

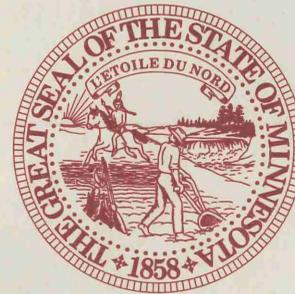
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STATE OF MINNESOTA

870149

**PROPOSED BIENNIAL BUDGET  
1987-89**

**FOR  
POST-SECONDARY EDUCATION**



**PRESENTED BY GOVERNOR RUDY PERPICH  
TO THE SEVENTY-FIFTH LEGISLATURE**

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- INDEX -

	<u>SECTION</u>
Community College System	6
Higher Education Coordinating Board (HECB)	3
Higher Education Facilities Authority	4
Job Skills Partnership Board	1
Mayo Medical School	9
Minnesota Educational Computing Corporation (MECC)	2
State University System	5
University of Minnesota	8
Vocational-Technical Education, Department of	7

AGENCY: JOB SKILLS PARTNERSHIP BOARD

1987-89 Biennial Budget

**AGENCY PURPOSE:** The Minnesota Job Skills Partnership is a commitment by the State of Minnesota to extend the education and training resources of the state to provide Minnesota employers with a well trained and skilled work force and to insure that displaced workers and unemployed individuals have access to training that will lead to jobs.

**OPERATION AND CLIENTELE:** The Minnesota Job Skills Partnership is governed by a 21-member board appointed by the Governor and legislative leadership. The Partnership is a catalyst to bring together employers with specific training needs with education institutions which can design programs to fill those needs. Grants from the Partnership are made to education and training institutions for the purpose of training workers for employers experiencing specific skill shortages. The participating business must make an equal cash or in-kind contribution to the training. In the short term, employers experiencing skill shortages will be able to employ workers trained to meet those needs. In the long term, it is the goal of the Partnership to promote the economic interests of Minnesota citizens through closer cooperation between the state's businesses and the education, employment and training systems of the state.

ACTIVITY STATISTICS:	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987
Grants Awarded	5*	11*	7	3
Partnership Funds	241.0	595.7	541.6	40.0
Private Sector Match	396.0	859.8	930.9	60.0
Employers Participating	10	34	36	7
Schools Participating	4	11	9	4
Trainees Proposed	431	1,273	718	100

\* One grant cancelled each year, excluded from other totals

**OBJECTIVE:** To enhance education's capacity to develop training programs to meet the needs of Minnesota employers experiencing skills shortages.

EFFECTIVENESS MEASURES:

- 21 projects have been funded involving 24 education and training institutions and 80 companies.
- Partnership grants totalling \$1,378,296 have generated \$2,186,691 in match from industry; 50% more than required by legislation.
- 2,312 trainees have either completed training or are currently in training; 884 additional trainee positions are in the process of being filled.
- Schools have developed new expertise in areas such as statistical process controls, fiberglass manufacturing, paper process technology, CAD/CAM, computerized numerical controls, robotics, etc.
- Companies have donated equipment and loaned expert personnel to the schools involved.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

**OBJECTIVE:** To insure access to training that will lead to jobs for displaced workers, potentially displaced workers and unemployed individuals.

EFFECTIVENESS MEASURES:

- Placement rate is over 90%.
- Of the total trainee population, 37% were displaced or potentially displaced workers, 56% were either displaced homemakers or other unemployed individuals.
- Educators have adapted delivery systems to increase access to training.
- Schools have worked in each project with Job Service and social service agencies to target trainee applicants.

**OBJECTIVE:** To promote the economic interests of Minnesota citizens through closer cooperation between the state's businesses and the education, employment and training systems of the state.

EFFECTIVENESS MEASURES:

- In the 6 completed projects, the total proposed trainees was 609, the total actually trained, placed or retained was 1370.
- Average cost of training to the Partnership is \$600 per trainee.
- Anticipated annual tax revenue from the income of trainees is \$3,596,550; in terms of tax revenue, the average payback period is 6 months.
- Projects have been funded throughout the state; of the 21 projects, 17 have been outside the Twin Cities area.

