

Issues Related to Long-term Financial Planning

Part I

Long-range financial planning framework

Principles for the University's long-term financial plan

Strategic decision elements and analysis

<ul style="list-style-type: none"> Align with and support the University's strategic plan Improve the long-term financial health of the University Emphasize the importance of an all-funds budget strategy 	Institutional Alignment	<ul style="list-style-type: none"> Assumptions on changes in state support for higher education Overall changing mix of revenues Federal and state student support trends
<ul style="list-style-type: none"> Reflect the institutional enrollment management plan Support the ability of students and families to pay the cost of attendance Drive increased research funding Encourage entrepreneurial activity 	Revenue Clusters	<ul style="list-style-type: none"> Freshman, transfer, graduate, and professional enroll targets New instructional programs & collegiate enrollment mgmt. Tuition rate, housing/dining, and financial aid targets Federal research funding trends Endowment management and growth Patent, royalty, and external sales projections
<ul style="list-style-type: none"> Reward our faculty and staff Provide competitive benefit programs Prudently invest in capital and facilities Implement and maintain new technologies 	Cost Drivers	<ul style="list-style-type: none"> Number and type of faculty & staff required for strategic plan Salary plan and goals for various employee types Benefit plan and fringe rate change projections Six-year capital plan Technology implementation and infrastructure maintenance Enterprise systems
<ul style="list-style-type: none"> Manage space utilization Reduce administrative costs and overhead Understand industry benchmarks and best practices 	Cost Containment	<ul style="list-style-type: none"> Square footage and space utilization standards Define, measure, and benchmark administrative costs Operational excellence

Long range financial planning and forecasting

Revenue and expense projections
 Financial ratios
 Support academic outcomes and priorities

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Improve the long-term financial health of the University
Emphasize the importance of an all-funds budget strategy

**Institutional
Alignment**

Assumptions on changes in state support for higher education
Overall changing mix of revenues
Federal and state student support trends

Illustrative policy and strategy questions

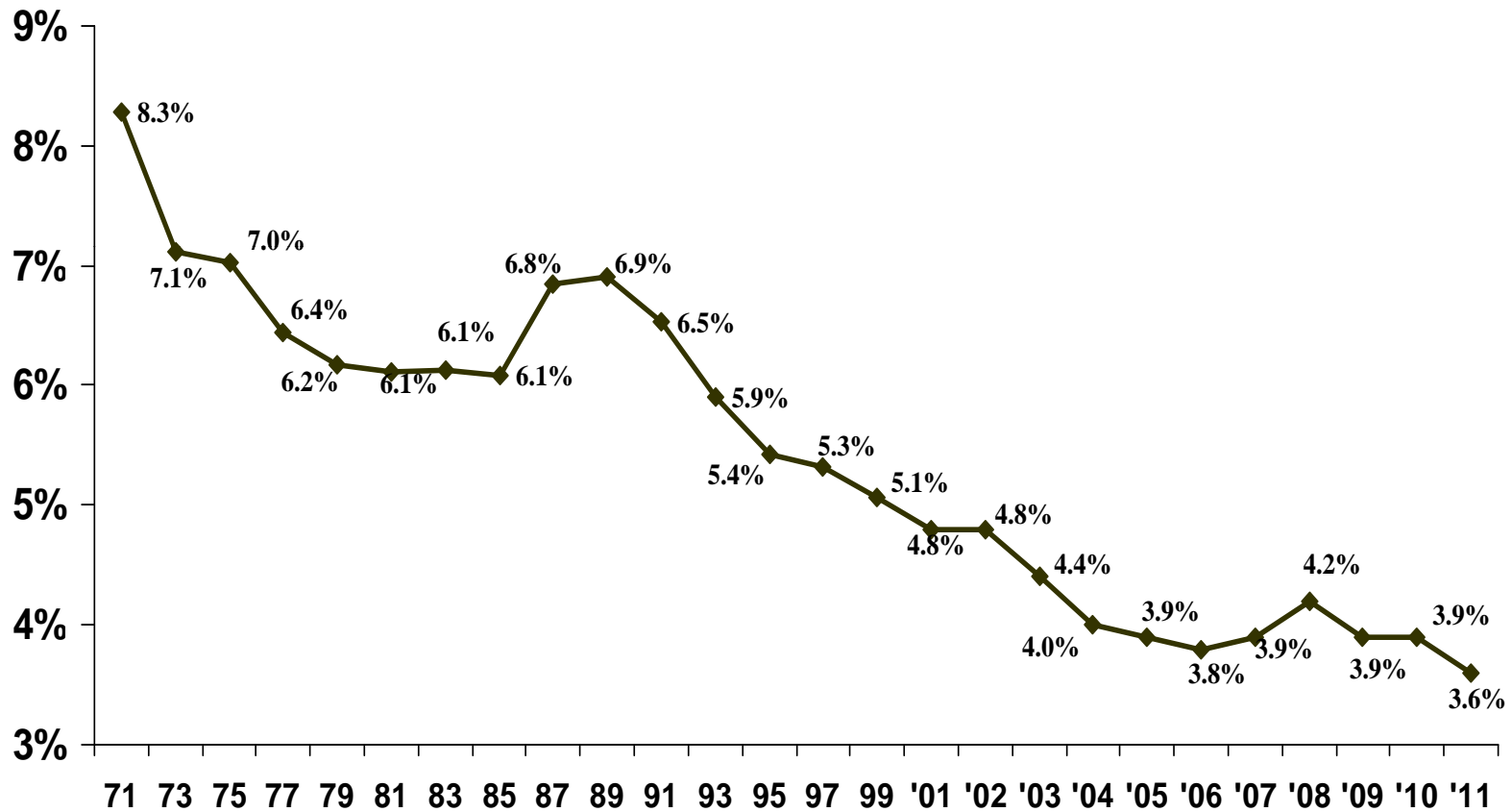
What is a realistic ongoing planning target for state support?

