place increased enrollment pressures on the University. Increased access to the University for all qualified students must remain a high priority in the land-grant tradition. The University is engaged in an ongoing process of enrollment management that has resulted in the recruitment of a freshman class that is more diverse, better prepared for college, and more academically competitive than many of its recent undergraduate classes.

While the proportion of minority students has grown in recent years, the University still has much work to do in making the University more of a multicultural community. The success rate of students of color lags well behind the retention and graduation rates of majority students.

Research. The University has long been a national and international leader in research, and serves as one of the primary economic engines of the state in terms of moving research from theory to applied policy and from laboratory to industry. In comparison to its major competitors, the University appears to be under-investing in its research programs. This under-investment must be addressed or the University is likely to lose its competitive advantage. Of particular concern are investments in research equipment and the need to develop and update an information technology infrastructure.

The University must continue to strengthen mechanisms for grant and contract oversight and must develop appropriate incentives to encourage interdisciplinary research.

Instruction and Advising, Graduation and Retention Rates, and Student Services. The quality of instruction across the University system is increasingly strong. The Morris campus is widely considered to be a leader among the nation's public liberal arts colleges. The Duluth and Twin Cities campuses are both well regarded for the breadth and depth of their program offerings. The innovative curriculum of the Crookston campus continues to receive excellent reviews. The liberal education requirements on the Twin Cities campus, additional emphases on instruction and advising, and new instructional technology are enhancements to the undergraduate learning experience.

The quality and availability of advising services for orientation, academic progress, and career opportunities and placement are improving, but much more needs to be done in this area to support higher student retention and graduation rate goals. The Twin Cities campus's graduation and retention rates are improving but remain too low, and students still express a lack of satisfaction with their undergraduate experience. Improving the freshman year experience is currently a major priority. Also, the University is in the process of simplifying its procedures and policies—e.g., grading systems, calendars, tuition schedules.

Student support services are also hindered by an under-investment in technology. For example, an outdated student records system and a financial aid system that has a backlog of deferred maintenance need immediate attention. The new degree audit progress system, voice response system, and on-line registration are notable improvements. However, the current registration system will fail in the year 2000; it has a limited planning and management capacity that hinders efforts at enrollment management and course access.

The University is aggressively working to make buildings accessible for persons with disabilities, providing easy and convenient access to the University's administrative structure (for example, phone registration, evening bookstore hours, and well-lit parking areas), and providing the highest quality courses and degree programs offered at times and places convenient to the student.

Affordability. Tuition in all of higher education is outrunning inflation. Students increasingly have to take on larger debts, work more hours while in school, and take longer to graduate. Scholarships and grants-in-aid are insufficient at this time. We would note, however, that the University has made significant reallocations to increase scholarship support and need-based aid. It has developed allocation formulas that greatly enhance the sum and predictability of need-based aid for four years of education for low-income and disadvantaged students. The University provides ample opportunity for on-campus employment. The University has reallocated substantial funds from internal sources to bolster its financial aid programs.

Outreach. The University sets national standards in the delivery of outreach programs through its colleges, Continuing Education and Extension/University College, the Minnesota Extension Service, and its museums, theater, music, and dance programs. The continued evolution of University College will further enhance outreach efforts. Distance education programming and information technology systems require major investments if the University is to retain its national standing in this area. Many outreach program needs and opportunities now exist and can be delivered far beyond Minnesota. Incentives for faculty to undertake outreach need further development and enhancement.

Institutional Planning and Decision-Making. Incremental budgeting and across-the-board cutting (usually in response to a fiscal crisis) are inadequate in the current fiscal environment. Incremental budgeting has not been able to respond to significant changes in enrollment and indirect cost recovery as O&M and ICR allocations are not adjusted adequately for changes in enrollments and research productivity.

The resource allocation process is overly bureaucratic. The current system of allocating resources from central to provost to dean to department, through multiple revenue streams—central operations and maintenance (O&M), central reserves, research indirect cost recovery (ICR), minority affairs, Continuing Education and Extension (CEE), the strategic investment pool (SIP), and so on, is too complex. At the departmental level and to the individual faculty member, the allocations appear bewildering and uncertain. The current system obscures costs and revenues to the point where it is difficult to determine the benefit of fiscal actions undertaken to improve an activity or program. The University is exploring Responsibility Center Management (RCM) as an alternative budgeting approach.

Information Systems and Management Processes. The University's management systems—including grants management, student records and registration system, and payroll systems—need substantial improvement. The University's systems require major investment to gain long-term reduction of overhead and to increase efficiency and productivity.

Program Reviews and Restructuring. For too long, higher education has only added academic and administrative structures, and has not downsized, combined when appropriate, or eliminated units. Beginning with the academic priorities plan in 1988, the University reversed this trend and began internally to shift money away from low priority programs toward high priority programs.

Although many academic programs at the University are world-class by any measure, some programs have eroded over the past two decades, while some other smaller, start-up programs have not reached their potential. The University, through its provosts and chancellors and as part of its strategic planning effort, is asking all academic and administrative units to undertake program reviews within their units. Programs are being reviewed on several established criteria: quality, centrality to the University, centrality to the state, comparative advantage, diversity goals, consumer demand, efficiency, and effectiveness. These program reviews will guide planning and resource distribution decisions, both within and across units.

A number of programs are expected to be strategically downsized; others are expected to be reorganized to strengthen them and more fully capture opportunities for synergy among them. New configurations or clusters of programs need to be built to respond to changes in academic paradigms, research, and teaching opportunities. The establishment of the three-provost system was the first major step in a dynamic reorganization of the University.

Capital Planning and Overhead. One of the University's largest assets is its physical plant, with a depreciated historical cost of \$1.2 billion. Deferred maintenance is approaching \$1 billion. Major renovation of existing facilities is required with a minimal addition of new space. At the present time, the University is unable to fund its current physical plant and maintain it at an appropriate level. Within the past three years, the University has begun a new capital and master planning process, which runs parallel to and complements academic planning.

UNIVERSITY 2000 VISION

The President's 1995 State of the University Address, entitled "Challenge, Choice, Change," articulated a shared vision of the University's future as one of the premiere land-grant, research universities of the nation and the world. Goals were stated under three broad categories: 1) more effectively accomplishing the University's mission; 2) building better, more productive relationships; and 3) building the University's internal strength. The first two areas reflect the goals of the six U2000 strategic areas; the third area reflects the "enabling goals" articulated in the *U2000 Supplement* statement prepared by a faculty committee under the leadership of Professor Carl Adams. These categories and the more specific goals within them restate the University 2000 vision as follows:

Accomplishing the University's mission more effectively:

- Providing a high quality undergraduate experience that is consistently characterized by educational excellence, timely degree completion, and a supportive institutional climate
- Providing graduate and professional education programs that are among the very best available in the world
- Generating long-term solutions for the challenges facing the state, nation, and world through world-class research, scholarship, and artistic activities
- Listening and responding to society, providing broad access to programs and resources, and effectively meeting societal challenges

Building better relationships:

- Working aggressively to increase the presence and participation of racial minorities and women where they are underrepresented
- Becoming more user-friendly and service-oriented, fostering an environment that is inclusive, supportive, and participatory

Building the University's internal strength:

- Ensuring the availability of highly qualified faculty and staff by finding better ways to evaluate and reward talented people
- Providing state-of-the-art facilities, technology, management systems, and other support infrastructures
- Maintaining and building quality in an era of increasingly constrained resources by making our case for state support and expanding our support from other sources, taking special care that tuition and student financial aid are properly balanced

Within this broad framework of the University 2000 vision and goals, campuses and provostal areas on the Twin Cities campus have been developing "profile statements" that define the University's most important visible and differentiating characteristics, both to guide priority setting and strategic investment and to more clearly communicate the University's role to its many external constituencies.

