

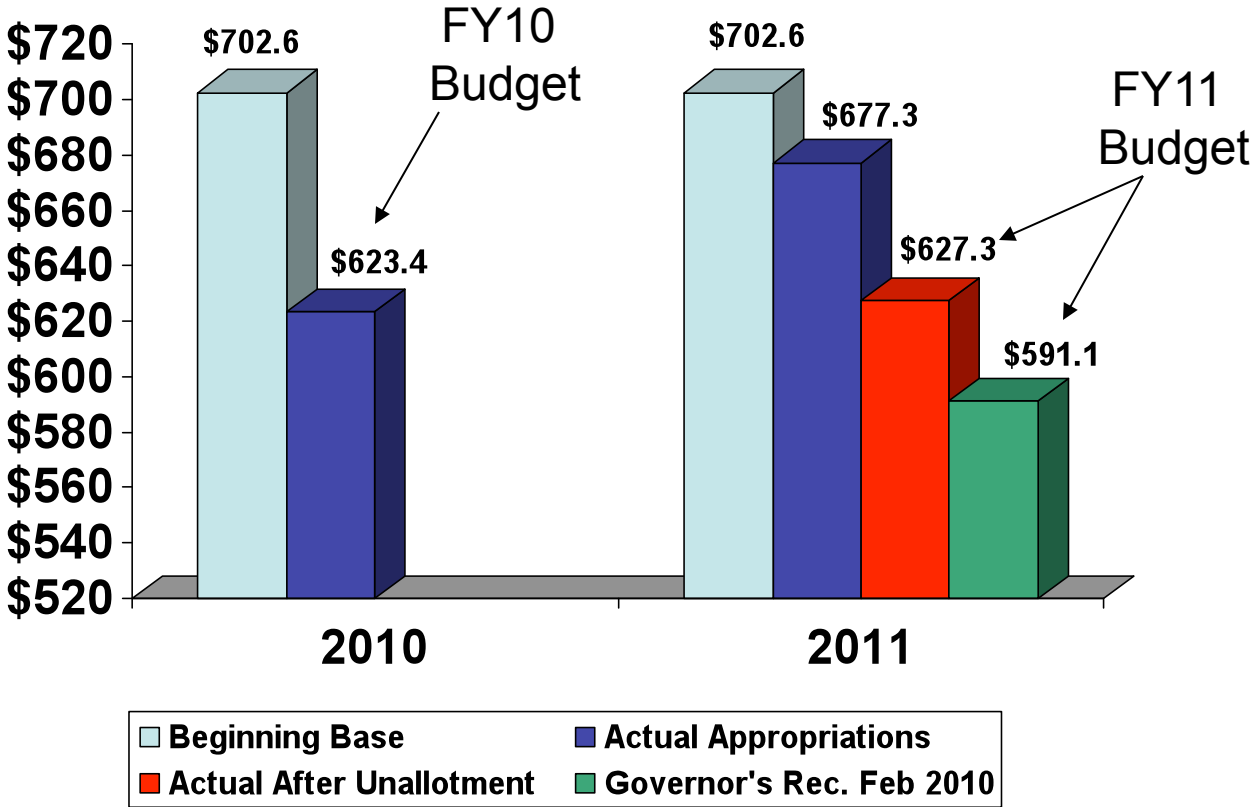
University of Minnesota

Board of Regents

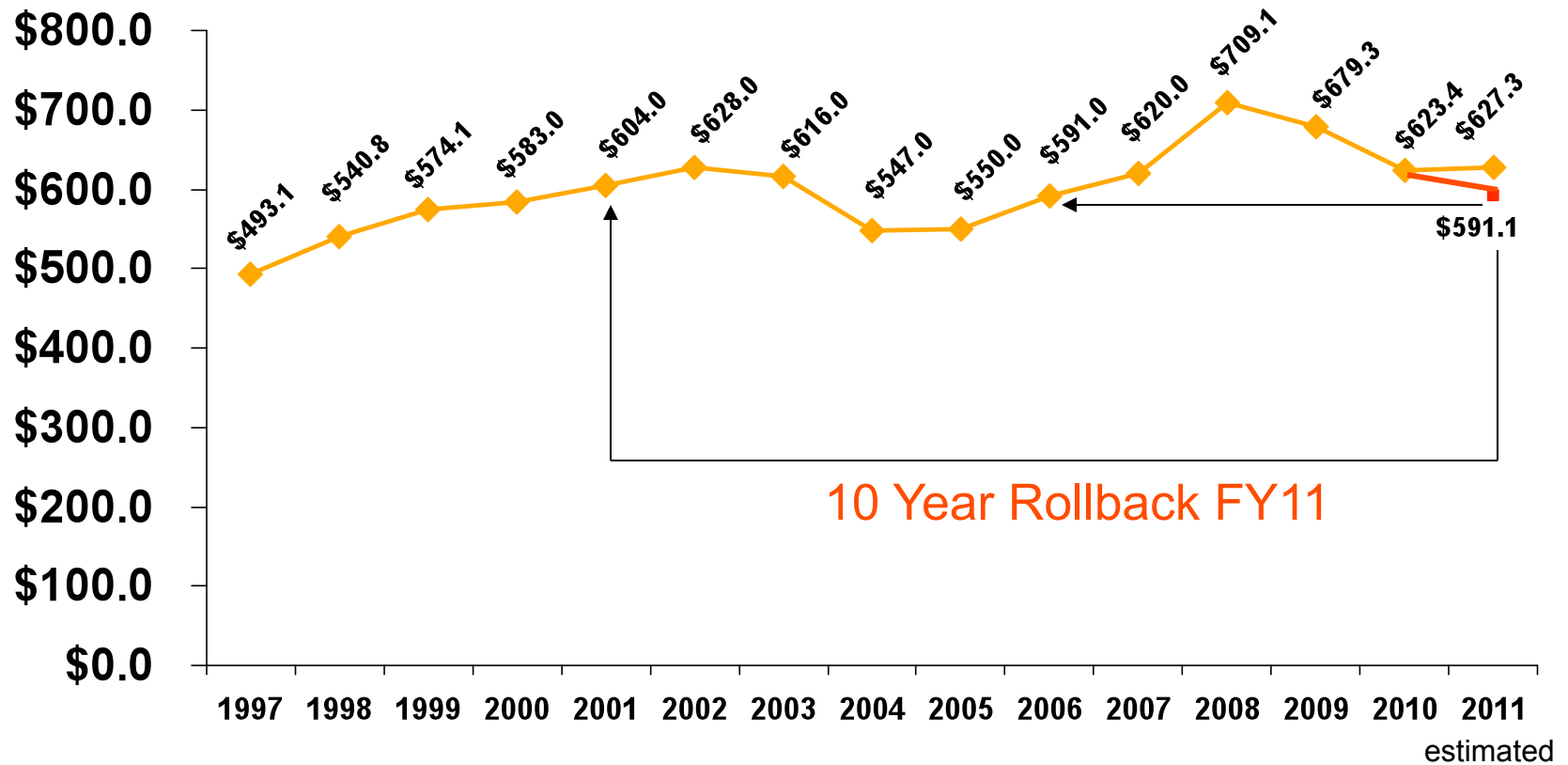
# **Financing the Future: Budget Framework and Principles**

