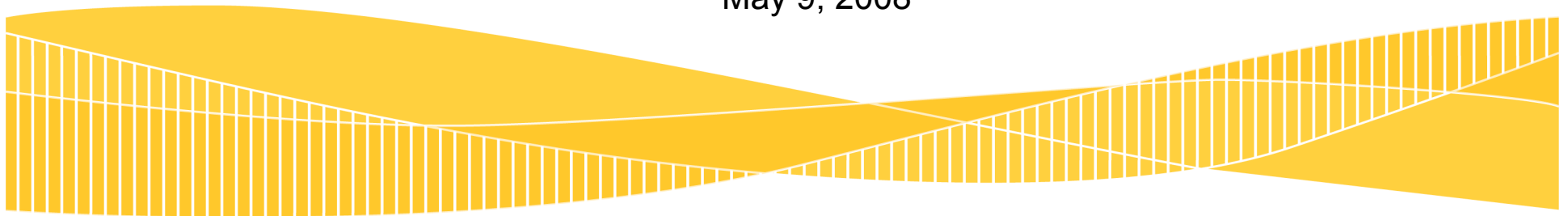


Annual Operating Budget

Fiscal Year 2008-09

President Robert H. Bruininks

May 9, 2008



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

Annual Operating Budget: Two-Year Cycle

Approved June 2007

Fiscal Year 2007-08
President's
Operating Budget Plan

Fiscal Year 2008-09
Preliminary Financial Plan

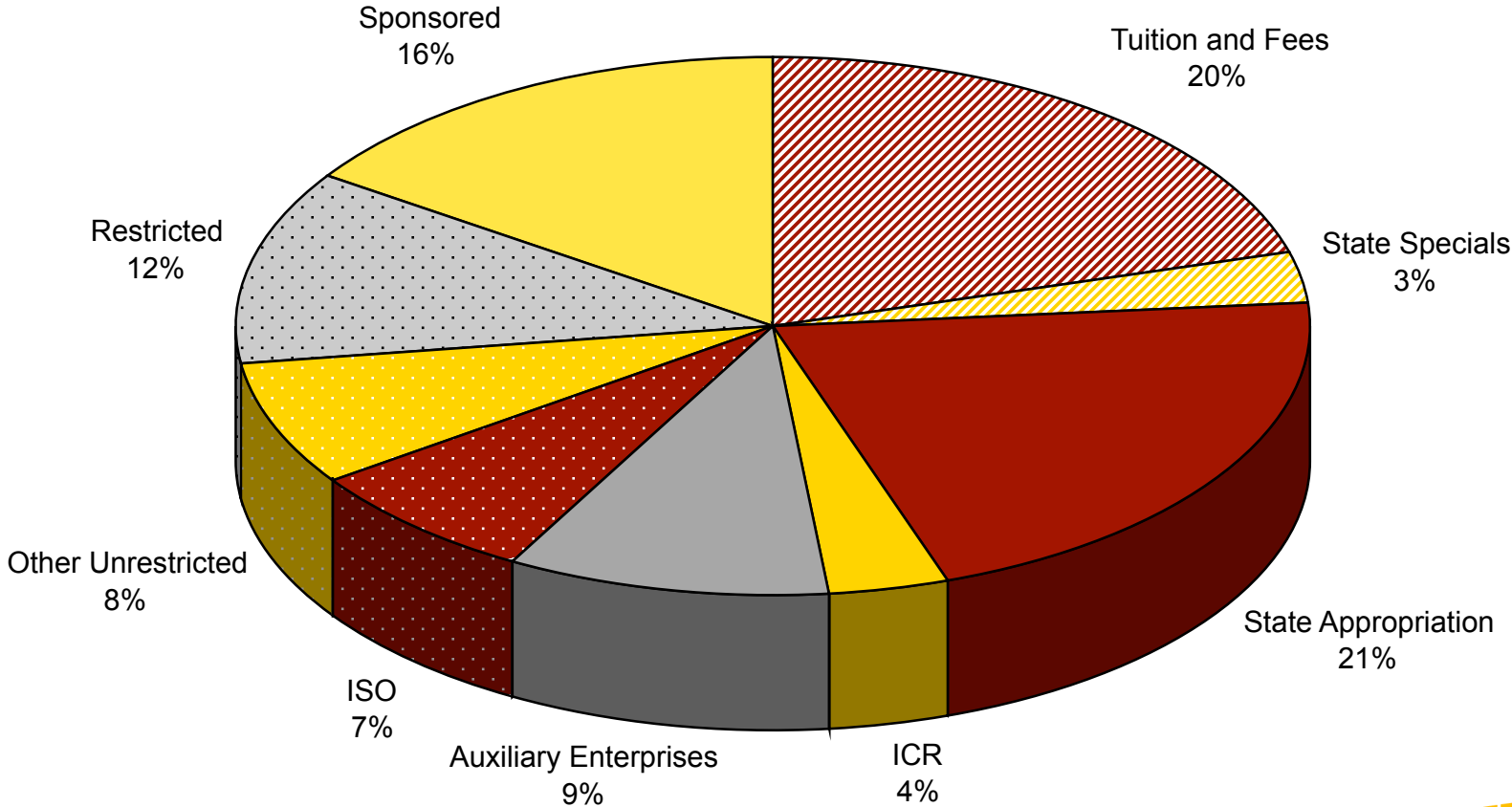
Approve June 2008

Fiscal Year 2008-09
President's
Operating Budget Plan

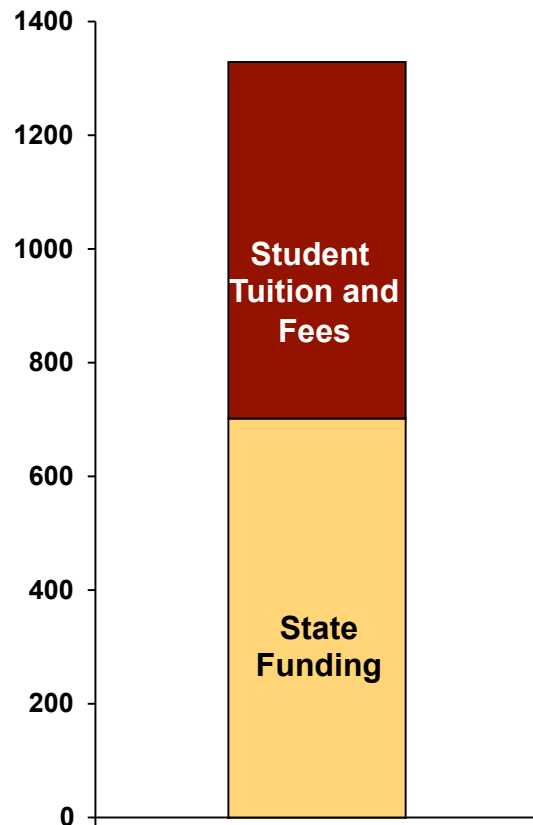


Annual Operating Budget: Revenue Sources

All Funds FY2008-09: \$3.0B



Annual Operating Budget: Tuition and State Appropriations



FY 2008-09 Revenues: \$1.3B

Why are these revenues so important?

- 70% of total spending on instruction
- 77% of total spending on student services
- 72% of total spending on faculty compensation
- 93% of the total budget of CLA
- 78% of the total budget of IT
- 75% of the total budget of CFANS

Annual Operating Budget: FY08-09 Context

Issue 1:
Current Law Budget
(Baseline)

Issue 2:
Managing Possible Reductions
(Contingencies)

Financial Framework: 2008–2009 Biennial Budget Request

Strategic Framework

Exceptional Students
**Exceptional Faculty
& Staff**
Exceptional Organization
Exceptional Innovation

Budget Framework

**Sustaining Quality
& Competitiveness:**
What expenditures are
required to maintain
the quality of the U?

**Creating Minnesota's
Future:** What must be
done to ensure the
competitiveness of the
U and the state in the
global economy?