Under the leadership of Regents' Professor Frank Sorauf, an *ad hoc* committee of distinguished faculty has articulated a profile for the University in general and the Twin Cities campus more specifically. The committee's report reaffirms that, at the broadest level, the University's profile "has been, and should continue to be, that of a major land-grant research university with its flagship campus located in a large metropolitan area".

PLANNING ASSUMPTIONS

The University believes it is important to have a set of working assumptions to help guide strategic planning and to ensure that it remains among the nation's top twenty research universities. The assumptions flow from the goals and environmental assessment elaborated upon above and include:

Accomplishing the University's mission more effectively:

- To earn and maintain public support, the University reaffirms its land-grant charter to provide excellent research, instruction, and service that benefit the state. It will:
 - Ensure the well-being of the arts and sciences and major academic areas—some of which will be cross-boundary in nature—that are essential to the flourishing of all great research universities, including this University;
 - Serve as the state's sole public doctoral degree-granting institution, assuring both quality and access in this area;

Provide, through University College, access to high quality educational opportunities for nontraditional students and life long learners; and

Improve the linkage between research and outreach programs through practitioner oriented master's programs and continue the University's strong tradition of outreach activities, including responding aggressively to compelling state needs in economic, educational, environmental, health, social, and cultural areas.

- As the University works with the other state higher education systems to ensure access to higher education for all Minnesotans, the University will recruit an undergraduate student body that is better prepared for college and more academically competitive, and work toward a relatively steady enrollment state, with freshman enrollment increases of around 10 percent over the next five years.
- To continue toward the U2000 goals of access and competitiveness, both need-based and merit financial aid will be given significant budgetary priority.
- To more effectively and efficiently provide its research, post-secondary instruction, and outreach, the University will increase cooperative programs with other public and private higher education institutions, with community and state agencies, and with organizations throughout the Midwest.

Building better relationships:

- The University will continue to build partnerships with its neighborhoods, urban and rural communities, government, business and industries, and its alumni.
- The University reaffirms its commitment to diversity by emphasizing a change of culture that broadly supports diversity and ensuring that all planning decisions take into account underrepresented groups on campus.
- The University will continue to flatten its organizational structure through decentralization and the empowerment of individuals at the local level.
- The University will continue to develop a consultative process where planning, resource distribution, and evaluation methods are thoroughly discussed and debated, with multiple opportunities for individuals and groups to participate in all phases of the planning process.

Building the University's internal strength:

- Institutional systems, policies, and procedures will be simplified through re-engineering of its work processes and human resource policies and procedures and appropriate training.
- The University's ongoing strategic planning process will continue in order to move each unit toward U2000 goals based on the unique capabilities and opportunities available at each unit.
- The University must be fiscally accountable, impose budget discipline including using critical measures and performance goals, and demonstrate its productivity and value to students and to the state, putting the customer first.

Human resources

- In the future, the University will have a smaller but better supported and compensated faculty; and a better trained and supported, better compensated, and more flexible staff.
- The University's goal of attracting, retaining, and supporting the most talented faculty will be considered in all administrative decisions, budgetary and otherwise.
- The University's Tenure Code will meet the legitimate needs of the faculty (especially for protection of academic freedom) and the needs of the University for sufficient flexibility to operate efficiently and to allow prompt corrective action when necessary.
- Performance measurement and reward systems will be more flexible for faculty and staff, with new forms of recognition for faculty, staff, and students.

Infrastructure

- The University will develop an exemplary support infrastructure that serves its internal and external constituents (e.g., student access to computing, efficient grants management, effective classrooms).
- Emphasis will be placed on the renovation and modernization of existing facilities.

DEVELOPING AN INSTITUTIONAL FINANCIAL FRAMEWORK

A variety of University planning and budgeting documents express a need for long-range financial planning. Noteworthy are the 1991 Restructuring and Reallocation Plan; the six-year capital improvement plan; the University of Minnesota's 1995 Biennial Budget Partnership proposal submitted to the Governor and the Minnesota Legislature; the University's FY96 Operating Budget Plan and FY97 Financial Plan; and the President's FY97 Operating Budget Plan proposal to the Board of Regents in April, 1996. Noteworthy, too, is the 1996-97 Resource Allocation Guidelines approved by the Board on December 8, 1995.

The 1991 Restructuring and Reallocation Plan provided a five-year course of action for restructuring and reallocation within the University. The plan led to the closure of the Waseca campus, the reorganization of the Crookston campus, the elimination or curtailment of a number of centers and programs, and the merger of departments. It also established a strategic investment pool in support of high priority programs. FY96 marks the last year of the 1991 Restructuring and Reallocation Plan.

During the intervening years, the University has added significantly to the 1991 reinvestment plan, both in terms of cuts and in terms of strategic investments in faculty and staff compensation, the Undergraduate Initiative, and the six strategic directions of University 2000. In total, approximately \$100 million has been reinvested in high priorities over a five-year period. Examples by U2000 area of investment include: in research, investment in the cancer center and molecular and cellular therapeutics; in graduate and professional education, reengineering of the Academic Health Center; in undergraduate education, major enhancement of scholarships and financial aid; in outreach and access, distance education and the leadership academy; in user-friendliness, classroom

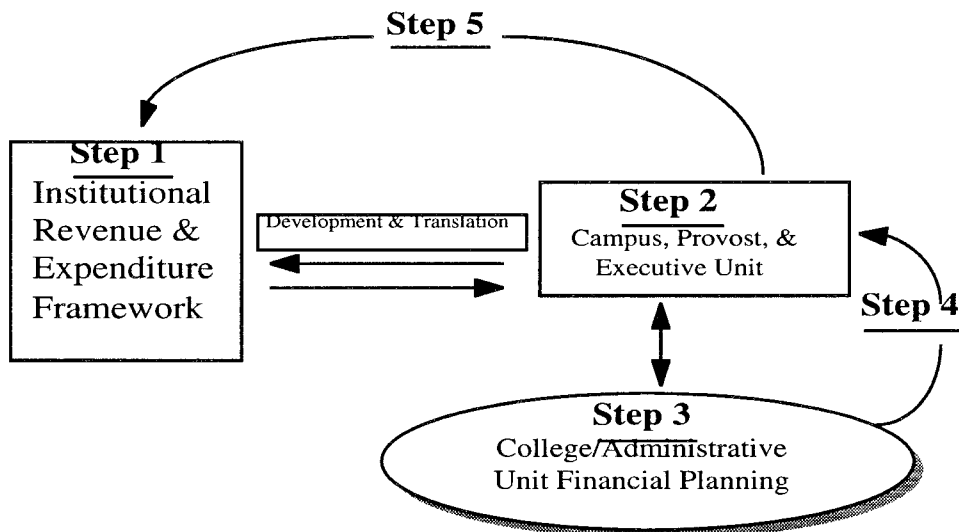
enhancements, web sites for registration and admissions, and phone access to student services; and in diversity, sign language interpreters, and minority faculty recruitment.

