

Annual Report to the Legislature

Use of State Appropriations for the Benefit of Health Science Colleges and Schools

Date: December 18, 2024

The following annual report is in response to the new requirement passed in the 2024 Session, Chapter 127, Article 66, Section 21:

ANNUAL REPORT TO LEGISLATURE; USE OF APPROPRIATION FUNDS.

By January 15, 2025, and every year thereafter, the Board of Regents of the University of Minnesota must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over higher education and health and human services policy and finance on the use of all appropriations for the benefit of the University of Minnesota's health sciences schools and colleges, including:

- (1) changes to the University of Minnesota's anticipated uses of each appropriation;*
- (2) the results of the performance measures required by Minnesota Statutes, section 137.095, subdivision 2, clause (6); and*
- (3) current and anticipated achievement of the goals, outcomes, and purposes of each appropriation.*

This report does not contain information pertaining to (2) above because no current appropriations apply to that requirement. [Minnesota Statutes, section 137.095](#), which was enacted during the 2024 legislative session, requires the University to submit a written report to the legislature prior to introducing a bill that proposes the appropriation of funds benefiting the University's health science schools and colleges. The University has not introduced a bill since the creation of Minnesota Statutes, section 137.095.

2023 Session, Chapter 41

Unless otherwise noted, the FY25 appropriations in 2023 Session, Chapter 41 for the University of Minnesota's health science colleges and schools are used to support the colleges' and schools' base operations with an overarching goal to ensure consistency in the University of Minnesota's ability to deliver world class health education, research and outreach. In addition, unless otherwise noted, the University does not anticipate changes in the University of Minnesota's use of the appropriations.

Additional details on each FY25 budgeted appropriation benefiting the University of Minnesota's health sciences schools and colleges are included below and organized by appropriation in Chapter 41.

Sec. 4, Subd. 2 (Operations and Maintenance appropriation)

The Operations and Maintenance appropriation is a part of the University of Minnesota's general fund base. The amount allocated for all Twin Cities colleges, greater Minnesota campuses, and support units is based on the University of Minnesota's internal annual operating budget process, which considers many factors when determining the amount provided by unit. Considerations include the availability of other revenues, reallocations, changes in expenses, and so on. The FY25 operating budget was approved by the Board of Regents in June 2024. A summary of each FY25 budgeted allocation by health science school and college is included below.

- College of Pharmacy: \$11,312,767
- College of Veterinary Medicine: \$19,895,394

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- Medical School: \$74,158,681
- School of Dentistry: \$12,929,623
- School of Nursing: \$6,291,291
- School of Public Health: \$11,614,034

For the health science schools and colleges, the state operations and maintenance appropriation is used, in combination with tuition, to support salaries and fringe as well as operating costs, student aid, and other expenditures. FY25 budgeted compensation expenses for these funds range from 50% to 75%, varying by health science college or school based on the unit's overarching budget. Other budgeted expenses range from 25% to 50%.

Sec. 4, Subd. 2 (a) – Medical School Research: \$15,000,000

This appropriation is used to advance Medical School research, discovery, and training through the Medical School's four medical discovery teams as well as other research initiatives, research support services, and training programs. As directed in session law, this appropriation is specifically used for: increasing the medical school's research capacity; improving the medical school's ranking in National Institutes of Health funding; ensuring the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; investing in physician training programs in rural and underserved communities; and translating the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

Below is a summary of the FY25 budgeted allocations. Allocations are assessed annually:

- Medical Discovery Team on the Biology of Aging and Metabolism: \$3,000,000
- Medical Discovery Team on Addiction: \$3,000,000
- Medical Discovery Team on Optical Imaging and Brain Science: \$3,000,000
- Medical Discovery Team – Memory Keepers: \$1,800,000

Information on the Medical Discovery Teams is available on the Medical School's website: [Medical Discovery Teams](#).

In addition, in FY25, \$4,200,000 was budgeted to support the Medical Discovery Teams, other Medical School research initiatives and training, and clinical translational research to meet the goals outlined in session law. As illustrative examples, funds were budgeted for the Rural Physician Associate Program and the rural program on the Duluth campus. In addition, funds were budgeted for research support services such as grant submission and grant management, grant accounting and compliance, clinical trials management, and data and informatics services to increase research capacity.

Sec. 4, Subd. 2(b) – Health Training Restoration: \$7,800,000

This appropriation is used to support programs in the Medical School and School of Dentistry. As directed by session law, the appropriation supports residency programs and training sites, the mobile dental clinic, and geriatric education and family programs. Allocations by school are included below:

- Medical School: \$6,907,500

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Use: The health training restoration appropriation provides ongoing support for faculty physicians who provide training through the Department of Family Medicine's medical resident and student training programs in clinics such as Mill City, Smiley's, Bethesda, Phalen Village, and other sites. This appropriation also provides ongoing support for the Medical School's geriatric education and family programs. Approximately 90% of the funds are budgeted for compensation and other direct faculty support with the remaining funds budgeted for other operating costs associated with these programs.

- School of Dentistry: \$892,500

Use: The health training restoration appropriation provides ongoing support for the School of Dentistry's mobile dental clinic and family programs. Through the Mobile Dental Clinic, dental students provide patient care as part of their clinical education and training under the supervision of faculty dentists.

