



## University of Minnesota Biennial Request 2014-15

President Eric W. Kaler  
September 14, 2012



### Recap: Budget development process

#### **Project our needs**

- 2.9% increase in Years One and Two (below 2011 inflation rate), or \$40 million
- Exceptional academic experience
- Research
- Recruit/retain world class faculty/staff
- Pay our bills
- Maintain infrastructure

#### **Fund our needs, and historically this has been through**

- State portion
- Student/family portion (tuition)
- University portion (cost reduction/reallocation)

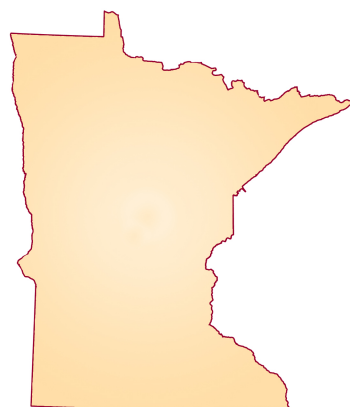
#### **New approach:**

- Not increase tuition burden or student debt
- Increase access to the U for all qualified students, regardless of family income



How do we best secure  
Minnesota's future?

We invest in the bright young  
people who will transform our  
economy



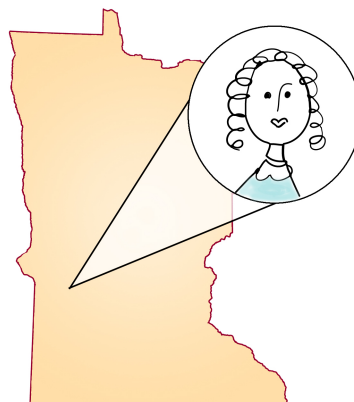
UNIVERSITY OF MINNESOTA  
Driven to Discover™

Who is our future?

Meet Sarah

- She's 17 years old
- She lives somewhere in Minnesota
- Her ACT score is 31
- She's well prepared to be a student at the U
- She loves Minnesota

Sarah and thousands of young Minnesotans  
like her are our future



UNIVERSITY OF MINNESOTA  
Driven to Discover™

How do we help Sarah  
develop skills and knowledge  
to push Minnesota forward?

We enable her to attend our  
state's great research university —  
the University of Minnesota



UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

Enabling Sarah to attend the U requires a new approach. We must:

- *Reform* how we fund higher education
- *Reform* how we invest in research and innovation
- *Reform* how Minnesota students and families pay for higher education



UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

How do we keep  
Sarah's tuition low?

*Reform* how we fund  
higher education



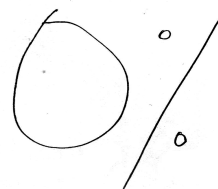
UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

Reform how we fund higher education

**1. Zero percent tuition increase**

Renew our tuition partnership with the State of Minnesota

- For 2014-15, the State commits to supporting the U with an incremental \$14.2 million in each year
- The U commits to holding the resident undergraduate tuition rate at current levels during the biennium
- That's a zero percent increase



UNIVERSITY OF MINNESOTA  
**Driven to Discover™**



## Reform how we fund higher education

### 2. Reduce our operating costs

Drive greater operational excellence

- Reduce administrative costs
- Improve productivity
- Manage risk responsibly by eliminating unnecessary policies and procedures
- Promote entrepreneurialism and flexibility
- Reallocate 5% of our state appropriation, consistent with the governor's request to all state agencies
  - That is \$28 million from our base budget



## Reform how we fund higher education

### 3. Performance and accountability

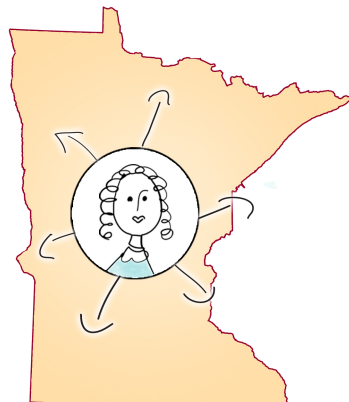
By meeting at least 3 of 5 performance targets, we receive \$11.5 million in FY15

1. Increase University funded financial aid for low- and middle-income students
2. Award at least 15,000 degrees systemwide in 2014
3. Increase undergraduate 4-year and/or 6-year graduation rates on the Twin Cities campus
4. Maintain 2011 level of total National Science Foundation-recorded R&D expenditures compared with 2011
5. Increase invention disclosures



How do we help Sarah succeed  
in the workforce and transform  
Minnesota's economy?

*Reform* how we invest in  
research and innovation



UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

### Establish the Minnesota Discovery, Research and InnoVation Economy (MnDRIVE) funding program

A new, ongoing partnership with the State to discover new knowledge through  
scientific research to:

- Advance Minnesota's economy
- Seize opportunities to leverage Minnesota's strengths and comparative advantages
- Improve Minnesotans' health and quality of life
- Advance the capacity and competitiveness of Minnesota industries
- Position our state as a national leader in key industries

In 2014-15 MnDRIVE provides \$18 million beginning in FY 2014 for scientific  
research in four critical, emerging fields:

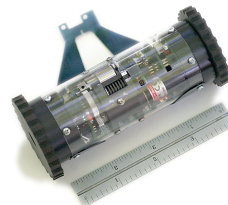


UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

## Supporting Robotics, Sensors, and Advanced Manufacturing

### Vision

*Become a national leader in robotics for advanced manufacturing by building on University strength in engineering, materials science, computer science, and robotics*



