Student Profile

<table>
<thead>
<tr>
<th>63,138 Students</th>
<th>Undergraduate</th>
<th>Graduate</th>
<th>Professional</th>
<th>Non-degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring 2014</td>
<td>40,932</td>
<td>13,019</td>
<td>4,206</td>
<td>4,981</td>
</tr>
</tbody>
</table>

Four-Year Graduation Rates - Twin Cities

Average ACT and SAT Scores - Twin Cities
Legislative Budget Request Goals

• Tuition Freeze
  – Provide qualified students access to an affordable University education

• Facility Condition Improvement Strategy
  – Modern educational and research facilities

• Healthy Minnesota
  – Improve the health of Minnesotans through research, clinical services, and innovative programs

• Vibrant Economy
  – Strong Minnesota communities with economic development opportunities

FY2016-17 Biennial Budget Request
Tuition Freeze

Vision
Hold down higher education costs and promote access for qualified Minnesota students and families

- Freeze the resident tuition rate for all Minnesota students

Request

<table>
<thead>
<tr>
<th>Incremental over prior year</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Freeze (3%)</td>
<td>$13.8M</td>
<td>$14.2M</td>
</tr>
<tr>
<td>Grad/Professional Freeze (3.5%)</td>
<td>$7.7M</td>
<td>$8.0M</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$21.5M</td>
<td>$22.2M</td>
</tr>
</tbody>
</table>

Holds down the total burden on approximately 53,000 students and families by $65 million for the biennium

- Incoming freshman savings (varies by campus):
  - $2,100 - $2,600 over four years
- Graduate and professional student savings (examples – varies by program):
  - $1,600 over two year master’s degree
  - $15,000 over six year degree program (Medicine)

Holds down debt burden for students who borrow – 10% decrease for undergraduates that would have otherwise borrowed the full increase
Facility Condition Improvement Strategy

Vision

• Reduce long-term maintenance costs, resulting in future budget savings for the University and the State of Minnesota
• Provide a predictable source of funding to improve multi-year planning and execution of facility repair and renewal projects on the University’s five campuses

Request

Incremental over prior year

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$5.0M</td>
<td>$5.0M</td>
</tr>
</tbody>
</table>

Facility Condition Improvement Strategy – Immediate Action

• State of Minnesota provides an incremental $5 million in recurring Operations and Maintenance funds in each of four years
• The University then decreases its planned capital request for HEAPR funds (averaging $60M) by an incremental $5 million

<table>
<thead>
<tr>
<th>Year</th>
<th>HEAPR Request</th>
<th>R&amp;R Request</th>
<th>Total New R&amp;R Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$55.0M</td>
<td>$5.0M</td>
<td>$5.0M</td>
</tr>
<tr>
<td>2016</td>
<td>$50.0M</td>
<td>$5.0M</td>
<td>$10.0M</td>
</tr>
<tr>
<td>2017</td>
<td>$45.5M</td>
<td>$5.0M</td>
<td>$15.0M</td>
</tr>
<tr>
<td>2018</td>
<td>$40.0M</td>
<td>$5.0M</td>
<td>$20.0M</td>
</tr>
</tbody>
</table>
Actual Facility Investment vs. Target

$73M or $3.65/sf Average FY10-15

$ / SF

Upper Target (3%)

$12 / SF

Lower Target (2%)

$8 / SF

Decreasing Backlog
Sustaining Backlog
Increasing Backlog

Facility Condition Improvement Strategy – Outcomes

- University reduces long term facilities costs by renewing and repairing facilities before the problems become more expensive
- Reduce by 25% the gap between current funding levels and the minimum allocation recommended by industry standards and independent analyses
- Better facilities improve student learning, recruitment, retention and success
- Improved funding predictability and more strategic facility renewal plans
- Safe, functional campuses
Healthy Minnesota

Vision

Ensure Minnesota remains one of the healthiest states in the nation, with top ranked health programs by:

• Training the next generation of health care professionals to serve an aging and diverse population
• More effectively serving Greater Minnesota and other under-served communities
• Making life saving discoveries, promoting health and researching cures for conditions prevalent in our state

Request

Incremental over prior year

<table>
<thead>
<tr>
<th></th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11.5M</td>
<td></td>
<td>$11.5M</td>
</tr>
</tbody>
</table>

Healthy Minnesota – Immediate Action

• Develop statewide network of up to six interdisciplinary teaching clinics
• Expand education and training programs in areas of increasing demand (dentistry, mental health, and care of the elderly)
• Increase diversity of health care workforce
• Revamp curriculum and clinical training programs to incorporate new models for health care
• Accelerate research in the major chronic conditions (cancer, heart disease, diabetes, obesity, stroke and arthritis) facing Minnesotans
• Provide access to evidence-based clinical care resources for all Minnesotans
Healthy Minnesota – Outcomes