March 12, 2010

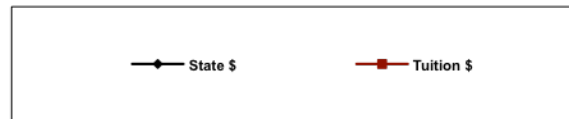
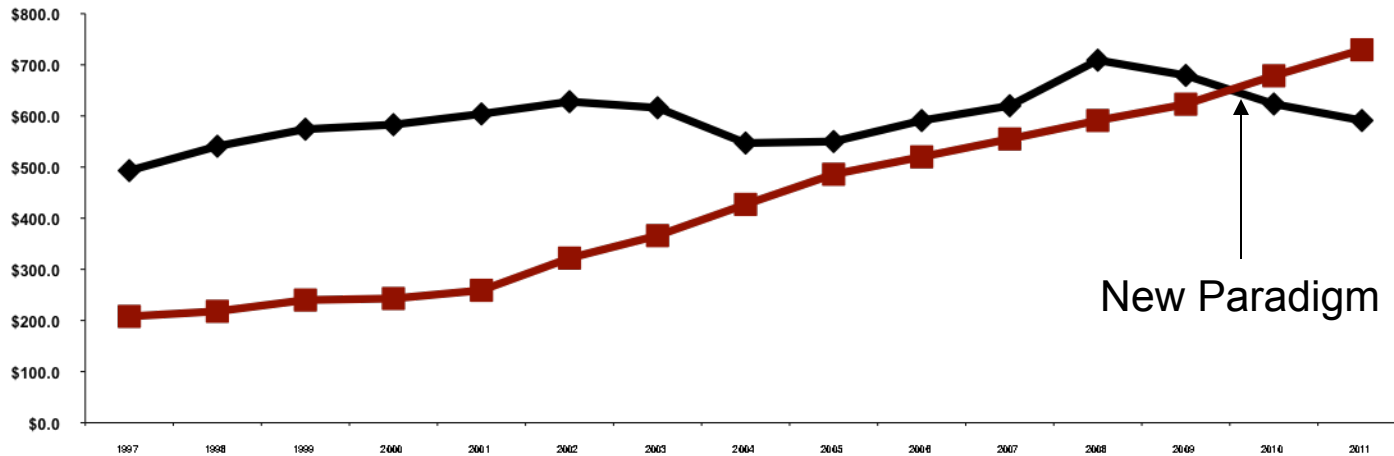
# University of Minnesota 2009 Legislative Outcome FY10 & FY11 General Fund Appropriations