Strategic Goal

**To become one of
the top public
research universities
in the world, while
achieving an
equivalent standard
of excellence for the
coordinate campuses.**

Biennial Request and Outcome

	<u>FY2007-08*</u>	<u>FY2008-09</u>
Request	\$58,900,000	\$64,500,000
Actual	\$67,447,000	\$16,640,000
Difference	\$ 8,547,000	(\$47,860,000)

**Excludes \$25M one-time U/Mayo Partnership funds.*



Change in Tuition and Fees, FY2007-FY08

Resident undergraduates living in dorms, by campus	Average % Increase: Tuition and Fees FY07-08	Average % Increase: Total Cost of Attendance FY07-08
UMTC*	1.9%	2.9%
UMC*	1.6%	2.7%
UMD	1.4%	2.3%
UMM	-10.3%	-4.6%

** Reflects students with family income of \$150,000 or less.*

Current Law: FY2008-09 Appropriation

Resources

New State Appropriations \$16.6M

Student Tuition & U Fee \$37.3M

Other Resources \$17.6M

Uncommitted FY2008 Appropriation \$4.8M

Unobligated Carry-Forward \$7.1M

Other Institutional Revenues \$5.7M

University Internal Reallocations \$ 5.3M

Total Resources \$ 76.8M



Annual Operating Budget: FY08-09 Principles

- Hold tuition revenue increase at 7.5%.
- Allocate required funds for Founders Free Tuition Program and year two of Minnesota Resident Scholarship.*
- Honor the University's commitment to the 3.25% general compensation increase.
- Advance academic strategic positioning priorities.
- Meet legal and contractual requirements.
- Stress improvements in cost containment and productivity.
- Leverage recurring central resources with unit level resources to maximize overall investment.

**Middle-income scholarship approved in FY2007-08*



Financial Framework: Prioritized Expenditures

Strategic Framework

Exceptional Students

Exceptional Faculty
& Staff

Exceptional Organization

Exceptional Innovation

Budget Framework

Core expenditures:

Compensation, scholarship
& debt obligations; utilities;
new facilities operation; etc.

Essential expenditures:

Mission-critical initiatives to
maintain forward progress
and improve productivity

Postponed investments:

Important initiatives that
have been delayed or cut

Strategic Goal


To become one of
the top public
research universities
in the world, while
achieving an
equivalent standard
of excellence for the
coordinate campuses.

Financial Framework: Prioritized Expenditures


Core Expenditures = \$41.7M: Obligations including employee compensation, debt service, utilities increases, new building operations, scholarships for low- and middle-income students.

Essential Expenditures = \$35.1M: Necessary expenditures, including to improve academic performance, retention and graduation; to fund critical infrastructure and technology such as enterprise system security; and to improve public safety.

Postponed Investments = \$22.7M: Compelling initiatives we've already eliminated or delayed to address the funding gap in year two of the current biennium.



Commitment to Affordable Education

1. Continue University strategies to improve affordability:
 - **Founders Free Tuition Program**
 - **Promise for Tomorrow Scholarship Drive**
 - **Graduate and Professional Student Support**
 2. Maintain our commitment to the two-year, temporary, Minnesota Resident Scholarship for resident undergraduate students with family incomes below \$150,000.
 3. Continue tuition reforms passed last spring.
- 

Fiscal Year 2008-09 Tuition Plan

Tuition and University Fee :
 MN Resident Undergraduate – Family Income Less Than \$150,000

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
	08	09	09	09	09
	<u>Tuition & U Fee</u>	<u>7.5% Increase Over 08</u>	<u>Tuition & U Fee</u>	<u>Resident Scholarship*</u>	<u>Net Tuition & U Fee</u>
Twin Cities	\$8,950	+ \$671	\$9,621	- \$224	\$9,367
Crookston	\$7,448	+ \$559	\$8,007	- \$186	\$7,821
Duluth	\$8,700	+ \$653	\$9,353	- \$218	\$9,135
Morris	\$8,700	+ \$653	\$9,353	- \$218	\$9,135