**EXPLANATION OF BUDGET REQUEST:** One CHANGE level is requested for this agency. Five positions and \$2,500.0 are requested in each year of the biennium to continue its matching grant program.

**GOVERNOR'S RECOMMENDATION:** The Governor recommends \$2,000.0 and 4 positions for the biennium to continue the operation of the Job Skills Partnership Board.

The Governor recommends that the sunset clause be changed to 6-30-91.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: JOB SKILLS PART BD

PROGRAM: JOB SKILLS PART BD

AGENCY: JOB SKILLS PARTNERSHIP BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	150.8	156.6	183.0		225.6	225.6	211.1		225.6	225.6	211.1
LOCAL ASSISTANCE	774.9	652.8	25.5		2,274.4	2,274.4	788.9		2,274.4	2,274.4	788.9
AIDS TO INDS.											
TOTAL EXPENDITURES	925.7	809.4	208.5		2,500.0	2,500.0	1,000.0		2,500.0	2,500.0	1,000.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	125.3	128.0	144.1		181.3	181.3	168.1		181.3	181.3	168.1
EXPENSES & CONTRAC. SERV	21.8	25.0	33.7		38.8	38.8	37.6		39.8	39.8	37.6
SUPPLIES & MATERIALS	2.8	2.7	3.2		3.5	3.5	3.4		3.5	3.5	3.4
EQUIPMENT	.9	.9	2.0		2.0	2.0	2.0		1.0	1.0	2.0
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	150.8	156.6	183.0		225.6	225.6	211.1		225.6	225.6	211.1
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	925.7	809.4	208.5		2,500.0	2,500.0	1,000.0		2,500.0	2,500.0	1,000.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	925.7	809.4	208.5		2,500.0	2,500.0	1,000.0		2,500.0	2,500.0	1,000.0
POSITIONS BY FUND											
GENERAL	3.0	3.0	3.0		5.0	5.0	4.0		5.0	5.0	4.0
TOTAL POSITIONS	3.0	3.0	3.0		5.0	5.0	4.0		5.0	5.0	4.0

CHANGE REQUEST

Agency     Program     Activity

1987-89 Biennial Budget

ACTIVITY: JOB SKILLS PARTNERSHIP BOARD  
 PROGRAM: JOB SKILLS PARTNERSHIP BOARD  
 AGENCY: JOB SKILLS PARTNERSHIP BOARD

Request Title: MATCHING GRANT PROGRAM				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$2,500.0	5.0	\$2,500.0	5.0
Governor's Recommendation				
General Fund	\$1,000.0	4.0	\$1,000.0	4.0
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 116L				

STATEMENT OF REQUEST/OBJECTIVE:

The Minnesota Job Skills Partnership Board requests the above funds to continue its highly successful matching grant program which is designed to enhance the capacity of education to respond to Minnesota industry needs. Grant funding was exhausted in F.Y. 1987, yet numerous requests from educators and employers indicated that the catalytic function of the board to promote closer cooperation between these sectors is just beginning to take effect. The objective of this request is to develop a stronger focus in the state on the need to upgrade and retrain the Minnesota workforce in order to promote the competitiveness of Minnesota industry and to provide good jobs in strong companies for state residents by expanding the impact of the grant program beyond the current 24 schools and 80 businesses. This request includes the continuation of all of the provisions of the enabling legislation except for a change in the sunset clause. The staffing complement would provide for two additional positions which will be necessary to implement the expanded grant program.

DESCRIPTION/BACKGROUND:

The original 1983 legislation included a sunset clause effective 6-30-87. The intent was to provide for the opportunity to determine if the mission of the Board was indeed significant to the state. The experience of the board with its funded programs, as well as the greater recognition by industry of the need for training of workforce members and retraining for dislocated and potentially dislocated workers underscores the value of the Partnership Board.

