

Year 2002-03

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

Work Session

March 13, 2003

A work session of the Board of Regents was held on Thursday, March 13, 2003, at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks and Executive Director Ann Cieslak.

Chair Reed called the work session to order, indicating the purpose of the session was to review the President's conceptual framework for development and approval of the Annual Operating Budget for Fiscal year 2004 and a Preliminary Operating Budget Plan for Fiscal Year 2005.

President Bruininks outlined the framework developed to balance the budget and provide a strategy to support future growth and excellence at the University of Minnesota during a time when the University is experiencing a substantial reduction in state funding. He reviewed the actions that have been taken in response to the FY03 state budget reductions and cost increases and described how the framework was developed.

Goals to guide decision-making and provide the budget framework were presented:

- Focus support on academic priorities;
- Ensure competitiveness and productivity of the University's Human Resources;
- Support student success as an institutional goal; and
- Support infrastructure that enhances academic excellence and accountability.

Bruninks stressed that the goals were developed to reflect the mission of the University, position the University to move forward even through difficult budget times, and provide a context for setting priorities and ensuring accountability.

Four budget strategies which derive from the goals and provide a shared solution were described: 1) targeted reallocation to academic and service priorities; 2) reduction of administrative and operating costs; 3) targeted eliminations, reductions, and consolidations; and 4) enhanced revenues. Bruininks stated that the administration will be working creatively with these strategies.

Board members expressed support for the thoughtful and strategic approach the administration has taken in developing the framework. In response to questions raised about the timetable for a specific discussion on targeted reductions, Bruininks stated that targeted reductions are painful and need more time to determine. Difficult choices will have to be made and the decisions will have a major effect on the University's future. The University must be strengthened by this process, become more efficient, more flexible, and more competitive. He plans to keep the Board apprised by scheduling discussions about the budget on the agenda until it is approved in June.

Regent Simmons asked about increased support from sources other than the state. Bruininks responded that the University may experience growth in revenues in tuition, private funding, sponsored contracts and grants, technology transfer, and charges for University services. He stated that the Governor has recommended no more than a 15 percent increase in tuition for students. If the state appropriation is lower than the Governor has projected, he cannot assure students he can hold a tuition increase to 15 percent. Regent Berman asked for comparative data regarding tuition and whether the University of Minnesota is in line with other national institutions.

A request was made that a compelling public message be broadcast to reinforce the value of the University to the state.

Regent Reed concluded the meeting indicating that the president will present additional information on the budget at the Friday, March 14, 2003 Board meeting.

The meeting adjourned at 2:46 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

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