How do changes in revenue mix affect our future strategies and expectations?

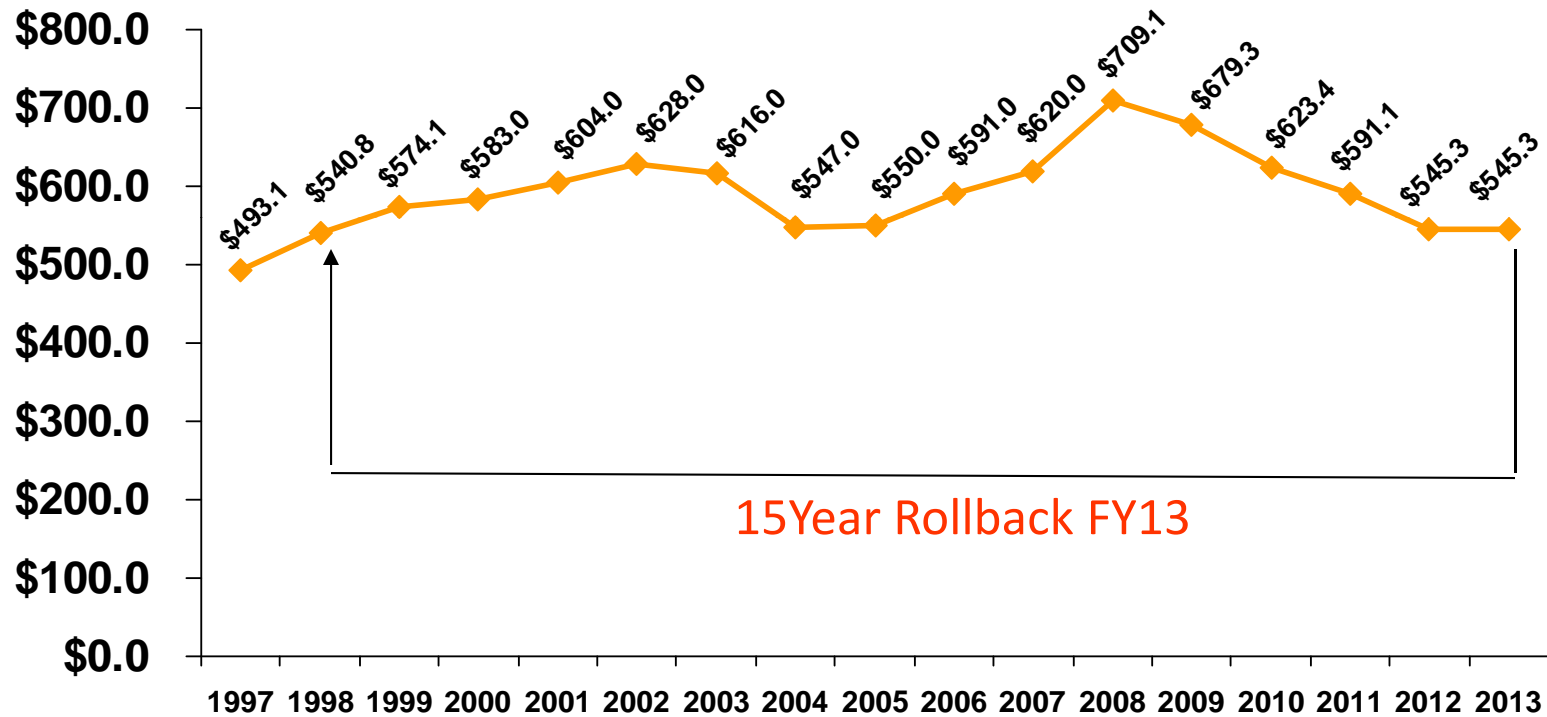
How do we continue to diversify our revenue streams to improve long-term financial health?