The 1996-97 Resource Allocation Guidelines approved by the Board on December 8, 1995 direct the administration to "outline recurring budget adjustments.... within a framework of (a) program eliminations, (b) operating cost savings or efficiencies, (c) program consolidations, and (d) outsourcing of existing services without significantly impacting service levels".

Now, with the Twin Cities campus provostal structure in place, it is time to substantially extend provostal and campus plans for major restructuring and reallocation, in ways that necessarily must be even more ambitious than the one of 1991. In developing these plans, the University will build upon its experience with the planning and budget documents noted above. A number of common themes found in these documents should be emphasized: the enormous revenue and expenditure issues facing the University; the need to chart a financial course for fiscal years 1998, 1999 and 2000 that can inform planning at all levels of the institution; the need for the executive management of the University as well as the larger University community to understand as completely as possible, the magnitude of the financial dilemma confronting the University; and a need to make dramatic changes if the University is to prosper in the future. Building these plans and an accompanying institutional financial framework is complicated by a variety of factors elaborated upon in the University Plan's environmental scan: changing demographics, continuing cost pressures, erratic and uncertain federal and state priorities, unexpected one-time costs, and changing marketplace conditions.

Building an institutional framework to guide planning. The chart below outlines an approach to translating an institutional framework into unit specific plans.

**Steps To Complete Financial Planning Task
Consistent with Institutional Framework**



In building an institutional framework, the following key assumptions are made:

- The development of an institutional financial framework must be primarily concerned with affirming major directions, concerns, and issues.
- The institutional financial framework must be strongly supported by the leadership of the institution and their actions must consistently reinforce the framework in order to help guide operating units.
- The institutional framework will not apply in exactly the same manner to each area of the University. Some segments of the University face special financial hardships, which may demand local strategies beyond those outlined through a broad institutional framework. As such, provosts, chancellors, deans, vice presidents and administrative unit heads must play a vital role in the both the development and implementation of any institutional financial framework.

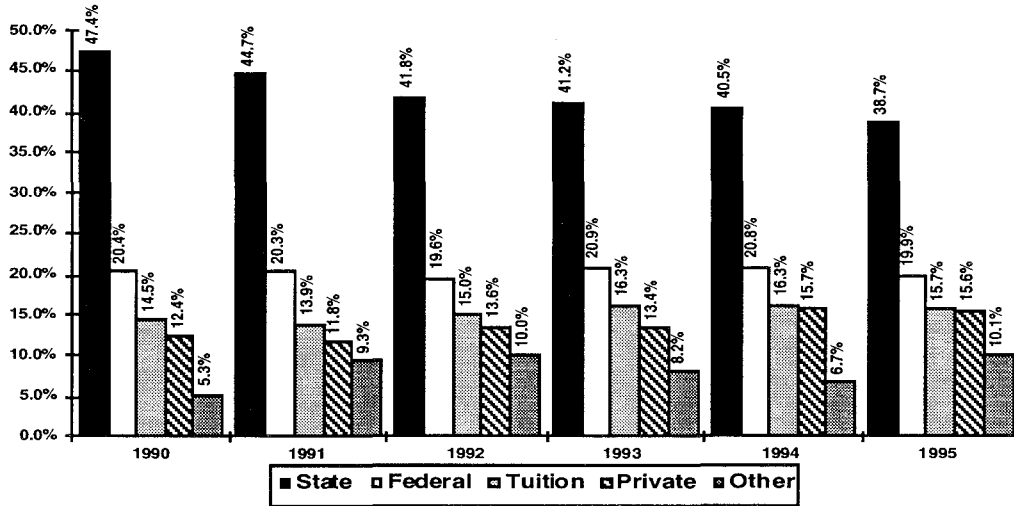
Environmental scan. In general, environmental scan assessments for the FY98-FY2000 planning horizon indicate the following:

- State support for public higher education will not increase in real terms
- Tuition levels will increase faster than the overall inflation rate
- Pressure will increase on academic entrepreneurial activities in order to generate critical new revenue
- Without corrective action, the trend in compensation costs (measured as a percent of spending) will continue higher in most collegiate and administrative budgets
- Technology investments are critically short and the need is growing
- Facility renewal investments, while some progress has been made, continue to fall significantly short of established U2000 goals and must be strengthened
- New strategic investments in academic programs are working but remain a small component of overall spending
- Significant administrative and academic systems investments including human resource, student systems, semesters, grants management, and financial systems are required between FY97 and FY2001
- Loss of patient income will continue to be a serious concern for the Academic Health Center
- Potential exists for significant legal liabilities
- Central reserves are nearly exhausted

Although the remainder of this section will point to the significant investment needs of the University of Minnesota, it is equally important to point to the significant progress made during the last several years in our efforts to address our financial predicament. Many of the solutions or strategies for the future lie in the continuation of the progress already made in several key areas.

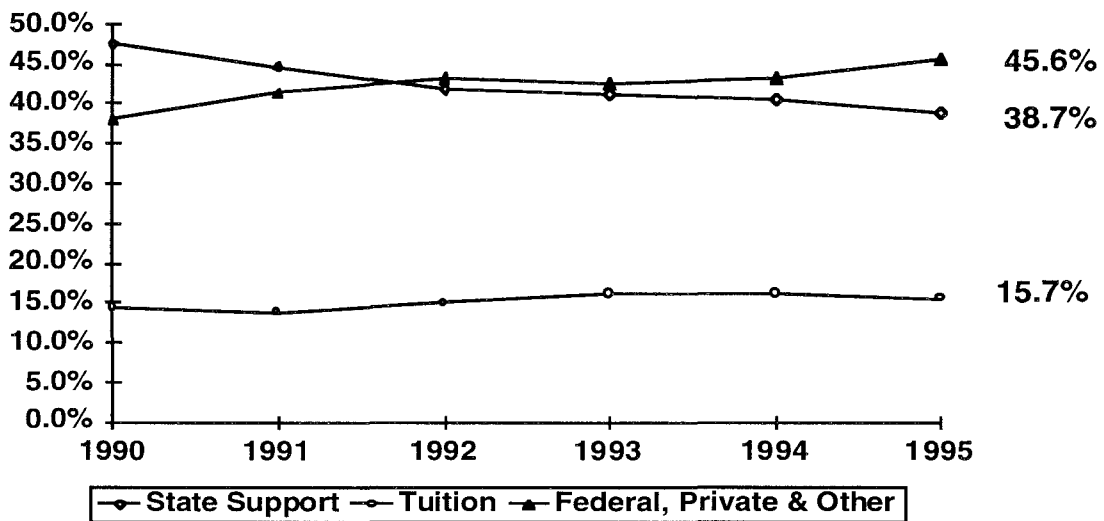
Revenue Outlook. The chart below outlines recent trends in major revenue categories for the University of Minnesota. The University has experienced a steady decline in state revenue supporting education and general expenditures.

