

2010-2011 BIENNIAL BUDGET REQUEST



UNIVERSITY OF MINNESOTA
Driven to DiscoverSM

President Robert H. Bruininks

10/17/08

Setting priorities is a shared responsibility.

Times are tight — underscoring the need for long-term planning, clear priorities and fiscal discipline.

- The U must continue to deliver on behalf of the state and its people.
- Our elected leaders must determine how to allocate the state's limited resources to best advance Minnesota's economy and quality of life.

The U is the state's economic engine — together we can strengthen Minnesota's economy and quality of life for the future.

The U has made tremendous progress.

Today the University of Minnesota:

- Delivers an exceptional education
- Conducts research that drives innovation and growth
- Is responsive to Minnesota's priorities
- Is focused on responsible management.

The U has never been better positioned to deliver on behalf of the state and its citizens!

The U delivers an exceptional education.

Where we are

- Record numbers of graduates entering the workforce
- Record applications and better-prepared students
- Improved retention, graduation and student satisfaction

Why it matters

- We keep Minnesota students here and attract talented students to the state.
- We are the state's premier source of STEM degrees and health professionals.
- U alumni have founded companies in every county in the state.
- U alumni volunteer in large numbers, and many serve in elected office.

U research drives innovation.

Where we are

- Nearly \$620M in total research awards
- Second largest jump in research expenditures among our peers
- Improved technology transfer
- Strengthened relationships with Minnesota business and industry

Why it matters

- \$600M in research expenditures yields 20K–30K jobs for Minnesota.
- U discoveries yield new products, companies and even industries.
- U resources and expertise attract existing companies to Minnesota.

The U responds to Minnesota priorities.

Where we are

- Five campuses
- 18 regional Extension offices
- Research and outreach centers, AHEC, and other facilities statewide
- Unique research and land-grant mission
- Unparalleled breadth and quality of disciplines and programs

Why it matters

- The U is positioned to respond to the concerns of the state and its citizens.
- U resources support educational institutions and businesses statewide.
- The U's scope of expertise means no problem is too big or complex.

The U is focused on responsible management.

Principles

- Maintain and enhance the U's mission, quality and competitiveness
- Compensate, support and retain talented faculty and staff
- Improve access and affordability for students at all levels
- Increase productivity by reducing costs and improving service and efficiency

Biennial budget request

	Increase over FY09	Increase over FY10	2010-2011 Biennium
	FY2010	FY2011	(Biennial Math)
State Request			
Core Compensation (State Share)	\$36,500,000	\$22,200,000	\$95,200,000
Middle Income Scholarship	\$8,000,000	\$0	\$16,000,000
Research Enhancement Fund	\$10,000,000	\$10,000,000	\$30,000,000
<i>New State Appropriation</i>	<i>\$54,500,000</i>	<i>\$32,200,000</i>	<i>\$141,200,000</i>

Access and affordability

Tuition and fees contribute 23% of the U's operating budget.

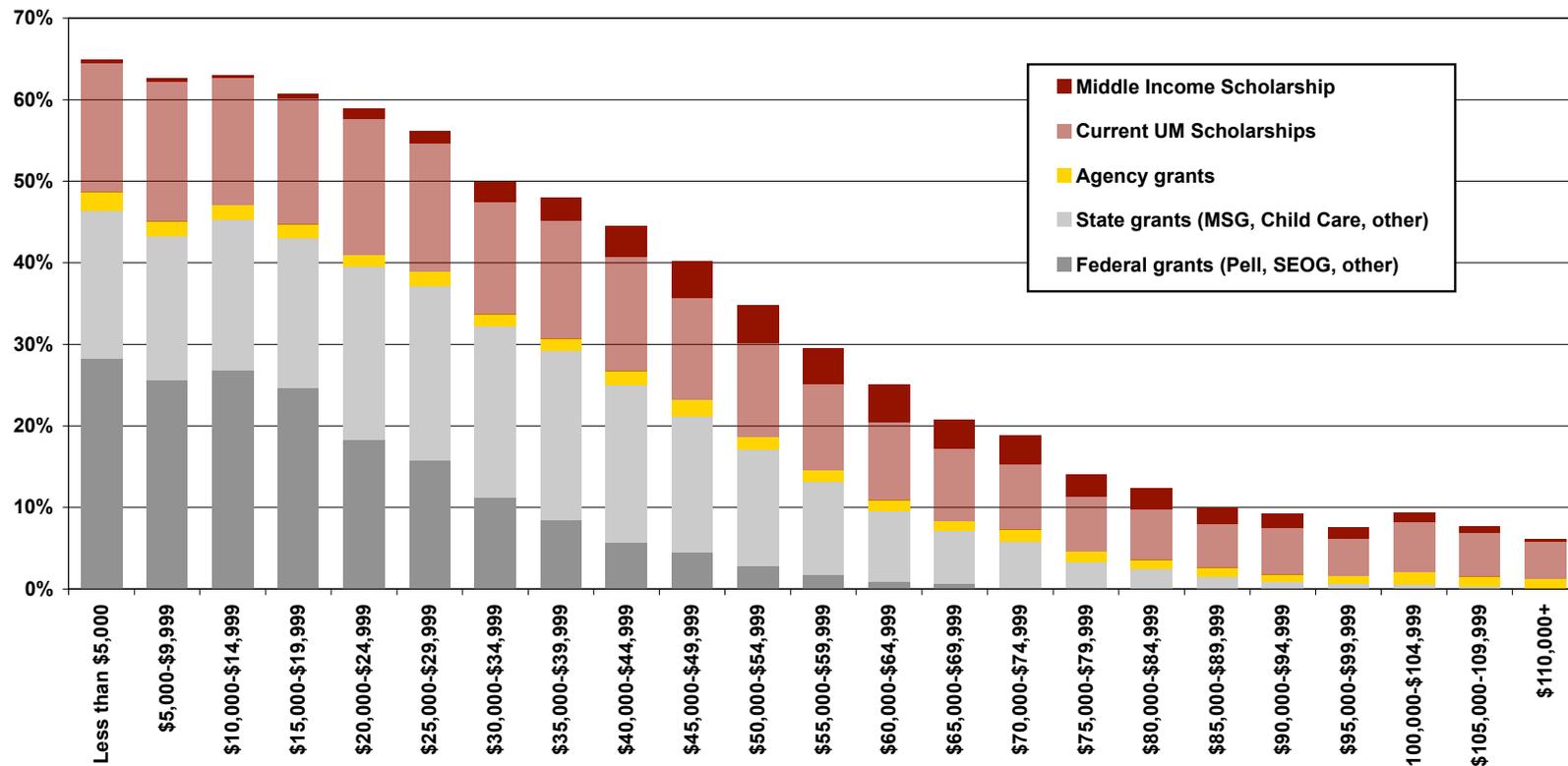
- State appropriations contribute 24% of the operating budget.
- Both remain critical sources of revenue to the U.