How should the University react to changes or lack of growth in federal and state student support?

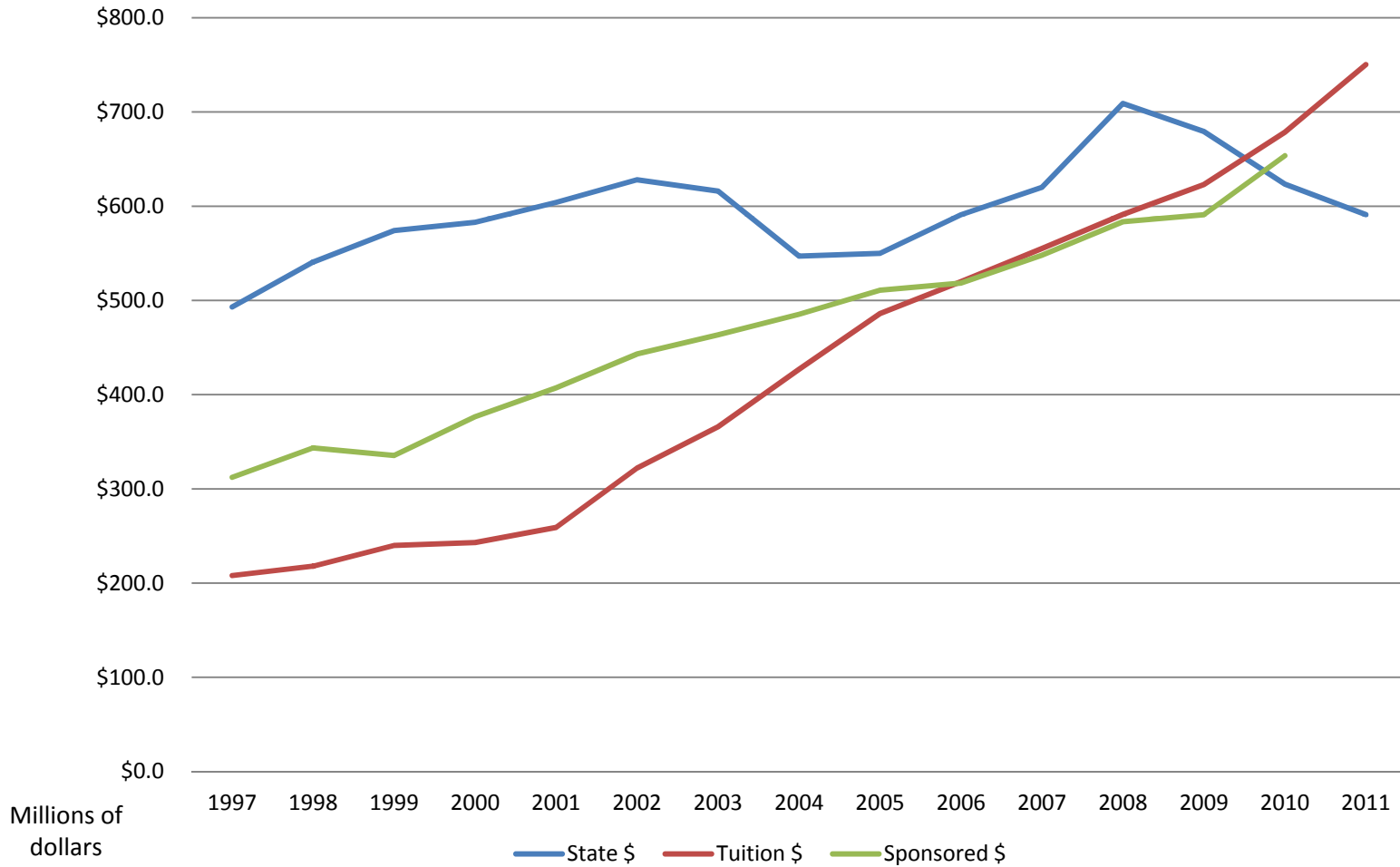
State General Fund Appropriation for the U of M as a Percentage of Total State Spending