RATIONALE:

The State of Minnesota, as well as the entire nation, is experiencing strong economic vicissitudes due to changing technology, international competition and changing markets. In order for Minnesota employers to attain or retain competitive position, they must have access to a highly skilled work force capable of adapting to new knowledge, processes and technologies.

Minnesota has always prided itself on its high quality work force and educational institutions. It is vital in the new economy that the educational systems have access to how industry is changing so that faculty expertise, curricula and equipment capacity are enhanced. It is equally important that Minnesota industry assume greater responsibility for maintaining the skill level of workers. Partnership grants stimulate schools to work more closely with industry, while providing employers an opportunity to discover how educational institutions can assist them in meeting skill shortages in a cost-effective manner.

In the short term, schools have been able to design successful training programs to meet the skill shortages of employers. In the long term, the cooperative relationships developed by the Partnership grant program will provide educational institutions access to changing industry needs.

The specific outcomes\* expected with this funding are the following:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Grants to be Awarded:	46	45
Partnership Funds:	\$ 2,289.0	\$ 2,274.0
Private Sector Match	\$ 3,433.0	\$ 3,411.0
Employers Participating	90	85
Schools Participating	50	50
Trainees Placed	2,860	2,600

Equally important evaluation using nonstatistical measures will also be completed, specifically on the new kinds of knowledge, processes and technologies that the schools acquire; the development of longer term relationships with industry; and the increased level of responsibility demonstrated by employers in terms of upgrading and retraining employees.

\*These figures are projections based on the experience in current grants. It is important to remember that each grant funded represents a specific situation with individual training needs, employment plans and number of companies involved.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2,000.0 and 4.0 positions for the biennium to continue the operation of the Job Skills Partnership Board. The Governor recommends that the sunset clause be changed to 6-30-91.

AGENCY: MINNESOTA EDUCATIONAL COMPUTING CORPORATION

1987-89 Biennial Budget

The legislature created the Minnesota Educational Computing Corporation (MECC) in the 1984 Session with the intent that MECC would be autonomous from direct state support. However, M.S. 119.05 requires MECC to submit its biennial budget to the commissioner each even-numbered year. That budget was submitted to the commissioner as a separately bound document entitled -

Minnesota Educational Computing Corporation  
Biennial Budget  
1987-89

Since MECC has no direct request for state funds, the Governor is not including their budget as part of his education budget volume, but is rather submitting their separately bound budget document, mentioned above, directly to the legislature.

AGENCY: HIGHER EDUCATION COORDINATING BOARD

1987-89 BIENNIAL BUDGET  
PROGRAM STRUCTURE

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u> 3	<u>PAGE</u>
STUDENT FINANCIAL AID	Scholarships and Grants		8
	Interstate Tuition Reciprocity		20
	State Work-Study		24
	Medical and Income Contingent Loan		27
	Student Assistance Administration		31
STATE STUDENT LOAN	Guaranteed Student Loan		38
	Student Educational Loan Fund		40
PLANNING AND COORDINATION	MINITEX Library		44
	Mission Coordination/Information Technology		49
	Policy and Program Planning		52
	Enterprise Development Partnerships		62
AGENCY ADMINISTRATION	Agency Management		67
	Administrative Services		72

HIGHER EDUCATION COORDINATING BOARD

Organization Chart  
Current as of 9/15/86

<u>Position Reconciliation</u>		
<u>Authority</u>	<u>Current F.Y. 1987</u>	<u>Requested for 6/30/89</u>
Legislative Authorized		
General Fund	42.25	46.55
Federal	1.0	.2
Bond Fund	31.75	31.75
Total Permanent Positions	75.0	78.5
Other Complement	<u>7.0</u>	<u>7.0</u>
Total Authorized Positions	82.0	85.5
Employees on 6/30/86	69.0	