Revenue Source Supporting
Educational and General Expenditures
F.Y. 1990 - 1995
Percent Distribution



The next chart highlights the changing mix of revenue supporting E & G expenditures.

Revenue Sources Supporting
Educational & General Expenditures
F.Y. 1990 - 1995
Percent Distribution



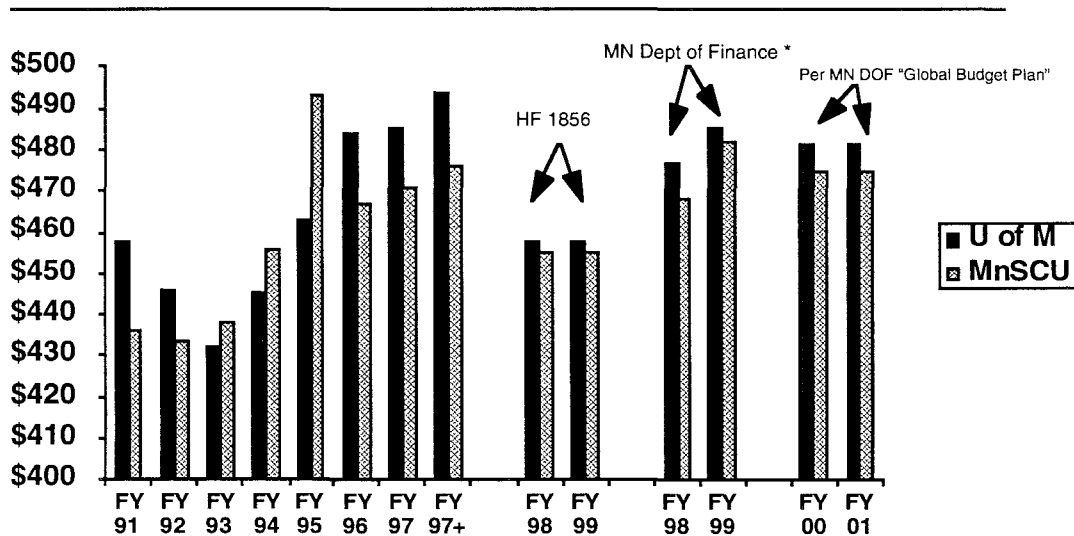
Note: * Includes appropriations, grants and contracts

Noteworthy is the fact that beginning in FY92, the combination of federal, private, and other revenues exceeds the percentage of funds obtained from the State of Minnesota. As the chart on the previous page indicates, tuition as a percent of total revenues supporting education and general expenditures has risen modestly since 1990, state support has declined significantly.

State resources play a major role in financing education and general expenditures at the University of Minnesota. Despite the need for continued state resources, support for higher education as a percent of total state expenditure has declined from 15.8% in FY87 to an estimated 11.6% in FY97.

The next chart highlights the historical trend from FY91 to FY97 as well as projections for the period of FY98 to FY2001 for state resources. These numbers are derived from documents prepared by the Minnesota Department of Finance.

**Trend in State General Fund \$'s for U of M & MnSCU
O&M and State Specials / FYs 1991- 2001
(\$'s in millions)**



* NOTE: MN Department of Finance estimates prepared by applying an average annual inflation factor of 3.0% to HF 1856 recurring appropriation estimates. According to MN Department of Finance, the 1998-99 biennial state general fund budget will be out of balance by \$180,049,000 when inflation and caseload increases are applied.
+ NOTE: As of Conference Committee Report / March 20, 1996

As the chart indicates, both the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) face significant challenges for increasing state funding for FY98 through FY2001 in light of the current financial planning parameters of the State of Minnesota and the Minnesota State Legislature.

Investment Options. The chart and table on the next two pages outline four investment scenarios. Each option builds from the prior one. The starting point for option A is the President's recommended budget plan for FY97. The options have been developed to emphasize the overall needs of the University and the compounding effect of the investment requirements.

The next chart and table quantify the impact of four investment options. As noted above, each option builds from the President's proposed FY97 operating budget plan. The chart shows the level of investment above the current proposed FY97 base spending. The table and the chart are not designed to answer the question of what the University's investment priorities should be.

Furthermore, they do not include a set of strategies to meet the investment goals expressed by each of the four options.

**FY 1997, FY 1998, FY 1999 & FY 2000
FINANCIAL PLANNING FRAMEWORK
OPTIONS A, B, C, AND D**

OPTION	DESCRIPTION / ASSUMPTIONS
A	FY 1997 Base Spending Plus: Salary & Fringe = 4%/yr Utilities = 4%/yr General Inflation = 3%/yr New Building Operations = \$3M/yr Custodial Standards = \$4M/yr Preventive Maintenance = \$5M/yr Additional Debt Service Other one-time expenditures = \$56M One-time cost to rebuild of central reserves = \$25M One-time Technology Investment = \$57M
B	All of Option A Plus: \$13M/yr ongoing technology \$146M technology infrastructure - over 3 years \$45M administrative process re-design / systems Loss of Patient Income = \$20M/yr
C	All of Option A & B Plus: \$46M/yr facility renewal 6%/yr increased financial aid/scholarships 435 faculty buyouts offset by savings 2% real growth in academic instruction, research, & outreach \$20M/yr training - 2.5% of payroll
D	All of Option A, B, & C plus: Assumption of \$120M/yr facility renewal required to meet U2000 goal for decreasing renewal backlog [Option C assumes \$46M/yr to prevent further increase in renewal backlog]

The chart above provides a summary level description of the various components of options A, B, C and D. General percentage changes have been applied on salary, fringe, utilities, and general inflation on supplies and expenses budgets. In addition, the following information is meant to provide additional context to the components briefly outlined in the chart above.

New building operations. The investment level listed above reflects the need for accommodating the operating costs for new buildings, which will or are currently scheduled to come on-line during the next three years.

Preventive maintenance. The investment level listed above reflects the need to meet proper preventive maintenance schedules and predicted repair levels for University building systems such as elevators, air conditioning, steam pipes, electrical systems, heating and ventilation, etc.

Custodial standards. The investment level listed above reflects an investment sufficient to maintain University buildings to class B office space industry standards. The amount listed in chart would fill the gap between current standards and desired class B office standards.

Additional debt service. The investment level listed above reflects the need to provide for one-third debt service requirements of the State of Minnesota and additional debt service for University financed capital improvements.

Other one-time expenditures. This category includes projected contingencies to mitigate unforeseen financial consequences including revenue shortfalls, emergency expenditure requirements, future legal liabilities, and potential funding for unique strategic academic investment opportunities.