Operations & Maintenance/State Specials Trends State Appropriations 1997 to 2013



Trends in Tuition, State, and Sponsored Funds 1997 to 2011



Gift Aid to New Freshmen, Twin Cities, 2009-10

5,383 new freshmen received **\$29.6m in gift aid:**

27.5%	MN State (Achieve, State Grant, Other MN)
19.2%	Federal (ACG, SMART, SEOG, Pell)
13.1%	U of M
10.5%	Private
7.8%	U Promise
7.5%	U of M Foundation
5.8%	Athletic
5.0%	Special (Stimulus)
3.7%	Wisconsin

Nearly half of all gift aid is Federal or State based

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Illustrative policy and strategy questions

How big should our campuses be?

What principles should constrain or expand
the cost of attendance for students?

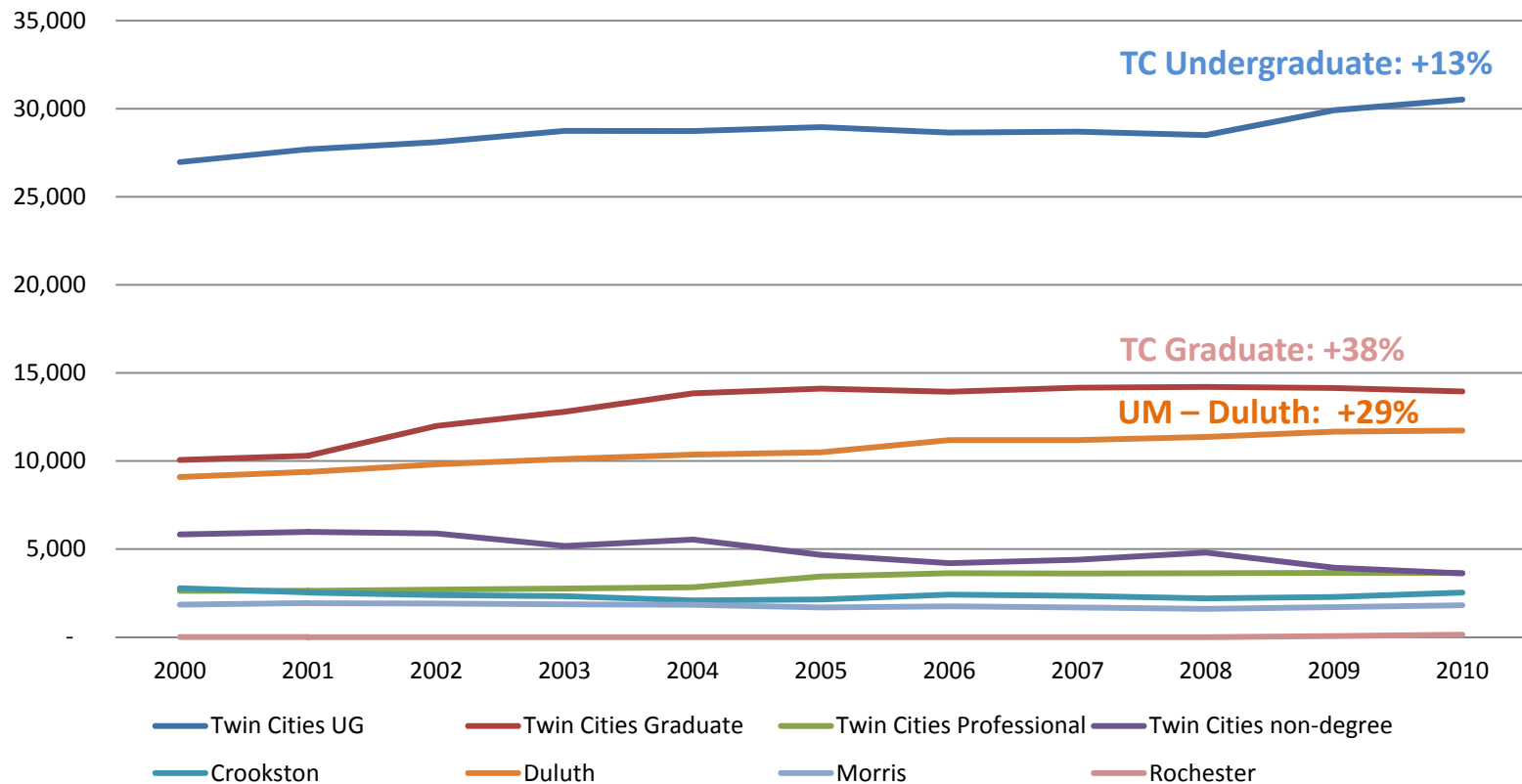
How do we best support our faculty for sponsored funding opportunities?

What are our strategic emphases for fundraising, external sales, and
entrepreneurial activity?