**Year 2 of 2-year scholarship designed to limit the tuition increase for resident undergraduate students with family incomes below \$150,000.*

Fiscal Year 2008-09 Cost of Attendance

Twin Cities Resident Undergraduate – Pell-Eligible

\$0 Expected Family Contribution with Founders Free Tuition Scholarship

	<u>2007-08</u>	<u>2008-09</u>	<u>\$ Increase</u>	<u>% Increase</u>
Tuition (Full-time, 13 credits)	\$7,950	\$8,521		
University Fee	1,000	1,100		
Net Tuition & U Fee	\$8,950	\$9,621	\$671	
Student Services Fees	648	673		
Technology Fee (avg.)	294	304		
Transportation Fee	32	32		
Stadium Fee	25	25		
Other Required Fees*	3	4		
Subtotal Tuition/Required Fees	\$9,952	\$10,659	\$707	
Room & Board	\$7,062	\$7,280	\$218	
Total Cost of Attendance	\$17,014	\$17,939	\$925	5.4%
Founders Scholarship	-\$12,809	-\$13,516	-\$707	
Net Total Cost of Attendance	\$4,205	\$4,423	\$218	5.2%

* Council of College Boards, MN Student Assoc., Student Emergency Loan Fund

Fiscal Year 2008-09 Cost of Attendance

Twin Cities Resident Undergraduate – Family Income \$150,000 or Less

	<u>2007-08</u>	<u>2008-09</u>	<u>\$ Increase</u>	<u>% Increase</u>
Tuition (Full-time, 13 credits)	\$7,950	\$8,521		
University Fee	1,000	\$1,100		
Net Tuition & U Fee	\$8,950	\$9,621	\$671	
Student Services Fees	648	673		
Technology Fee (avg.)	294	304		
Transportation Fee	32	32		
Stadium Fee	25	25		
Other Required Fees*	3	4		
Subtotal Tuition/Required Fees	\$9,952	\$10,659	\$707	
Room & Board	\$7,062	\$7,280	\$218	
Total Cost of Attendance	\$17,014	\$18,939	\$925	7.2%
Resident Scholarship	-\$221	-\$224		
Net Total Cost of Attendance	\$16,793	\$17,715	\$922	5.5%

* Council of College Boards, MN Student Assoc., Student Emergency Loan Fund

Fiscal Year 2008-09 Cost of Attendance

Twin Cities Resident Undergraduate Family Income \$150,000 or more

	<u>2007-08</u>	<u>2008-09</u>	<u>\$ Increase</u>	<u>% Increase</u>
Tuition (Full-time, 13 credits)	\$7,950	\$8,521		
University Fee	1,000	1,100		
Net Tuition & U Fee	\$8,950	\$9,621	\$671	
Student Services Fees	648	673		
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**Council of College Boards, MN Student Assoc., Student Emergency Loan Fund*