Sec. 4, Subd. 2(g) –Medical School's New Campus - CentraCare Health System: \$10,000,000

This is a one-time appropriation to the University of Minnesota Medical School to establish, in partnership with the CentraCare Health System, a new Medical School campus in the greater St. Cloud area. The appropriation is available until June 30, 2027 and will be used for tuition support, including a scholarship program targeted at students who will practice in rural areas and targeted at students from diverse backgrounds; costs associated with opening and operating a new regional campus; costs associated with the expansion of a residency program; and costs associated with starting and operating a rural health research program. Funding will only be spent for activities on or associated with the CentraCare Health System Campus in the greater St. Cloud area.

Sec. 4, Subd. 3. (Primary Care Education Initiatives): \$2,157,000

The Primary Care Education Initiatives appropriation is a part of the University's base appropriation from the healthcare access fund. The Medical School budgets these funds for use on both the Twin Cities and Duluth campuses to support primary care initiatives, and they are used for the following Medical School departments: Family Medicine and Community Health; Medicine; Obstetrics and Gynecology; Pediatrics; and general support. Approximately 85% of the funds are budgeted for salaries, and 15% of the funds are budgeted for other costs.

Sec. 4, Subd 4. (State Specials)

The state special allocations noted below are based on historical legislative staff workpapers and conversations with the legislature and are not expected to change. Allocations are adjusted proportionally if the legislature appropriates a different amount for a state special.

Subd. 4(a) - Agriculture and Extension Service: \$42,922,000

Of the University's \$42,922,000 Agriculture and Extension Service State Special, \$1,327,385 was allocated to the College of Veterinary Medicine in FY25. Funds are used to support population medicine, biomedical sciences, and clinical sciences in accordance with session law. Additional details on the status and outcomes of research and initiatives funded through the Agriculture and Extension appropriation will be provided in the report due to the legislature on February 1, 2025 per 2023 Session, Chapter 41. The 2023 report is available on the on the University of Minnesota Government and Community Relations, Mandated Reports website ([Agriculture and Extension Service](#)).

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Subd. 4(b) - Health Sciences State Special: \$9,204,000

Of the University's \$9,204,000 Health Sciences State Special base appropriation, \$346,000 is allocated to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program prepares doctors to practice primary care medicine in rural areas of the state with a goal of improving health care in rural communities, providing affordable access to appropriate medical care, and managing the treatment of patients in a more cost-effective manner.

The remaining \$8,858,000 is allocated as follows and is built into the units' base operating budgets each year and is used in accordance with the appropriation language:

- Medical School Bioengineering: \$76,742
- Rural Physicians Associates Program: \$193,064
- School of Dentistry for dental care: \$100,000
- School of Public Health for health science research: \$340,743
- Office of Academic Clinical Affairs for health science research: \$2,124,211
- Regenerative medicine through a partnership between the Medical School's Department of Medicine and the Mayo Clinic: \$4,350,000; and
- Veterinary Medicine's Veterinary Diagnostic Laboratory: \$1,673,240

Subd. 4(e) - University of Minnesota and Mayo Foundation Partnership: \$7,991,000

Of the University's \$7,991,000 appropriation, \$7,491,000 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. The University of Minnesota and Mayo Clinic submit an annual report to the Governor and legislature each year with a full summary of the funding. The most recent report is available on the University of Minnesota Government and Community Relations, Mandated Reports website ([Minnesota Partnership for Biotechnology and Medical Genomics](#)).

The remaining \$500,000 in FY25 was budgeted for competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

Sec. 4, Subd. 5 (Academic Health Center)

The \$22,250,000 in proceeds from the tax and use tax on cigarettes, as defined under Minnesota Statutes, Chapter 197F and further distributed under Minnesota Statutes, section 297F.10 are provided to the University of Minnesota for academic health sciences. These funds are used on multiple University campuses and budgeted in FY25 as follows:

- Office of Academic Clinical Affairs: \$3,613,301
- Academic Health Sciences: \$822,861
- School of Dentistry: \$144,000
- Medical School: \$14,897,838
- School of Nursing: \$518,000
- College of Pharmacy: \$1,444,000
- Rochester Campus: \$450,000

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- College of Veterinary Medicine: \$360,000

2023 Session, Chapter 63, Article 9, Section 18

The School of Public Health was allocated \$2,500,000 in FY25 for continued establishment of the Center for Cannabis Research. Per session law, the center must investigate the effects of cannabis use on health and research other topics related to cannabis, including but not limited to prevention and treatment of substance use disorders, equity issues, education, and decriminalization. In FY25, approximately 95% of the funds are budgeted for personnel expenditures.

2024 Session, Chapter 120, Article 1, Section 3 – Center for Nursing Equity and Excellence

2024 Session, Chapter 120 provided \$250,000 in nonrecurring funds to the University of Minnesota to establish the Center for Nursing Equity and Excellence. The University, in collaboration with MN State, will use these funds to address nursing workforce needs, including issues of health equity, recruitment, retention, and utilization of nursing workforce resources that are within the current scope of the practice of nurses. The FY25 funding is expected to be used for personnel costs.

Per the requirements set forth in Minnesota Statute 3.197, the cost to prepare this report was \$1,000.