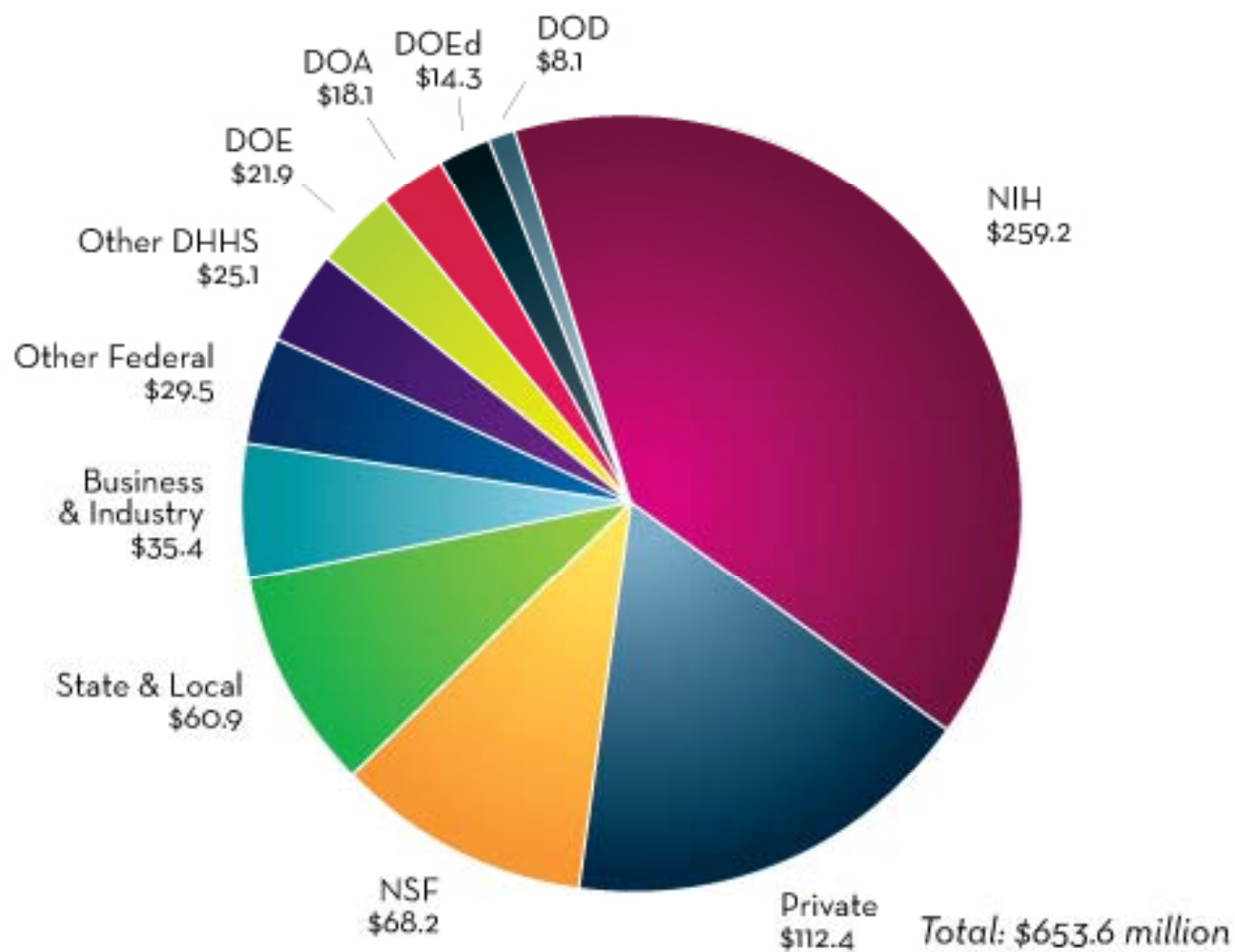
University of Minnesota changes in enrollment, By Campus (or for the TC campus, by student level)

Overall system-wide enrollment increase of 14.8% over the decade

Changes in student enrollment Fall 2000 – Fall 2010



Sponsored Expenditures by Source FY10



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Illustrative policy and strategy questions