One-time costs to rebuild central reserves. Central reserves provide an important financial reserve for the University, a nearly \$2.0 billion per year enterprise. Current Board of Regents policy has set a goal of roughly \$40.0 million in reserves. The amount listed above would restore central reserves to the goal established by the Board of Regents.

One-time and ongoing technology investments. The investment level listed above reflects the combined budget requests of collegiate and administrative units to respond to immediate technology needs. Examples include funding for modern multimedia classrooms, office computers(desktop), distance education, digital media centers, student public lab equipment replacement, instructional equipment, and research workstations. One-time funding reflects the need for addressing a variety of technology backlog concerns.

Loss of patient income. Although the University is nearing the completion of the University of Minnesota Hospital and Fairview Health System transaction, considerable concern remains that the Academic Health Center still faces large financial pressures due to a continuing decline in patient revenue and the ability of the departmental private practice plans to support education and research at their historical levels. This is a particular concern in the Medical School, Dentistry and Veterinary Medicine. The amount listed above represents a preliminary estimate of the potential additional decline in funds supporting education and research within the Academic Health Center.

Technology infrastructure. The investment level listed above reflects the critical need for campus network replacement including cable plant upgrade of the fiber and copper wiring within buildings and between buildings including physical modifications to buildings which require new wiring closets construction. New network electronics and an upgrade to existing telecommunications is included in the investment. Included in this investment is high band width connections off-campus to support access to high performance computing resources, digital media libraries and multimedia databases.

Administrative process re-design. The investment level listed above relates to ongoing financial requirements for major student systems, human resource systems, financial systems, and other related administrative process re-design efforts in order to improve the operating efficiency and productivity of the University and to ensure more user-friendly administrative systems.

Financial aid/scholarships. The investment level listed above reflects a significant increase in the amount of resources devoted to financial aid, scholarships, and fellowships. On an annual basis the University has spent up to \$75.0 million for scholarships and fellowships.

Academic instruction, research & outreach. The investment level listed above reflects a modest 2% real growth in instruction, research, and outreach. On an annual basis, the University spends approximately \$395.0 million on instruction, \$120.0 million on research and \$70.0 million on outreach/public service. These figures represent current fund non-sponsored expenditures.

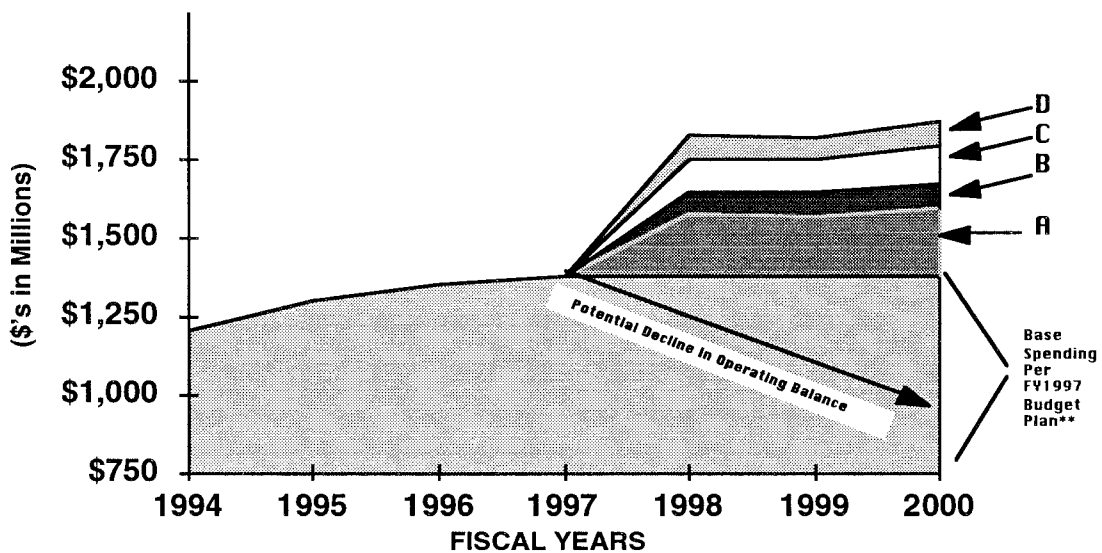
Training. These funds increase the level of investment for training of University employees. The University has under-invested in a variety of critical training areas including financial, human resource, grants management, student systems, and other related business and administrative processes. To develop a planning estimate for the

financial framework the amount outlined in the chart above represents 2.5% of the annual funds expended for salary.

Facility renewal. The 1993 baseline level of deferred renewal on all campuses was estimated at \$923 million or 32% of the total asset value, excluding the deferred renewal related to the steam plant. Despite decommissioning and renewal investments totaling \$73 million since 1993, the 1996 total for deferred renewal has grown to an estimated \$988 million and continues to grow at a rate of approximately \$46 million per year. The year 2000 institutional goal is to reduce deferred renewal to \$750 million or 25% of the total asset value. This goal would require the investment of \$120 million per year for facility renewal.

The projections represented in the chart below have been developed based upon all current non-sponsored fund sources and expenditure plans.

UNIVERSITY OF MINNESOTA
FINANCIAL PLANNING FRAMEWORK
HISTORICAL/PROJECTED FY1994 - 2000
[current funds only]
OPTIONS A, B, C, AND D



Note: * All options include \$118.4M in FY1998 & \$28.2M in FY1999 of one-time expenditures
** Base spending excludes hospital

Included in the chart above is the potential decline in University current fund operating balances assuming Option A. For fiscal year ending June 30, 1997, revenue and expenditure plans assume a fiscal year end current fund operating balance of approximately \$221.8 million. Assuming modest inflationary revenue growth, the investment needs outlined in option A would exceed the sum of current fund operating balances plus projected revenues by roughly \$289.0 million by FY2000. Options B, C, and D aggravate this concern more dramatically. Naturally the University cannot and would not allow expenditures to exceed available resources. Rather, the above example is meant to illustrate the seriousness of the financial situation.

The table on the next page outlines the financial cost of the four investment scenarios. Each option builds upon the prior option. The financial requirements contained in each option total the following amounts for each fiscal year and a grand total for all three years (FY98-FY2000).

University of Minnesota
Financial Planning Framework
Investment Options A, B, C, and D (in millions)

	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>Grand Total</u>
Option A	\$194.8	\$185.4	\$214.9	\$ 595.1
Option B	\$271.4	\$267.0	\$291.2	\$ 824.6
Option C	\$375.6	\$370.1	\$417.2	\$1,162.9
Option D	\$449.6	\$444.1	\$491.2	\$1,384.9

Next steps. In order to arrive at a set of financial expectations, the University must determine what its institutional investment priorities will be. Only after this determination can the University identify specific strategies to realize those priorities. Both of these efforts will require hard choices, both in terms of what we can or cannot invest in.

