

Table of Contents
2014-15 Revised Budget - University of Minnesota

Agency Profile - University of Minnesota	1
 Current, Base and Governor's Recommended Expenditures - Rev	3
 Sources and Uses	4
 Governor's Changes	5

Mission:

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 Statute (M.S.) 135A.052). The University's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

<http://www1.umn.edu/twincities/history-mission/index.html>

Statewide Outcome(s):

University of Minnesota supports the following statewide outcome(s).

Minnesotans have the education and skills needed to achieve their goals.

Context:

The University of Minnesota is the state's only land grant and research institution, and operates to better the lives of Minnesotans through education, research, and public engagement. As one of the state's most important economic and intellectual assets - and one of the nation's top research institutions - the university is a venue where human talent, ideas and innovations, and discoveries and services converge to advance Minnesota's economy and quality of life.

The University of Minnesota operates on five campuses (Crookston, Duluth, Morris, Rochester, Twin Cities), with approximately 25,000 faculty and staff employees system-wide, and over 60,000 students enrolled at all levels. Through its programs, the University provides services to students and citizens of the state and beyond to better position them for lifelong learning and success.

The University's fiscal year 2013 \$3.2 billion budget is built on revenue support from a variety of sources: tuition (26 percent), sponsored research grants (19 percent), state appropriation (18 percent), miscellaneous income-sales, fees, etc. (16 percent), restricted gifts/contracts (13 percent), and auxiliary business operations (eight percent). Institutional priorities include the availability of extraordinary education, breakthrough research; and dynamic public engagement.

<http://supporttheu.umn.edu/assets/pdf/2012-AtAGlance.pdf>

Strategies:

The University of Minnesota's strategic plan, adopted by the Board of Regents in 2005, is organized around four essential strategies:

- **Exceptional Students** - Recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens.
 - Recruit highly prepared students from diverse populations
 - Challenge, educate and graduate students
 - Develop lifelong learners, leaders, and global citizens
 - Ensure affordable access for students of all backgrounds
- **Exceptional Faculty and Staff** - Recruit, mentor, reward, and retain world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.
 - Recruit and place talented and diverse faculty and staff to best meet organizational needs
 - Mentor, develop, and train faculty and staff to optimize performance
 - Recognize and reward outstanding faculty and staff
 - Engage and retain outstanding faculty and staff
- **Exceptional Innovation** - Inspire exploration of new ideas and breakthrough discoveries that address the critical problems and needs of the University, state, nation, and the world.
 - Increase sponsored research support, impact, and reputation

- Promote peer-leading research and scholarly productivity
- Accelerate the transfer and utilization of knowledge for the public good
- **Exceptional Organization** - Be responsible stewards of resources, focused on service, driven by performance, and known as the best among our peers.
 - Ensure financial strength
 - Be responsible stewards of resources
 - Promote performance, process improvement, and effective practice
 - Foster peer-leading competitiveness, productivity, and impact
 - Ensure a safe and healthy environment for the university community
 - Focus on quality service

http://www1.umn.edu/systemwide/strategic_positioning/

Results:

In 2011, the Minnesota Legislature approved five performance measures (Minnesota Laws 2011, 1st Special Session, Chapter Five) for the University of Minnesota and mandated that one percent of funding for fiscal year 2013 be retained until the Board of Regents demonstrates to the Commissioner of Management and Budget that the University has met at least three of the five performance goals identified in the legislation. The Board of Regents and the Minnesota Office of Higher Education agreed to the specific numerical indicators and definitions for the goals on September 9, 2011.

The five performance goals relate to:

- Institutionally provided financial aid to students
- Degrees awarded
- Twin Cities campus undergraduate graduation rates
- Research and development expenditures
- Sponsored expenditures funded by business and industry

Below is the information assembled on the progress of the University of Minnesota on the specific numerical indicators and definitions developed in consultation with the Minnesota Office of Higher Education, and approved by the Board of Regents (<http://govrelations.umn.edu/assets/pdf/022912-PerformanceMeasuresUpdate.pdf>).

Performance Measures	Previous	Current	Trend
1. Amt. of Institutional Financial Aid	\$151 million	\$176.6 million	Improving
2. Total Degrees Awarded	13,591	14,836,	Improving
3a. Four-year Graduation Rate	45.4%	54.0%	Improving
3b. Six-year Graduation Rate	64.0%	70.5%	Improving
4. National Science Foundation R&D Expenditures	\$595 million	\$786 million	Improving
5. Business & Industry Sponsored Exp.	\$38.4 million	\$42.4 million	Improving

Performance Measures Notes:

For measures 1, 2 and 5, "Previous" = FY 2007 data and "Current" = FY 2011 data (the most recent closed fiscal year)

For measure 3a, "Previous" = students entering fall 2003 and "Current" = students entering fall 2007

For measure 3b, "Previous" = students entering fall 2001 and "Current" = students entering fall 2005

For measure 4, due to the timing of submitted information to NSF, "Previous" = FY 2006 and "Current" = FY 2010