# University of Minnesota Operations & Maintenance/State Specials Trends State Appropriations 1997 to 2011



# University of Minnesota Trends in Tuition & State Funds 1997 to 2011

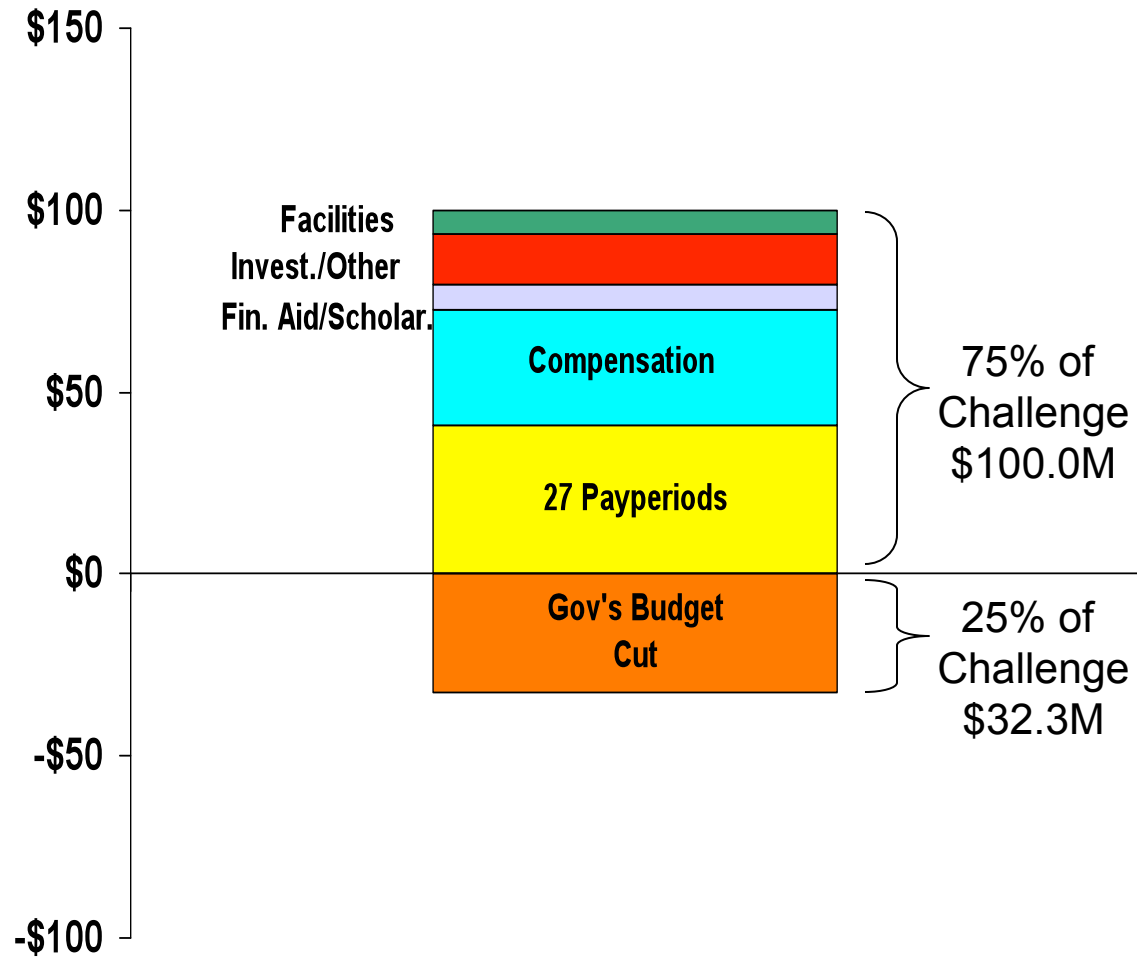


estimated

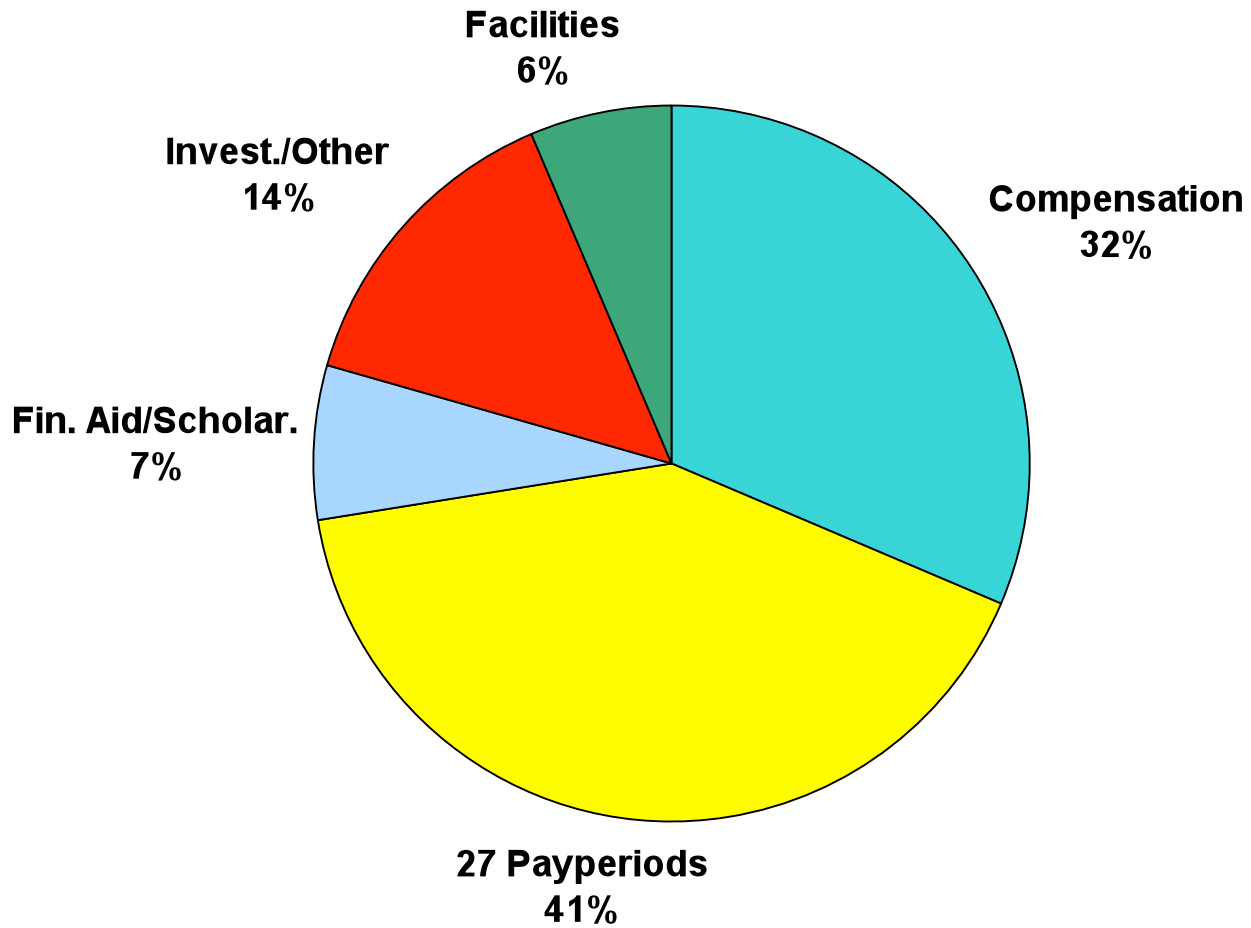
## Budget Principles

1. Advance the University's quality and competitiveness through targeted and timely investment in mission-critical academic and capital priorities.