Contingency Planning: Context

Original Biennial Budget Proposal:
\$64.5 Million State Budget Increase

Current Law FY2008-09 Budget:
\$16.6 Million State Budget Increase

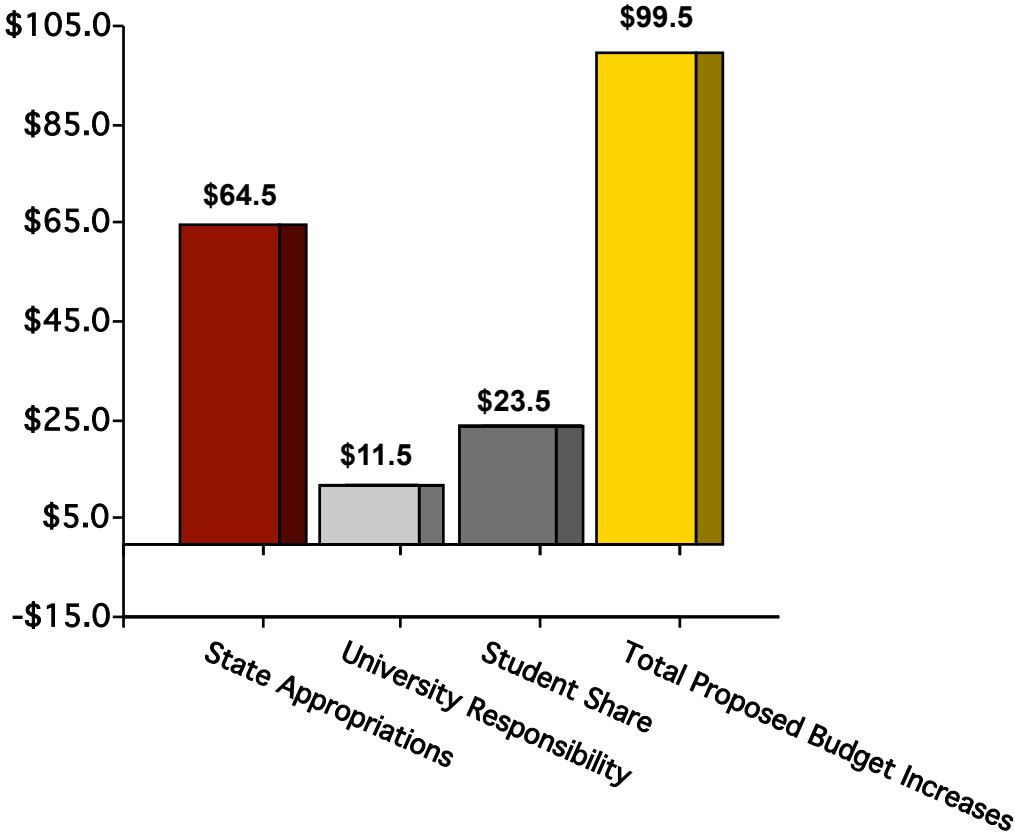
Scenario 1: \$10.0M State Budget Reduction

Scenario 2: \$27.0M State Budget Reduction



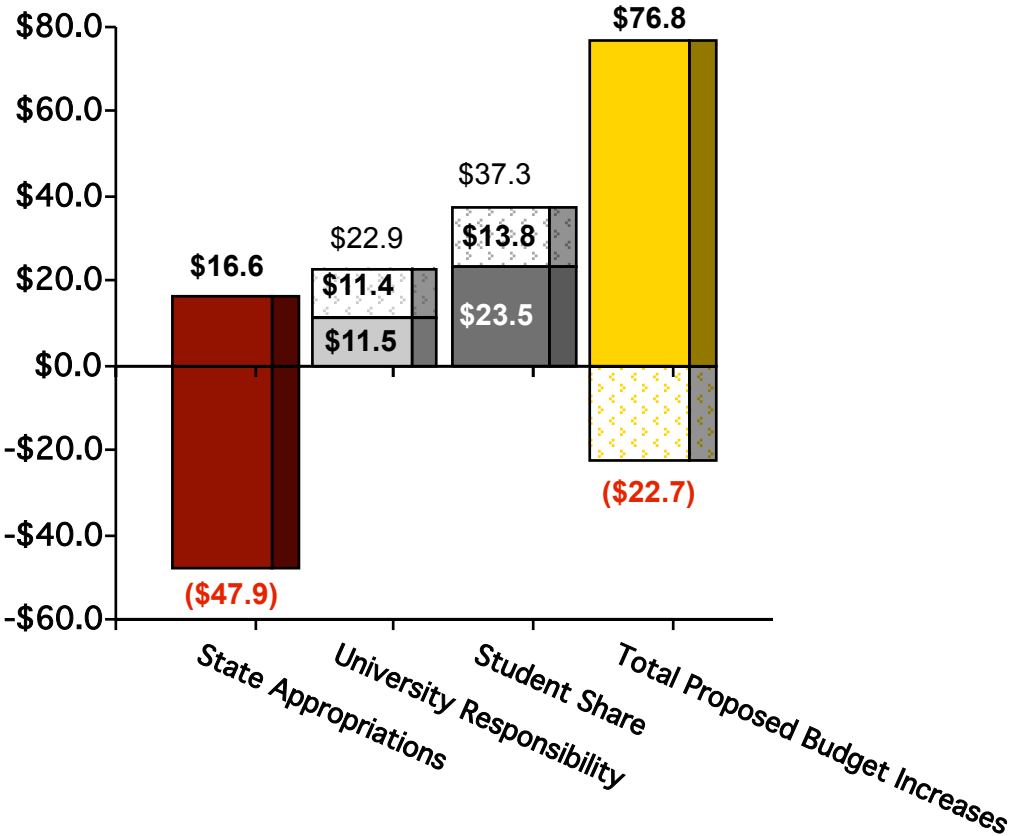
FY2008-09 Original Biennial Budget Proposal