### Outcomes

- Minnesota's robotics, sensor automation, and advanced manufacturing industries flourish as the number of master's and Ph.D. graduates in robotics-related fields increase
- More high-paying jobs in Minnesota's robotics-related technology sector
- Increased interaction between the U and Minnesota industry partners
- Growth of a new high-tech industry cluster



## Securing the Global Food Supply

### Vision

*Ensure a safe, sustainable food system and vibrant agricultural sector by creating advances in protecting food against contamination, plant and animal diseases and other threats to the food supply*



### Outcomes

- Minnesota positioned as the "Silicon Valley" of food
- Ensure Minnesota food companies become the world's first to certify their supply chains
- Improve market access for Minnesota agriculture
- Strengthen consumer confidence in Minnesota food companies
- Reduce food contamination and public health threats
- Improve animal welfare



## Advancing Industry, Conserving Our Environment

### Vision

*Use science and technology to solve environmental challenges posed by mining, agriculture, and natural gas exploration and to more efficiently use current and future energy sources*



### Outcomes

- Advance industries critical to our state's economy
- Create jobs
- Improve water quality
- Enhance livability and revitalize Minnesota communities
- Create a platform for growth in related industry sectors
- Improve energy demand forecasting and productivity of alternative sources



## Advancing Discoveries and Treatments for Brain Conditions

### Vision

*Minnesota is a pioneer in effectively treating brain-related disorders through neuromodulation technology*



### Outcomes

- Pioneer new technologies and applications for deep brain stimulation, optogenetics, and feedback control
- Strengthen Minnesota's leadership in neuromodulation through partnerships with Minnesota-based companies
- Improve patient care in clinical settings



How do we help Sarah  
pay for college?

*Reform* how students and  
families pay for higher education



UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

#### Policy initiatives to help students and families pay for college

- Tax credits as a tuition discount for undergraduate students from middle-income families
- Tax credits to keep the best and brightest in Minnesota by offsetting their college loans
- Tax relief for students who have earned scholarships in excess of tuition and fees

#### Loan forgiveness to keep talent in Minnesota

- Providing the U \$1.5 million in 2015 to forgive part of a student's loan if the student becomes a health care professional in an underserved area of Minnesota

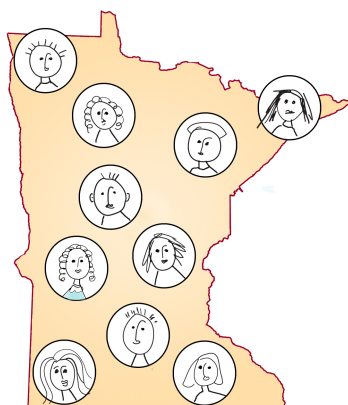


UNIVERSITY OF MINNESOTA  
**Driven to Discover™**

## How do we enable other Minnesotans to help Sarah?

### Provide tax credits to encourage giving

- Create a new state tax credit for those who give charitably to support scholarships
- Create a new tax incentive for individuals who give to higher education but don't typically itemize their tax returns



UNIVERSITY OF MINNESOTA  
Driven to Discover™

## Summary: Sarah's story

### *Reform how we fund higher education*

- New partnership with the State of Minnesota to achieve a zero percent tuition increase
- Cut costs through operational excellence
- Deliver high performance

### *Reform how we invest in research and innovation*

- Establish the MnDRIVE funding program to fuel Minnesota's economy

### *Reform how students and families pay for education.*

- Provide tax credits for students and their families
- Provide tax credits for those who support higher education
- Forgive loans for students who become health care professionals in underserved areas of Minnesota



UNIVERSITY OF MINNESOTA  
Driven to Discover™

## University of Minnesota Biennial Request FY2014 & 2015

### Increment Over Prior Year

	A 2014	B 2015
Tuition Relief	\$ 14.2	\$ 14.2
MNDrive	\$ 18.0	\$ -
AHC Loan Forgiveness Program	\$ -	\$ 1.5
Accountability Fund	\$ -	\$ 11.5
<b>Total</b>	<b>\$ 32.2</b>	<b>\$ 27.2</b>
Percent change prior period	5.9%	4.7%

### Change to Current Base – Biennial Math

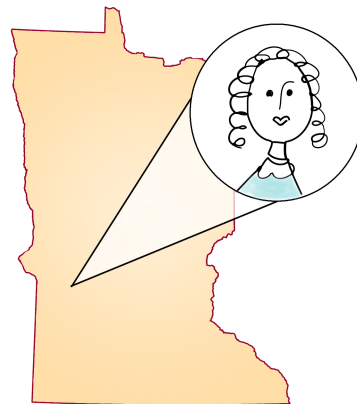
	A 2014	B 2015	C Biennial
Beginning Base	\$ 545.3	\$ 545.3	\$ 1,090.6
U of M Initiatives	\$ 32.2	\$ 59.4	\$ 91.6
<b>Total Requested Appropriations</b>	<b>\$ 577.5</b>	<b>\$ 604.7</b>	<b>\$ 1,182.2</b>
<b>Biennial percent change</b>			<b>8.4%</b>



UNIVERSITY OF MINNESOTA  
Driven to Discover™

How do we best secure  
Minnesota's future?

Invest in Sarah



UNIVERSITY OF MINNESOTA  
Driven to Discover™