2. Compensate, support, and retain talented faculty and staff.
3. Continue to improve financial access and affordability for students.
4. Continue to solve the majority of the University's budget challenges and needs through cost reductions, productivity enhancements, reduced investment, and reinvestment of existing resources.
5. Take additional strategic actions to grow and stabilize revenues including state, sponsored, and private support, as well as revenue generated through educational programs.
6. Substantially reduce current and projected cost increases.
7. Apply one-time or temporary resources to reduce the immediate impact of substantial state budget reductions on students and employees, and bridge critical investments to ensure the University's strengths and mission are continued.

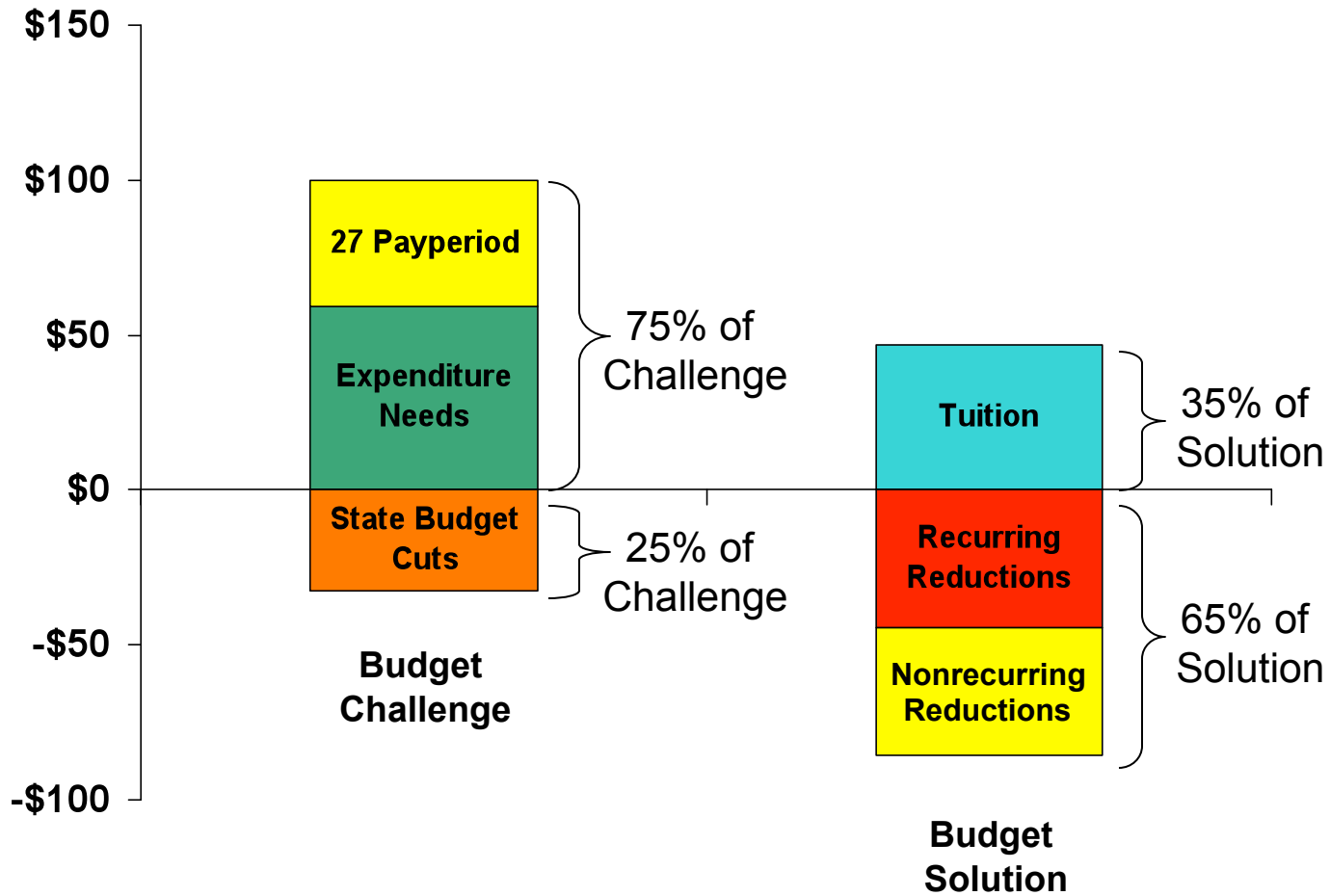
# University of Minnesota FY2011 \$132.3 Million Budget Challenge