Finally, within the University's charter, 1851 Territorial Laws, Chapter 3, Section 16, it is stated that "...[the regents shall] make a report annually, to the Legislature...exhibiting the state and progress of the university...and such other information as they may deem proper, or may from time to time be required of them." Consequently, the University of Minnesota publishes annually the "University Plan, Performance, and Accountability Report", which provides a performance baseline for the institution around its key strategic goals, progress appraisal, and identification of areas for improvement.

http://www.academic.umn.edu/accountability/pdf/2011/2011_UMN_Accountability_Report.pdf

University Of Minnesota**Current, Base and Governor's Recommended Expenditures - Rev**

(Dollars in Thousands, Biennial Totals)

	General Funds	Other State Funds	Federal Funds	All Funds
Current Biennium Expenditures (FY 2012-13)	\$1,073,288	\$76,520	\$15	\$1,149,823
Current Law Expenditures (FY 2014-15)	\$1,090,688	\$67,739		\$1,158,427
Governor's Recommended Expenditures (FY2014-15)	\$1,170,688	\$67,739		\$1,238,427
\$ Change from FY 2014-15 Current Law to Governor's Rec	\$80,000	\$0		\$80,000
% Change from FY 2014-15 Current Law to Governor's Rec	7%	0%		7%

University Of Minnesota
Sources and Uses

(Dollars in Thousands)

	Biennium FY14-FY15			
	General Funds	Other State Funds	Federal Funds	Total Funds
TRANSFERS IN	\$34,800	\$23,239		\$58,039
APPROPRIATION	\$1,170,688	\$48,814	\$0	\$1,219,502
SOURCES OF FUNDS	\$1,205,488	\$72,053	\$0	\$1,277,541
TRANSFERS OUT	\$34,800	\$4,314		\$39,114
EXPENDITURES	\$1,170,688	\$67,739		\$1,238,427
PAYROLL EXPENSE				
GRANTS, AIDS AND SUBSIDIES	\$1,170,688	\$67,739		\$1,238,427
USES OF FUNDS	\$1,205,488	\$72,053		\$1,277,541

University Of Minnesota

Governor's Changes

(Dollars in Thousands)

			FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
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Tuition Relief - Revised

The Governor recommends funding to freeze tuition for two academic years. In academic year 2013-14 (fiscal year 2014), an appropriation of \$14.2 million will allow the University to hold tuition steady for resident undergraduate students. In academic year 2014-15 (fiscal year 2015), an appropriation of \$28.4 million will preserve the prior year's tuition freeze and guarantee a 0% tuition increase for undergraduates paying the resident rate. The increased appropriation provided to the University will fund core investments on all campuses.

Performance Measures:

Funding this request will result in direct financial benefits for undergraduate students and their families paying the resident tuition rate. Holding down tuition rates will increase financial access to the University of Minnesota and will increase retention rates of students who might otherwise have dropped out of school for financial reasons.

General Fund	Expenditure	14,200	28,400	42,600	28,400	28,400	56,800
	Net Change	14,200	28,400	42,600	28,400	28,400	56,800

Minnesota Discovery, Research and Innovation Economy (MnDRIVE) Program - Revised

The Governor recommends funding for strategic investments in research and development to enable the University of Minnesota to be world-leading in four emerging fields. Funding MnDRIVE will contribute to innovation and advancement in the following areas: Supporting Robotics, Sensors, and Advanced Manufacturing; Securing the Global Food Supply; Advancing Industry, Conserving our Environment; and Advancing Discoveries and Treatments for Brain Conditions. A summary of the initiatives and accomplishments of the program will be reported to the Legislature annually.

Performance Measures:

Approval of this request will advance Minnesota's economy, improve quality of life, leverage Minnesota's strengths and comparative advantages, and make Minnesota's industries more competitive. The purpose of this initiative is to make Minnesota a national and world leader and innovator in these key areas of research.

General Fund	Expenditure	18,000	18,000	36,000	18,000	18,000	36,000
	Net Change	18,000	18,000	36,000	18,000	18,000	36,000

Loan Forgiveness Program - Health Care Professionals - Revised

The Governor recommends the establishment of a loan forgiveness program at the University of Minnesota for health care professionals working as doctors, nurses, pharmacists, dentists, and veterinarians. This loan forgiveness program will allow the University to repay a portion of a student's loan if the student becomes a health care professional in an underserved area of Minnesota. Students applying to participate in the program will be required to be University of Minnesota graduates, work in Minnesota in a program where a specified shortage has been verified pursuant to federal designation, may not be a participant in another federal or state loan repayment program, and must agree to a minimum of three years of service in an underserved area of Minnesota.

Performance Measures:

Approval of this request will result in increased availability of health sciences clinical providers in underserved areas of the state as 20-25 health care professionals will receive loan forgiveness. Program participants will receive increased financial aid provided as an award at the beginning of the acceptance process, and will have overall decreased debt loads upon graduating with health professional degrees.

General Fund	Expenditure	0	1,400	1,400	1,400	1,400	2,800
	Net Change	0	1,400	1,400	1,400	1,400	2,800

University Of Minnesota

Governor's Changes

(Dollars in Thousands)

		FY 14	FY 15	FY 14-15 Biennium	FY 16	FY 17	FY 16-17 Biennium
Net All Change Items	General Fund	32,200	47,800	80,000	47,800	47,800	95,600
	Net Change	32,200	47,800	80,000	47,800	47,800	95,600