An important first step will be to agree on a set of principles and then apply those principles to both the University's revenue, investment, and budgetary strategies. Many of these principles are currently in use and some are new. The initiatives identified by central administration, the chancellors, and provosts in the next section of the *University Plan* are guided by these principles. Included are the following:

- An institutional financial framework must recognize that no single revenue or budgetary strategy will provide the sole solution
- A strategy that relies only on "cutting our way out" will not work
- Financial incentives must be aligned with the financial framework to maximize individual commitment to the broad institutional financial goals; University units must take greater responsibility for generating revenue (both federal grants and contracts and private giving), with both the allocation and the generation of revenues viewed as a shared responsibility; the University must create incentives through Responsibility Center Management(RCM) to increase revenue through distance education, professional degrees, and certificate programs
- New academic or administrative investments must have identifiable deliverables, be consistent with the goals of U2000, and demonstrate a return on the investment in the form of either additional revenues or productivity improvements of not less than \$1.50 for each \$1.00 of new investment and a break-even point of not less than 3 years
- The University must develop greater incentives for maintaining and improving both educational quality and productivity, including an emphasis on marketing, product excellence, and constituency access

- The University must assess the critical size of programs, services, and courses (e.g., small enrollment classes), consolidating, centralizing, or eliminating as appropriate
- Realistic strategies and specific targets must be established for efficiency and productivity enhancements for collegiate and administrative units
- A solution to the facility renewal backlog must include the decommissioning of current facilities and not just the investment of additional new resources
- The institutional financial strategy must respond as completely as possible to the human resource issues inherent in any budgetary strategy

The need to develop the University's FY98-FY99 biennial budget request to the State of Minnesota provides us with an opportunity to establish an institutional financial framework.

The institutional financial framework, an action plan, timetable and deliverables will be presented to the Board in July 1996. At its foundation is the partnership proposal that involves continued state investment, University internal reallocation of resources, and tuition.

Please note that the preparation of the FY98-FY99 biennial budget request will build upon the institutional financial framework. However, due to the likelihood of, at best, no real growth in state support, too high a reliance on the biennial budget request as a solution to the University's financial needs will be a critical error. Recent history will repeat itself and the University will not meet even a minimum of what its investment needs demand.

STRATEGIC ISSUES AND INITIATIVES: U2000 AGENDA FOR CHANGE

Fundamental changes in virtually all areas of the University are basic to the progress and ultimate success of *University 2000*'s strategic directions and the key underlying issues of human, infrastructure, and financial resources. The President's work plan for 1996-97 outlines numerous initiatives that may be grouped in two broad categories: "process redesign" and "academic redesign".

"Process redesign", enhancement, and/or replacement initiatives are underway in a broad array of support activities and operations. The proposed changes are of major significance and will lead to further modification of University organization and culture.

"Academic redesign" is being undertaken through a comprehensive review and articulation of the University's "profile" on each of the campuses and within each of the three Twin Cities campus provostal areas, including the reorganization of the biological sciences, which cross all of the provostal areas. Under the leadership of two of the Twin Cities campus provosts, important work is continuing on the undergraduate initiative and the University's outreach agenda.

Major redesign elements for campuses and provostal areas are listed in the "academic redesign" section below. These are intended to complement the *University Plan* and provide further direction to planning at the collegiate and/or unit level. Other important "academic redesign" work being done on a system-wide level and which are an integral part of the *University Plan*

involves the semester conversion, review of the Graduate School, reengineering of University College/Continuing Education and Extension, and review of the Tenure Code.

PROCESS REDESIGN

Major process redesign initiatives are as follows:

Mission/relationships

Investment in technology. In support of the missions of the University and its administrative and accountability functions, the three central organizations that support information technology have been reorganized into one unit, the Office of Information Technology, and are in the process of restructuring. Plans are being developed, and are in initial stages of implementation, for the acquisition of new systems for administrative and student support functions. Further investments are budgeted for improvements in equipment, computers, and personnel in support of instructional and research activities, including distance education initiatives in cooperation with other institutions. Significant functional improvements and eventual cost reductions are expected from these investments.

Enrollment Management. The University will address system-wide enrollment planning to guarantee that the University attracts, retains, and graduates students at the level specified by U2000. An enhanced enrollment management process is being developed to manage enrollments at the undergraduate, graduate, and professional levels on all of the campuses. This process focuses on goal setting, goal monitoring, and controls for bringing enrollments in line with goals; capacity; relationship to the planning and budgeting process; reciprocity, tuition and financial aid; revenue enhancement; and demographic and job market factors.

Student Systems. Student support service processes and systems are being redesigned. The new systems will be more user-friendly and "state of the art". Key elements include: developing a new process vision for student administrative support services (admissions, registration, and financial aid) and an information technology strategy for student administrative computing.

Human resources/relationships

Human Resources Systems. The Working Group on Human Resource Policies articulated basic principles for human resources policies that guide what we want to be as an institution and how we are all responsible—as individuals and as an institution—for shaping, implementing, and working within a framework of human resources policies and programs toward that end. More specific areas of focus and further development include: recruitment and staffing; development of administrators and review of their performance; employment grievances and dispute resolution processes; and compensation policy, principles, and structures.

Human Resources Information Systems. The University is reengineering business processes and replacing current systems necessary for management of employee information in order to increase efficiency, improve data accuracy and availability, improve service to units and individuals, and reduce costs. Business processes to be redesigned span the employment life cycle (pre-employment, day-of-hire, ongoing employment, end of employment, and behind the scenes functions). Systems to be

replaced include applicant tracking, human resources, payroll, benefits, staff demographics, and seniority tracking.

Infrastructure

Master Planning. The President has called for a comprehensive physical plan for the University of Minnesota to carry the institution into the 21st Century—a plan that maximizes the University's physical resources to better serve its various publics. The President's vision calls for planning efforts across the University's campuses to be focused so as to integrate and balance academic priorities, financial strategies, and physical resource management. Recognizing the necessity to develop the physical setting of each campus in relation to its specific mission and vision, four broad and visionary planning principles have been established to guide the development of campus master plans for the Twin Cities, Duluth, Morris, and Crookston campuses.

The Twin Cities Campus Master Plan establishes the framework for the future physical development of the Twin Cities campus. It is intended to provide a flexible framework which can respond to the rapid and inevitable changes affecting the University. The Master Plan will assist in clarifying and evaluating strategic decisions through time that will guide the University in creating a physical setting which supports, nurtures and inspires the University community. The plan articulates a vision which is detailed in a structure plan for each of the Twin Cities campuses. The structure plan is implemented through a series of campus-wide policies and supported by guidelines respecting buildings, heritage resources, open spaces and movement. Together, these establish the broad parameters for future development and serve as the overall framework.

Facilities Utilization. Inefficient utilization of space and the need for a new space management system are both well documented. Facilities Management is developing pilot projects for a space database and a Facilities Management "data warehouse," using new technology that makes both tabular data and graphics accessible to units and central offices.

Grants Management. The grants management project has as its objectives: clarifying roles and responsibilities; developing and revising grants policies and procedures; developing and implementing grants management training; improving managerial reporting and internal controls; and installing the Grants Application and Management System (GAMS).

Business Service Delivery (Procurement). The University is undertaking five projects to improve business service delivery in a broad range of areas within the University, providing labor and other cost saving opportunities to departments and central units: Electronic Transfer of Billing Information (ETBI); Procurement Card; Travel Agency Expansion; Centralization of Copier Maintenance Transactions; and University Stores Vendor Expansion.

