

# FY2016-17 Biennial Budget Request

Executive Budget Team Meeting/MMB

October 24, 2014

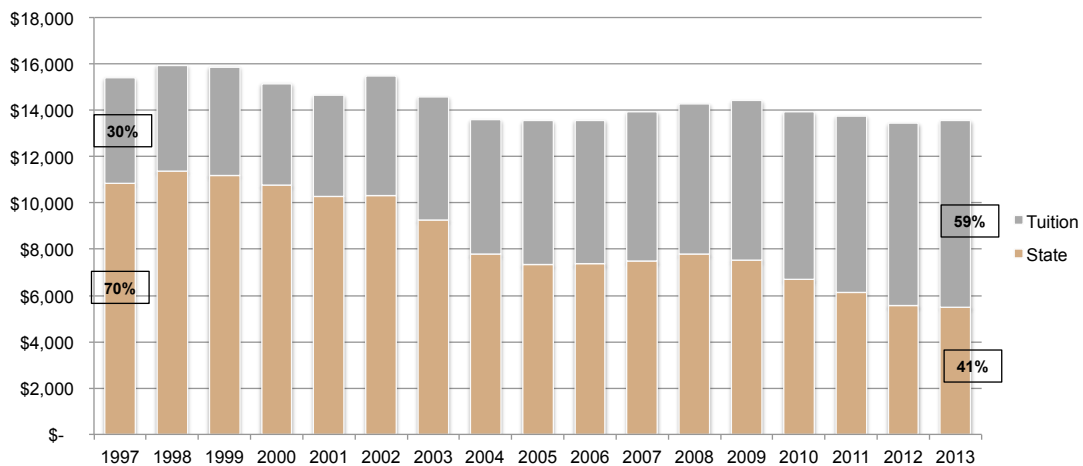
President Eric W. Kaler  
 Vice President Richard Pfitzenreuter



UNIVERSITY OF MINNESOTA

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## University of Minnesota State of Minnesota investment & tuition revenue per degree seeking student Constant 1997 dollars

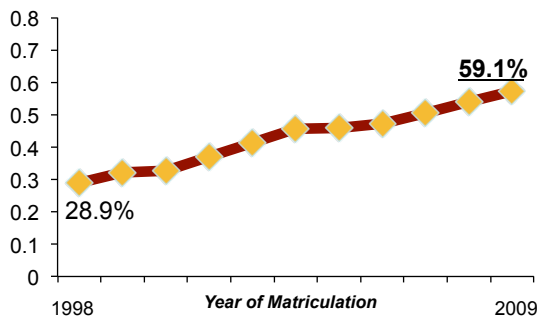


Inflation index: Higher Education Price Index  
 Source: Commonfund, <https://www.commonfund.org/CommonfundInstitute/HEPI/>

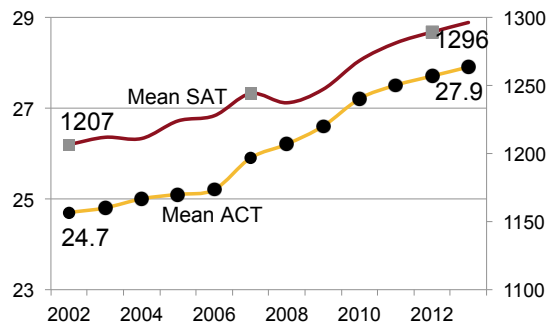
## Student Profile

63,138 Students Spring 2014	Undergraduate	Graduate	Professional	Non-degree
	40,932	13,019	4,206	4,981

Four-Year Graduation Rates-  
Twin Cities



Average ACT and SAT Scores-  
Twin Cities

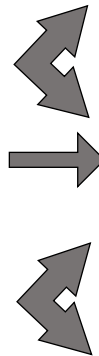


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## Critical Issues – University Priorities

Proposals in priority order:

- Student Affordability & Experience
- Stewardship of University Assets
- Intersection of University Strengths & Current/Emerging State Needs



1. Tuition Freeze
  - provide qualified students access to an affordable University education
2. Facility Condition Improvement Strategy
  - Modern educational and research facilities
3. Healthy Minnesota
  - Improve the health of Minnesotans through research, clinical services and innovative programs
4. Vibrant Economy
  - Strong Minnesota communities with economic development opportunities

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# FY2016-17 Biennial Budget Request

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## Tuition Freeze

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### 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