\$64.5M State Budget Increase



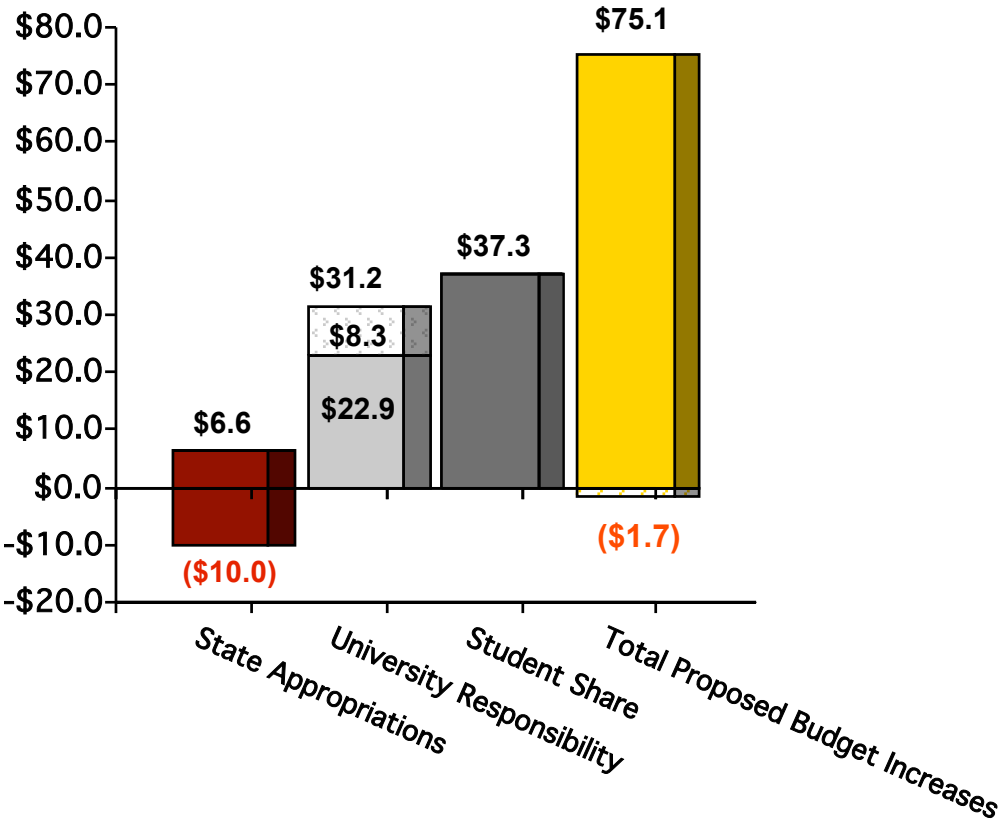
FY2008-09 Current Law Recommendation

\$16.6M State Budget Increase



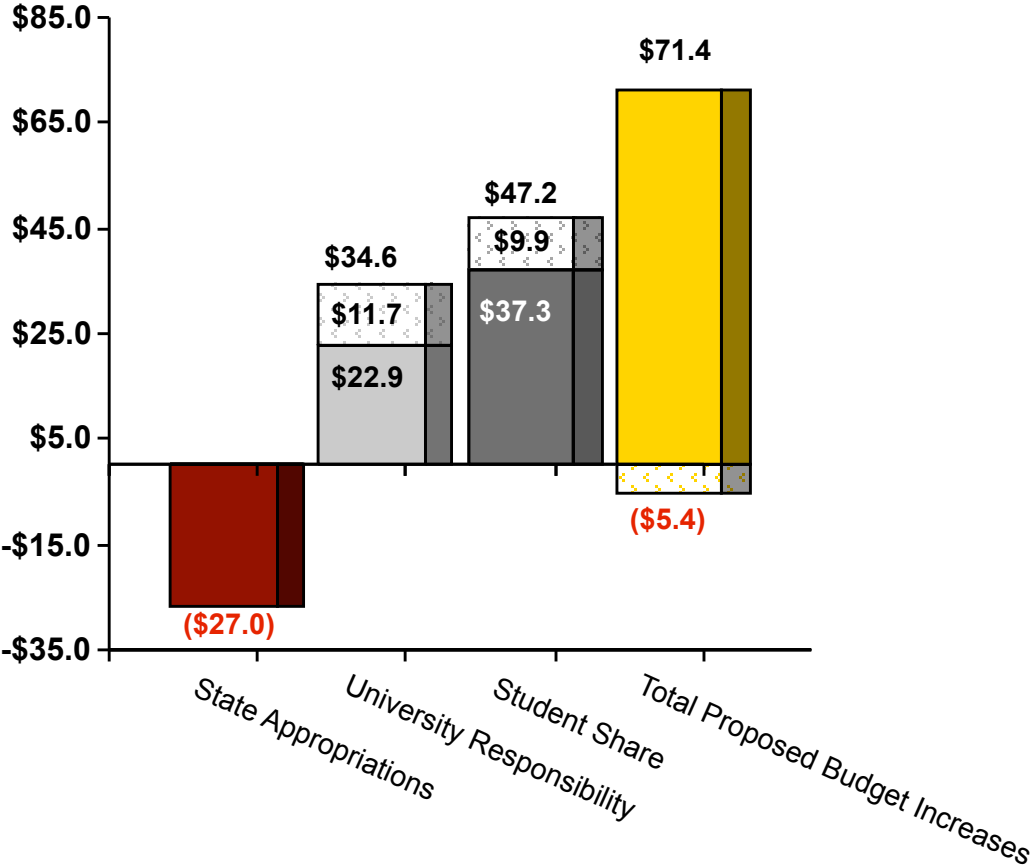
FY2008-09 Contingency Planning

Scenario 1: \$10.0M State Budget Reduction



FY2008-09 Contingency Planning

Scenario 2: \$27.0M State Budget Reduction



Resolution: FY2008-09 Operating Budget

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated \$727,619,000 in state general fund monies for fiscal year 2008-09 to the University of Minnesota, which represents an increase of \$16,640,000 in the Operations & Maintenance appropriation and a decrease of \$26,000,000 in the State Special appropriations compared to the prior year's base level funding, for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

WHEREAS, the University of Minnesota must be positioned to maintain desired undergraduate enrollment levels and enrollment profiles on each campus as the number of high school graduates declines over the next 5-10 years in the reciprocity states from which the University recruits most of its nonresident students,

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2007-08 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 2008-09.

The Fiscal Year 2008-09 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's Recommended Fiscal Year 2008-09 Operating Budget:

Attachment(s)