Financial

Resource Allocation System (RCM). The University is systematically reviewing four key aspects of the University's approach to planning and budgeting: attribution of tuition; allocation of state funds; management of space; and allocation of indirect cost recovery funds. Working groups will evaluate each aspect and make recommendations on how it would operate under a University of Minnesota system of RCM.

Integrated Framework. To increase accountability, linkage between unit activities and institution-wide priorities, and efficiency toward achieving of its institutional goals, the University is implementing the Integrated Framework model of internal control. The Integrated Framework focuses on fostering an environment that communicates a management philosophy of integrity, ethical values, and responsibility; the systematic identification and analysis of relevant risks; implementation of risk-based control procedures and mechanisms; accurate and timely communication of operational and financial information; and monitoring of control systems and activities with established mechanisms for reporting deficiencies. The Integrated Framework emphasizes the principle that "control" is everyone's job and is a shared institutional and individual responsibility.

ACADEMIC REDESIGN

Arts, Sciences, and Engineering:

The major challenge for Arts, Sciences, and Engineering is to emphasize and invest in core disciplines, improve undergraduate education, and provide service to the state while working within a financial framework of limited resources. For FY97 and the next biennium, Arts, Sciences, and Engineering will place emphasis on the following items:

- New investments, including:

Creating several new professional master's programs designed to meet key industry needs (e.g., software engineering; the management and technology of telecommunications; and manufacturing engineering)

Doubling the size of the Residential College program

Strengthening high-quality programs and programs that meet state needs, including areas such as languages and literature, social sciences, IT departments, biomedical engineering, and ecology, evolution and behavior

Increased support for diversity initiatives

The development of financial reporting and decision support information systems for departments ("Project Clarity")

- Structural realignments, including:

2 1/2% annual productivity increases

Assessment of how best to serve the needs of underprepared students, in collaboration with all affected communities and other educational systems, both secondary and postsecondary

Departmental and graduate program mergers and clusterings in the Institute of Technology and the Colleges of Liberal Arts and Biological Sciences, including supporting efforts in the Institute of Technology to create a School of Electrical Engineering and Computer Science and to merge physics and astronomy into a single department

Professional Studies:

The major challenge for Professional Studies is to look across the provostal cluster for opportunities for realignment to strengthen the quality of undergraduate, graduate, and professional degree programs, research, and outreach. For FY97 and the next biennium, Professional Studies will place emphasis on the following items:

- New investments, including:

Expanding the use of technology and educational technologies for both on-campus and off-campus programs in areas such as the College of Architecture and Landscape Architecture and at the Earle Brown Continuing Education Center on the St. Paul campus

Exploring through market analysis additional degree, certificate and professional lifelong learning educational programs in areas such as the environment, planning, business and youth-related areas

Continuing to make strategic investments for diversity hires and programs

- Structural realignments, including:

Examining a merger of the colleges of Human Ecology and Education and Human Development

Continuing the consolidation of branch station livestock programs by phasing out the research dairy herds at Crookston and Waseca, and work in partnership with the University of Wisconsin-Madison, to establish a shared research herd at Marshfield, Wisconsin

Integrating more fully the support functions of Minnesota Extension Service and Continuing Education and Extension/University College while recognizing their different missions

Reviewing the relationship between the College of Natural Resources and the College of Agriculture, Food, and Environmental Sciences, as well as other units as they relate to changes in biology programs

Examining whether the Humphrey Institute of Public Affairs is best positioned as a stand-alone college or as part of a larger entity

Examining the advantages/disadvantages of centralizing to the college level some services now performed by departments

Academic Health Center:

Phase I of the Academic Health Center's reengineering process identified strategic needs in the following areas of education, research, and management:

- Education: redesigned curriculum to better meet the needs of the marketplace in terms of number, mix, and skills of graduates; redesigned educational delivery

system to better utilize information technology and new teaching methods; and increased value and decreased overall cost of education for students

- Research: development of a limited number of centers of excellence; rapid integration of research findings into clinical practice and educational programs; and rapid transfer of new technology to the marketplace
- Management: restructuring of the AHC to better focus accountability, strengthen professional management, leverage economies of scale, and promote multidisciplinary educational and research programs; and restructuring of the tenure, governance, and compensation systems to streamline decision making, increase accountability, enhance productivity, increase flexibility, and enable the AHC to respond more quickly to change

The Academic Health Center is engaged in two major strategic programs this year that are critical not only to the long-term success but to the survival of the professional schools. These schools are facing a changing environment that requires the reengineering of the educational and research activities within them. The major strategic programs are:

- The sale of the hospital to the Fairview system and the entering into an affiliation agreement that will facilitate the protection of the research and education mission of the Academic Health Center. The agreement is scheduled for signing in June and implementation during the first fiscal quarter of the new year
- The next phase of the reengineering—the creation of a customer responsive flexible organization structure to develop new curricula to prepare students for the changing health care environment—one that emphasizes new roles for health professionals working in teams and that enhances the skills of trainees. A second goal of reengineering is to promote interdisciplinary research that emphasizes centers of excellence. This phase is scheduled for completion by the Fall of 1996, but the implementation of the new structure will occur over the next 18 months or longer. Specific elements of Phase II include:

Reorganization of the AHC's seven colleges into three new operating units: education, research, and clinical/outreach services

Revision of the AHC's tenure and governance system

Redesign of the AHC's faculty and staff human resources system

Redesign of the AHC's curriculum and education delivery system

Redesign of the AHC's research programs

Redesign of the AHC's clinical/outreach programs

Redesign of the AHC's financial management systems

Creation and implementation of an AHC-wide information technology plan and design of new management information system

Internal and external communications

During this next fiscal year the Academic Health Center will maintain budget restraints as it accepts these major challenges.

Reorganizing the Biological Sciences:

Several Twin Cities colleges are now home to biology-related faculty, and the Council of Biological Sciences Deans is examining ways to streamline and enhance biology programs in order to provide a more efficient and seamless delivery of the undergraduate curriculum, especially in the freshman and sophomore levels including:

- Determining, through a two-tier process with a final reporting date of June 15, where and how biology should be organized and taught, including selection of master teachers who will provide outstanding undergraduate education in biological studies
- Exploring the integration of all undergraduate biology instruction on the Twin Cities campus through the establishment of an undergraduate faculty that would be integrated across the various departments now teaching biology
- Examining the use of a common entry point for all undergraduates interested in biology-related majors
- Exploring new clusterings of graduate programs related to the biological sciences
- Examining the organization of research, including possible geographic reorganization

Duluth Campus:

The major challenge for the University of Minnesota, Duluth is to maintain quality in a residential setting without compromising access, with a continuing focus on exemplary undergraduate education nurtured by the research and artistic efforts of the faculty, selected graduate and professional programs that support the mission and focus on the undergraduate learning experience, and a commitment to the history of the land-grant university including providing innovative solutions to the issues challenging the future of Northeastern Minnesota. For FY97 and the next biennium, the University of Minnesota, Duluth will place emphasis on the following items:

- New investments, including:

Strengthening the core liberal arts with a strong commitment to professional programs in the sciences and engineering, the arts, business, education, and medicine

Establishing practitioner-oriented "masters" programs (i.e., K-12 professional development in education, graphic design, and an executive M.B.A.)