# University of Minnesota FY2011 \$100.0 Million Expenditure Challenge [Excludes \$32.3M of Govs. Budget Reduction]



# University of Minnesota FY2011 \$132.3 Million Budget Challenge





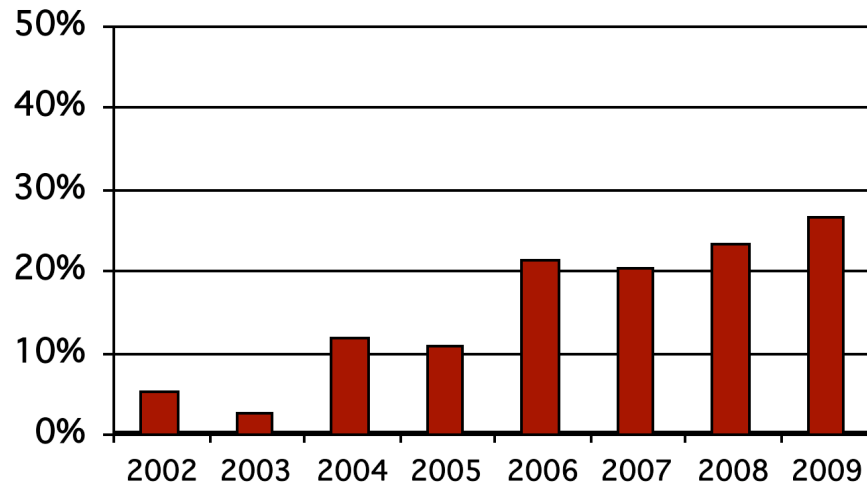
## Importance of Strategic Alignment

- **Our goal is clear:** To become one of the top public research university systems in the world.
- **The question becomes:** How are our priorities and principles, strategies and tactics aligned to make that happen?

### Take tuition for example:

- Tuition has become our most stable source of revenue.
- We are transitioning to a higher-tuition, higher-aid model in order to help stabilize our financial future.
- In order to meet the needs of diverse students and ensure timely graduation (which support our strategic goal), what must we do?
  - 13-credit tuition band = incentive for timely graduation, reduced debt
  - Making scholarships a private fundraising priority = record levels of giving, stronger student support
  - Aggressive need-based financial aid strategies = many students actually attend for less
  - Controlling costs outside of instruction = minimal increases in total cost of attendance

## Increase in Net Price Since 2001 for Twin Cities Resident Undergraduate Students



Net Price 2001:	\$12,212
Net Price 2009:	\$15,476
Increase:	26.7%

Note that the net price in FY 2003, FY 2005, and FY 2007 was less than the year before.

The increase in tuition for resident undergraduate students on the Twin Cities campus was more than 100% over the period FY 2001 to FY 2009. The increase in net price, however, was just 27%. This was for two reasons.

1. First, increases in federal, state, and institutional grant and scholarship support offset the increase in tuition for many students.
2. Second the University minimized increases in other cost of attendance components (e.g., room and board).