• Minnesota’s most acute health work force shortages will be addressed and more providers in underserved communities
• New treatments and cures for cancer, heart disease and other chronic geriatric conditions
• Increased diversity of Minnesota’s health professional workforce
• Equitable access across the state to evidence-based health information

Vibrant Economy

Vision
Ensure Minnesota has strong urban and rural communities by creating economic development opportunities through research

• Address environmental issues associated with mineral extraction
• Reduce disparities and enhance the vitality of communities statewide

Request

<table>
<thead>
<tr>
<th></th>
<th>Incremental over prior year</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining Solutions</td>
<td></td>
<td>$1.75M</td>
<td>$2.75M</td>
</tr>
<tr>
<td>Vital Communities</td>
<td></td>
<td>$1.75M</td>
<td>$2.75M</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$3.5M</strong></td>
<td><strong>$5.5M</strong></td>
</tr>
</tbody>
</table>
Vibrant Economy – Immediate Action

Mining Solutions
Conduct basic and applied research that encompasses the entire mining lifecycle.
- Research environmental, health and safety issues associated with mineral extraction
- Develop a repository of specimens to increase knowledge and make information more accessible to the public and industry
- Bring together mining and remediation industries, state agencies and researchers to improve mineral extraction sustainability

Vital Communities
The University will promote economic prosperity for Minnesota’s rural and urban communities
- Identify and prioritize critical issues for individual communities and/or populations
- Develop research- and evidence-based solutions
- Spread best practices statewide through Extension, campuses and other outreach

Vibrant Economy – Outcomes

Mining Solutions
- Eliminated negative impacts of mining on the environment
- New systems developed to derive valuable products from waste materials
- Increased community awareness of the environmental opportunities and health effects associated with mining

Vital Communities
- Critical issues, such as reducing the achievement gap, improving nutrition, and greater assimilation of immigrant communities, are addressed
- Quality of life across Minnesota is improved
- Increased external research support and funding is leveraged for Minnesota
- Quality of undergraduate education is improved through experiential learning and community immersion
Biennial Budget Request
FY2016 - 2017

Incremental over prior year

<table>
<thead>
<tr>
<th>Incremental over prior year</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition Freeze</td>
<td>$21.5M</td>
<td>$22.2M</td>
</tr>
<tr>
<td>Facility Condition Improvement Strategy</td>
<td>$5.0M</td>
<td>$5.0M</td>
</tr>
<tr>
<td>Healthy Minnesota</td>
<td>$11.5M</td>
<td>$11.5M</td>
</tr>
<tr>
<td>Vibrant Economy</td>
<td>$3.5M</td>
<td>$5.5M</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$41.5M</strong></td>
<td><strong>$44.2M</strong></td>
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</tbody>
</table>

Change to current base – biennial math

<table>
<thead>
<tr>
<th>Change to current base – biennial math</th>
<th>2016</th>
<th>2017</th>
<th>Biennial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning base</td>
<td>$598.9</td>
<td>$598.9</td>
<td>$1,197.8</td>
</tr>
<tr>
<td>U of M total request</td>
<td>$41.5</td>
<td>$85.7</td>
<td>$127.2</td>
</tr>
<tr>
<td><strong>Total requested appropriation</strong></td>
<td><strong>$640.4</strong></td>
<td><strong>$684.6</strong></td>
<td><strong>$1,325.0</strong></td>
</tr>
<tr>
<td>Percent change from base</td>
<td></td>
<td></td>
<td>10.6%</td>
</tr>
</tbody>
</table>

(dollars in millions)

State Appropriations Trend: 2006-2017*

Operations & Maintenance/State Specials

($ in millions)

This biennial request would restore state funding to the University to its 2008 high-point by the end of the biennium, not including inflation.

*Excludes Cigarette Tax, MnCare, and nonrecurring project appropriations
Biennial Budget Request
Benefits our state, students and faculty

- 53,000 students and their families will benefit annually from tuition freeze
- Minnesota’s most acute health work force shortages will be addressed
- New treatments and cures for chronic conditions are discovered
- Negative impacts of mining are eliminated
- Improved quality of life for Minnesotans (reduced achievement gap, stronger communities)
- Renewed and repaired facilities reduce long term costs and improve student recruitment and success

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2016-2017 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of $640,400,000 in fiscal year 2016 and $684,600,000 in fiscal year 2017 for a biennial total of $1,325,000,000 in the form of general operations and maintenance and state specials appropriations. The Board of Regents further requests continuation of fiscal year 2015 base funding levels for the Primary Care Education Initiatives totaling $2,157,000 and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling $22,250,000 for fiscal years 2016 and 2017.