<i>Incremental over prior year</i>	<b>FY16</b>	<b>FY17</b>
Undergraduate Freeze (3%)	\$13.8M	\$14.2M
Grad/Professional Freeze (3.5%)	\$7.7M	\$8.0M
<b>TOTAL</b>	<b>\$21.5M</b>	<b>\$22.2M</b>

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## Tuition Freeze – Outcomes

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
  - \$5,000 over four year degree program (Medicine)

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



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## Tuition Freeze – University Costs

Cost pressures to remain competitive/improve quality – Do more in an increasingly complex environment:

- Competition for talent – international, industry
- Technology infrastructure
- Student experience (housing, recreation, food, advising, tutoring)
- Regulatory burdens – particularly Federal
- New discoveries/world problems = new fields of study – faculty, buildings, labs, equipment

### Preliminary FY16 Budget Framework Example

#### *Incremental Resources:*

State Appropriation Request-Tuition Freeze	\$21.5m	}
Undergrad/Nonresident Tuition Increase	\$3.8m	
Internal University Reallocations/Budget Cuts	\$15.0m	

#### *Incremental Expenditures:*

- Compensation Increases
- Program Investments
- Classroom Improvements
- Technology Licenses & Infrastructure
- Library Inflation
- Utilities/Debt Service/Bldg Maintenance
- Safety & Security
- Etc.

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## Facility Condition Improvement Strategy

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### 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*

FY16	FY17
\$5.0M	\$5.0M

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## Facility Condition Improvement Strategy – Immediate Action

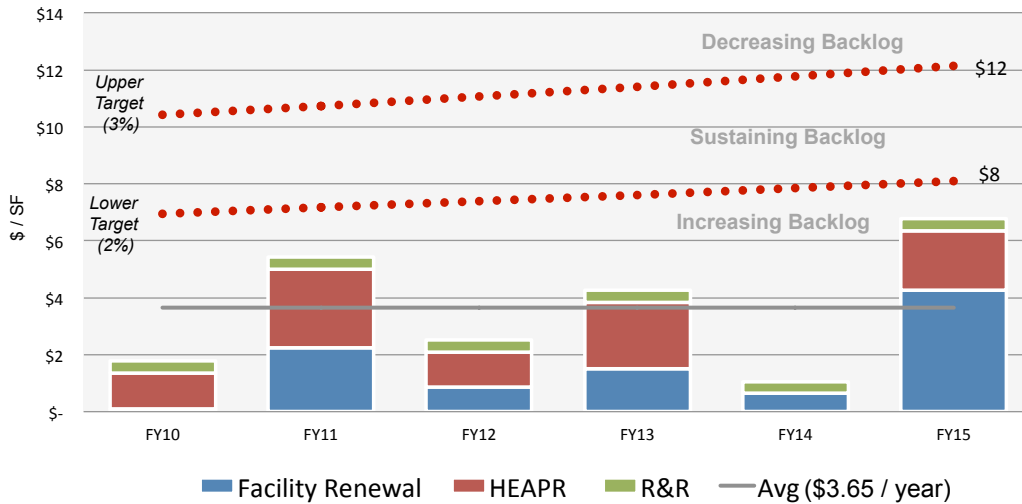
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- State of Minnesota provides an incremental \$5 million in recurring Operations and Maintenance funds in each of four years
- The University then decreases its planned capital request for HEAPR funds (averaging \$60M) by an incremental \$5 million

Year	HEAPR Request	R&R Request	Total New R&R Investment
2015	\$55.0M	\$5.0M	\$5.0M
2016	\$50.0M	\$5.0M	\$10.0M
2017	\$45.5M	\$5.0M	\$15.0M
2018	\$40.0M	\$5.0M	\$20.0M

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# Facility Investment vs. Target



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## 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



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## 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*

FY16	FY17
\$11.5M	\$11.5M



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## 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

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## 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



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## 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

<i>Incremental over prior year</i>	<b>FY16</b>	<b>FY17</b>
Mining Solutions	\$1.75M	\$2.75M
Vital Communities	\$1.75M	\$2.75M
<b>TOTAL</b>	<b>\$3.5M</b>	<b>\$5.5M</b>



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## **Vibrant Economy – Immediate Action**

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### **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 data and specimens to increase knowledge and make information available for future multi-disciplinary research
- Bring together mining and remediation industries, state agencies, tribal governments 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

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## **Vibrant Economy – Outcomes**

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### **Mining Solutions**

- Identify and develop technologies to reduce, mitigate, and prevent contamination to ensure stable ecosystems structure and function
- 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

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## Biennial Budget Request FY2016 - 2017