Continuing the growth in teaching, outreach, and interdisciplinary research on environmental and fresh water issues and problems

Improving the physical, technological, and informational infrastructure of the campus, with construction of a new library a top priority

Continue definition of outreach efforts through regional partnerships and increased recognition of community needs

Implementing articulation agreements with Lake Superior College, Fond Du Lac, and Iron Range community colleges to assist transfer and, where possible, make the best use of institutions' limited resources

Increasing development efforts

- Structural realignments, including:

Reorganizing student affairs to recruit and retain students more effectively

Reorganizing auxiliary services

Integrating CEE/University College into the framework of the campus to improve efficiency and focus programmatic development

Improving linkages between the UMD Medical School and the campus at large, especially in the areas of rural health care and American Indian studies

Completing long range planning analysis of programs and their administration

Exploring administrative realignments that provide for increased efficiency in the delivery of existing and new programs

Morris Campus:

The major challenge for the University of Minnesota, Morris is to continue to provide high quality undergraduate, residential, liberal arts education within the setting of a small, public institution, with an emphasis on creating opportunities for learning beyond the classroom that are grounded in the campus's commitment to teaching, research, and outreach as part of the University of Minnesota's mission. For FY97 and the next biennium, the University of Minnesota, Morris will place emphasis on the following items:

- Increasing revenue, through a combination of a 4.2% increase in enrollment, an increase in tuition of 2-3% above competitors, and efficiency gains
- Improving enrollment management, including improved sophomore to junior year retention and an increase in transfers to Morris at the junior level

Retain 30 additional sophomores

Recruit 30 additional junior transfers

Increase Morris academic partnerships as springboards to research careers

Increase Morris and UMTC alumni with an articulated BA, UMM-MS/MBA/PhD UMTC programs

Increase Morris international experiences through internships, exchange programs, student teaching

Increase Morris administrative internships to make liberal arts-career connections

- Investing in infrastructure, both facilities and faculty, in order to better compete with its peer institutions

Crookston Campus:

The major challenge for the University of Minnesota, Crookston is to continue to provide exemplary undergraduate polytechnic programs focusing on applied theory and demand-driven specialized skills through collaborative relationships with other colleges, business, and industry emphasizing technology experiences for careers in the information age workplace and seamless career connections that support life long learning. The programs, requiring field experiences for work, training, and personal growth, are delivered in an applications-rich teaching and learning environment that supports applied research leading to technology transfer and commercialization. For FY97 and the next biennium, the University of Minnesota, Crookston will place emphasis on the following items:

- Meeting student expectations through program enrollment and retention , with five new baccalaureate programs in FY96 and an increase by 10% in new high school admits for FY97
- Building collaborative partnerships, including over 150 students in PSOEA; partnerships with technical colleges, UND, and BSU; partnerships with MES, CEE/UC for outreach programming; and partnerships providing industry training and internships
- Embracing the use of technology, including IBM 701CS notebooks for students and faculty; remodeling additional classrooms (LAN), and implementation of an Instructional Technology Center
- Developing quality programs and services, including core components in courses and programs, assessment of student learning, and faculty and staff development
- Establishing accountability (benchmarks), including continuing to decrease the cost per FYE student and increase grant and donor income

Semester Conversion:

Semester conversion involves changing the University from a quarter-based to a semester-based academic calendar, with the first semester in fall, 1999. This is the largest undertaking of its kind in University history, requiring the conversion of all of the University's 650 degree programs, the revision of most of its more than 12,000 courses, and the completion of numerous other tasks, coordinating both academic and non-academic processes with the academic calendar and doing so under a rigorous schedule. It is expected that many units will use this process for important curriculum revision as well.

Academic Affairs:

Academic Affairs has undergone a major restructuring as a result of the establishment of the provostal system on the Twin Cities campus. A major challenge is to focus the responsibilities and resources of the units that make up Academic Affairs in ways that support the U2000 initiatives as outlined by the President and in a manner responsive to the financial parameters

outlined in the University Plan and the University's current environment. For FY97 and the next biennium, Academic Affairs will place emphasis on the following items:

- Redesign and restructuring to increase effectiveness, efficiency, and accountability of central functions involving Grants Management, the Office of Information Technology, and Planning and Enrollment Management; and reallocation of resources budgeted to support initiatives and redesign in order to decrease administrative personnel and to discontinue lower priority functions
- Reengineering of Continuing Education/University College to implement the University College goals of U2000
- Review of the functions of the Graduate School to increase their effectiveness in light of the development of the provostal system
- Investment in technology to support the mission of the University and its administrative and accountability functions, including restructuring of the related offices, acquisition of new systems for administrative and student support functions (Human Resources, Admissions, Registration, and Financial Aid), improvements in equipment, computers, and personnel in support of research and instructional activities including cooperative distance education initiatives
- Library acquisitions including the purchase of electronic materials and cooperation with other state libraries and Big Ten institutions to counter inflationary costs
- Financial aid, both need-based and merit, in order to promote U2000 goals of access and competitiveness

Tenure Code:

To review and reshape the Tenure Code to fit current and future needs, including protecting academic freedom and providing institutional flexibility to respond to changing circumstances, a joint administrative/faculty working group is engaged in a process of discussing the fundamental role of tenure. Issues raised include: principles governing employment contracts for faculty; current practices; and paths for increased faculty and staff productivity and morale, as well as increased institutional flexibility.

EVALUATION

The University 2000 statement approved by the Board of Regents in January 1994 called for the development of "critical measures" for assessing institutional, campus, and unit performance in realizing the goals of U2000. The stated purposes are to:

- publicly confirm the University's success in reaching its goals
- guide institutional, collegiate, and support unit self improvement
- serve as a link between planning, performance, and resource allocation
- provide a means for comparison with other similar institutions

It was agreed that the measures should:

- be relevant to the mission, vision, and strategic areas in U2000 and be a means to specify and focus the mission, vision, and strategic areas
- serve to assist in making the strategic areas visible and progress discernible
- connect performance to budget allocations, when appropriate

Existing recommendations and reports and external reporting requirements were reviewed to identify potential measurement areas, and meetings were held inside and outside the University to listen to suggestions and reactions to a proposed list of measures. This process resulted in a list of eighteen critical measurement areas, which were divided into three development and implementation phases.

The first five critical measures and related performance goals that were approved by the Board of Regents on December 8, 1994, are:

- characteristics of entering students
- graduation rate
- underrepresented groups/diversity
- sponsored funding
- investment per student

The next seven critical measures that were developed during the 1994-95 academic year and approved by the Board of Regents on July 14, 1995 are:

- student experience
- post-graduation experience
- scholarship, research, artistic accomplishments
- overall satisfaction of Minnesota citizens
- faculty and staff experience
- facilities infrastructure
- investment and voluntary support

Measures for seven third phase measurement categories are being developed during the 1995-96 academic year.