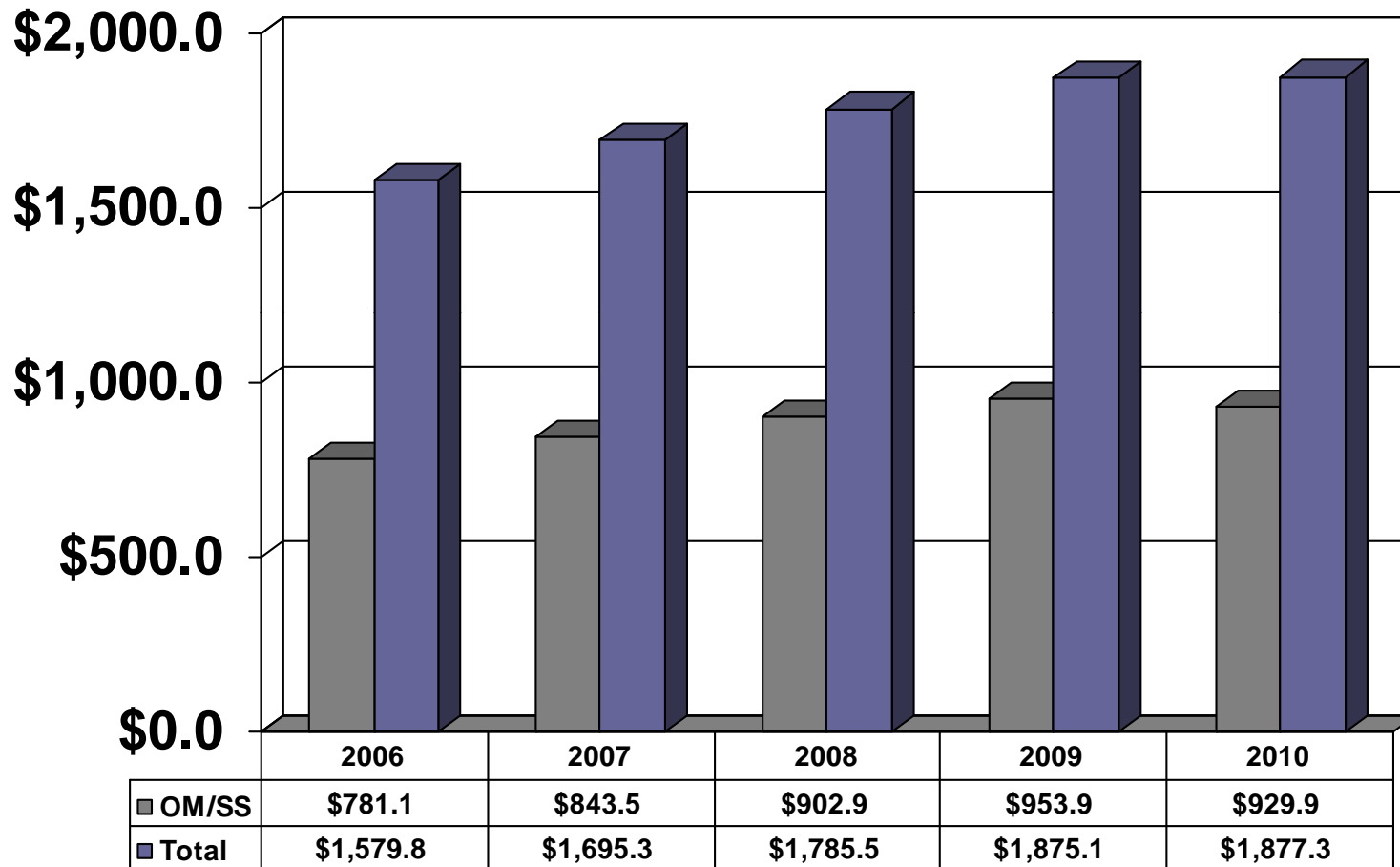
How should we benchmark compensation for various employee groups?

What are the best strategies to constrain fringe benefit cost increases?

What are the appropriate capital investments to support collegiate, campus,
and the institution's academic directions?

What are the most important technology investments
given nearly unlimited demand?

University of Minnesota Salary & Fringe Benefits by Fund Source



Capital Investment Drivers

- Improve academic and research programs
 - Prioritize where we best serve the needs of the state
 - Focus on where we have comparative advantages
- Take advantage of strategic facility opportunities
 - Right-size infrastructure
 - Cost avoidance
 - Energy efficiency
 - Revenue generation to support the academic missions
- Enhance the student experience
 - Improved learning outcomes
 - Experiences inside and outside the classroom
- Promote public outreach and engagement
- Address facility condition concerns
- Promote space optimization/cost reduction
- Preserve historic structures
- Recognize system-wide geographic balance
- Leverage private investment

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Illustrative policy and strategy questions

How do we best balance new construction, facility renovation,
and building mothballing/demolition?

How do you define, measure, and benchmark administration
in a higher education setting?

Which initiatives from the operational excellence committee
should be given priority?

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