<i>Incremental over prior year</i>	2016	2017
Tuition Freeze	\$21.5M	\$22.2M
Facility Condition Improvement Strategy	\$5.0M	\$5.0M
Healthy Minnesota	\$11.5M	\$11.5M
Vibrant Economy	\$3.5M	\$5.5M
<b>Total</b>	<b>\$41.5M</b>	<b>\$44.2M</b>



<i>Change to current base – biennial math</i>	2016	2017	Biennial
Beginning base	\$598.9	\$598.9	\$1,197.8
U of M total request	\$41.5	\$85.7	\$127.2
<b>Total requested appropriation</b>	<b>\$640.4</b>	<b>\$684.6</b>	<b>\$1,325.0</b>
Percent change from base			<b>10.6%</b>

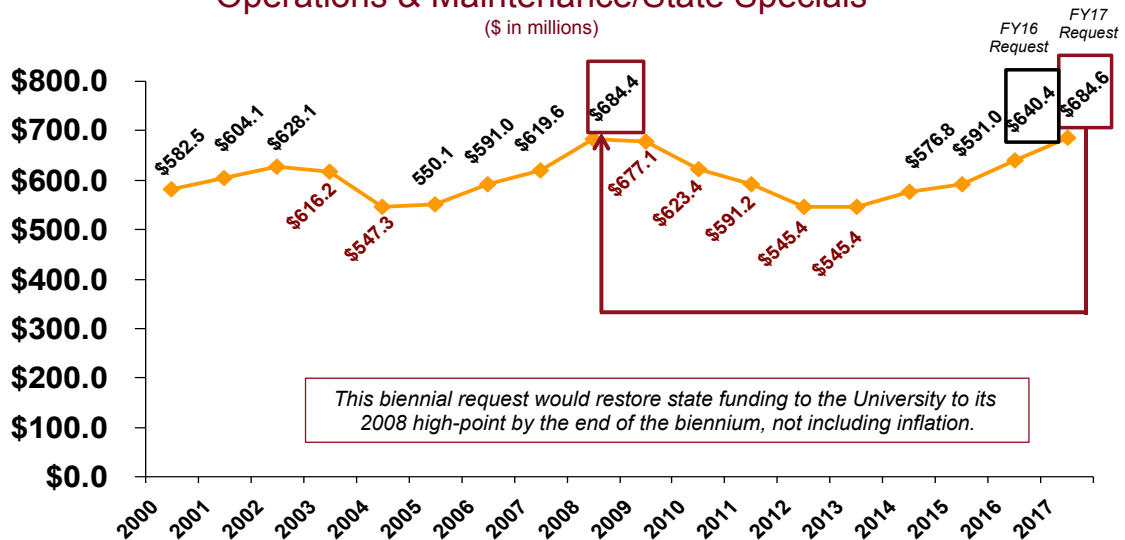
(dollars in millions)

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## State Appropriations Trend: 2000-2017\*

### Operations & Maintenance/State Specials

(\$ in millions)



\*Excludes Cigarette Tax, MnCare, and nonrecurring project appropriations

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## **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
- Environmental & health impacts of mining are addressed
- 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

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## **University of MN Capital Request**

**Higher Education Asset Preservation and Renovation** – as previously described, this request reflects the proposed decrease in the University's planned capital request for HEAPR funds (averaging \$60M) by an incremental \$5 million

**Veterinary Isolation Facility Replacement** - This project will create a biocontainment facility for the College of Veterinary Medicine to house and perform research with large animals and pathogenic agents. The initial program definition, which will be confirmed in predesign, has suggested a 38,500 gross square feet (GSF) facility comprised of biocontainment laboratories, large animal isolation space and a small animal vivarium. The existing Veterinary Isolation Buildings will be demolished following the construction of this project.

**St. Paul Greenhouse Replacement** – This project will renovate or replace collections and teaching greenhouse space on the St. Paul Campus. The greenhouse will be furnished with modern temperature, humidity and lighting controls and monitored via the master greenhouse campus control system. This project was included in the University's 2014 capital request.

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# University of MN Capital Request Financial Summary

		<b>Request</b> <i>dollars in thousands</i>		
Location	Project	Total	State	U of MN
SYSTEM	HEAPR	\$ 55,000	\$ 55,000	\$ -
UMTC	Veterinary Isolation Facility Replacement	\$ 27,000	\$ 18,000	\$ 9,000
UMTC	St. Paul Greenhouse Replacement	\$ 6,000	\$ 4,000	\$ 2,000
<b>Total:</b>		<b>\$ 88,000</b>	<b>\$ 77,000</b>	<b>\$ 11,000</b>



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