This budget proposes a 4.5% annual tuition rate increase.

- New and existing scholarships would reduce the cost for 16,000, or 53%, of Minnesota students.
- The highest increase any Minnesota undergraduate in his or her first four years of study will experience next year will be \$432.
- 30% of Minnesota undergraduates — more than 9,000 students — will see no tuition increase next year.

Middle income scholarship impact

Share of Cost of Attendance by Grant Type by Parent Income:
Resident Undergraduates (2007-08) with Middle Income Scholarship



The U has focused on responsible management.

Evidence

- A strategic plan that redefined the U's aspirations and sharpened its mission
- Improved performance and alignment of resources and future priorities
- Continuous internal reallocation to meet new priorities

Highlights

- Extension and college reorganizations
- New budget model
- Restructuring of health plan
- New construction management practices
- Innovative tuition reform
- Energy procurement strategies
- Capital project debt financing strategies
- Maximizing earnings on short-term investments

The U will continue to demonstrate fiscal discipline.

Areas of concentration

- Administrative and academic unit consolidation
- U-wide cost-reduction strategies, including:
 - Purchasing strategies
 - Energy savings
 - Fringe benefits
- Early retirement incentive program

Investing in Minnesota's future

According to Minnesota state economist Tom Stinson, investment in research to maintain the state's competitive position is one of the most critical ingredients to job creation and economic growth.

Arthur Rolnick and Robert Grunewald in *fedgazette*: "Investment in human capital breeds economic success not only for those being educated, but also for the overall economy."

Biennial budget resolution

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

WHEREAS, the University of Minnesota has embarked on a strategic positioning effort grounded in a vision to improve the human condition through the advancement of knowledge; and

WHEREAS, to support the goal of becoming one of the best and most productive public research universities in the world, with similar high aspirations for our coordinate campuses and state-wide centers, the University must focus attention on three critical areas: 1) faculty and staff compensation to remain competitive, strengthen recruitment and retention, reward exceptional performance, and recognize the increasing cost of living,

2) middle-income scholarships for Minnesota students and their families to help address the cost of attendance, and 3) research enhancements to increase capacity, meet evolving statewide needs, and strengthen job creation and economic growth for the state; and

WHEREAS, the University of Minnesota recognizes that the aspirations and the corresponding financial needs of the University should not be met solely through requests for increased state appropriations and that the University must also share in the responsibility to meet its mission; and

WHEREAS, the Fiscal Years 2010-2011 biennial budget proposal is designed to address the most critical needs of the University, maintain the quality improvements achieved over the past 10 years, continue the University's progress toward its strategic positioning goals, and advance the state's economy and quality of life while recognizing the state budget context.

NOW, THEREFORE, BE IT RESOLVED that the Biennial Budget Proposal for the 2010-2011 biennium be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the docket materials on file in the Board Office, acknowledges the combined responsibility of the State of Minnesota and the University, which represents an investment by the State of Minnesota of \$141.2 million and a University contribution through a tuition increase of an average of 4.5% for each of the two years, and an internal reallocation amounting to 1.0% of the University's current state appropriation and tuition base.