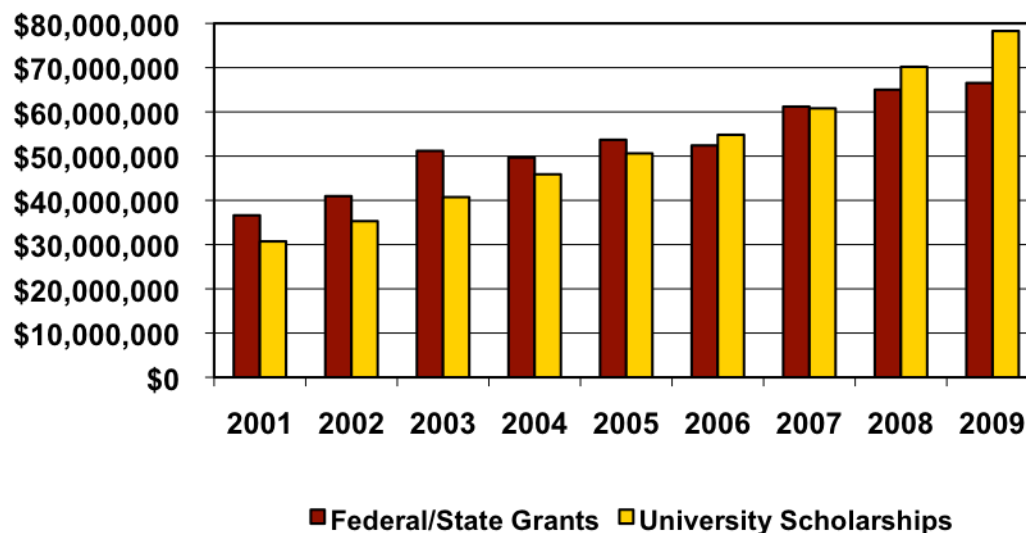
## Undergraduate Education and Affordability

The University of Minnesota is committed to ensuring that all qualified undergraduate students have access to its programs.

- In 2008-09, the University's undergraduate students received \$78 million in University scholarship support—\$10 million more than the combined federal and state grant total of \$68 million.

- Over the period FY 2001 to FY 2009 University scholarship support for undergraduate students has increased by 155 percent.
- Since 2005 the University has raised more than \$300 million for its scholarship endowments.

Grant and Scholarship Support for Undergraduate Students



## Middle-Income Scholarship Support

Approximately **7,500 Minnesota students** from families with an **annual income of \$40K to \$100K** will be eligible for additional support:



### **\$40K-\$60K Example**

- \$1,500 middle-income scholarship
- \$783 Pell/State Grant increase
- \$420 Federal stimulus funding

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**Change in tuition: -\$1,983 or -20.7%**

**Note that these students and their families will also benefit by the \$700 increase in the federal Hope tax credit.**

## 2008-09 University of Minnesota Student Financial Assistance

In 2008-09 the University provided more than **\$400 million** in support of its students in the form of scholarships, fellowships, and University employment.

	<u># Students</u>	<u>Scholarships</u>	<u>University Employment***</u>	<u>Total</u>
Undergraduate	40,546	\$78,286,219	\$42,732,503	\$121,018,723
Graduate	14,944	\$36,657,672	\$157,426,528	\$194,084,201
First Prof *	2,890	\$9,841,202	\$2,425,903	\$12,267,105
First Prof/Other **	<u>2,019</u>	<u>\$0</u>	<u>\$73,788,287</u>	<u>\$73,788,287</u>
<b>Total</b>	<b>60,399</b>	<b>\$124,785,094</b>	<b>\$276,373,222</b>	<b>\$401,158,316</b>

\* Includes just J.D., D.D.S., Pharm.D., D.V.M., M.D.

\*\* Includes medical residents and fellows, pre-docs, and post-docs

\*\*\* Includes research assistants and teaching assistants

## Key Conclusions

1. **The University of Minnesota is essential to Minnesota**, in terms of human capital, innovation, economic growth, and quality of life.
2. **We have been national leaders in financial support** for students, so while tuition rates have climbed at the University and elsewhere, our actual cost has remained affordable, especially for Minnesota students with financial need.
3. **We have weathered past deep cuts creatively** in 2004-05 & 2009-10, but we can no longer make dramatic cuts to balance our budget
4. **Our approach today must be comprehensive**, including cost reduction, improved productivity and increased revenue at all levels of the University – everyone is responsible!
5. **Strong state partnership and strong state support remains essential** to maintaining the University's quality and its ability to deliver on its public mission.
6. **Support for the University is support for Minnesota**, in terms of jobs, human capital and workforce needs, innovation, economic growth, and quality of life.