Eleven Board Members  
Appointed by Governor  
Confirmed by Senate and  
the Chair of the Student  
Advisory Council

Office of Executive Director  
Current Positions 4.0

Communications  
Current Positions 2.0

Data Processing  
Current Positions 5.0

Policy And Program Planning  
Current Positions 19.0  
Position Reduction (1.3)  
New Position Request 4.3  
Total 22.0

Financial Assistance  
Current Positions 30.0  
New Position Request .5  
Total 30.5

Administrative Services  
Current Positions 15.0

AGENCY PURPOSE: The primary purposes of the Minnesota Higher Education Coordinating Board are:

1. To facilitate meeting the needs of Minnesota residents for post-secondary education effectively and with appropriate economy of effort and resources;
2. To represent the state's interest in post-secondary education; and
3. To foster improved performance in meeting the state's pervasive responsibility for education beyond the secondary school.

The primary goal of the agency is to increase access and choice of post-secondary education to all Minnesota residents through cooperation and coordination and to provide a continued statewide and long range perspective to post-secondary education in Minnesota.

CURRENT OPERATION AND CLIENTELE: Primary functions through which the Board fulfills its purposes and responsibilities are:

1. Coordination of post-secondary systems and institutions, with particular emphasis on assuring that the total pattern of post-secondary education provided in the state responds to the post-secondary needs of students and communities without unwarranted duplication of efforts or resources.
2. Planning, which includes assessments of the status and performance of post-secondary education, adoption of realistic and responsive goals and objectives, projections of educational needs and student enrollments, and analysis of alternative methods for meeting articulated post-secondary needs.
3. Formulation and advocacy of state policies that explicitly reflect the state's responsibility for post-secondary education and that provide a realistic frame of reference to guide the actions of the governor, the legislature, and institutional governing boards.
4. Management of state and federal programs that are statewide in nature or that contribute to better coordination and planning in post-secondary education.

The comprehensive scope of the Board's purview includes concern for all aspects of post-secondary education, all institutions and agencies that provide post-secondary education, and all Minnesota residents involved in post-secondary education. The primary clientele includes the governor, the legislature, approximately 217,000 students in post-secondary education to whom approximately 100,000 financial assistance awards (grants and loans) are provided through programs administered by the agency, and governing authorities of over 200 institutions of post-secondary education operating within the state. Secondary clientele is all residents of the state who are potential consumers of post-secondary education, who provide funds to support post-secondary education through taxes and family contributions, and who benefit from the contributions of an educated society.

Details of the agency's operation are provided on the program and activity pages which follow:

INDEX	AGENCY REQUEST	GOVERNOR'S	PAGE
	1987-89 BIENNIUM ALL FUNDS	RECOMMENDATION 1987-89 BIENNIUM ALL FUNDS	
Same Level Request	\$ 447,017.0	\$ 385,632.8	
Student Financial Aid			
Base Enrollment Pattern Adjustment	\$ (7,600.0)	\$ N/A	12
Five Years of Financial Assistance	5,000.0	-0-	13
Private College Cap	3,100.0	3,800.0	14
Tuition Increase	4,200.0	N/A	15
Cost of Attendance Adjustment	24,600.0	31,200.0	16
Part-Time Students	1,200.0	-0-	17
Economically Distressed Areas	1,000.0	-0-	18
Tuition Reciprocity	3,100.0	2,000.0	23
Work Study-Targeted	1,000.0	6,256.0	26
Debt Service Requirements	350.0	350.0	29
GRIP Bad Debt Reserve	(57.1)	(57.1)	30
Perkins Scholarship Administration	47.6	-0-	33
Data Base Survey	260.0	300.0	34
Financial Aid Processing Analysis	100.0	100.0	35
Day Care Allowance	-0-	10,600.0	19
Subtotal	\$ 36,300.5	\$ 54,548.9	
Planning and Coordination			
MINITEX Services	\$ 380.4	\$ 40.0	47
Information Technology Coordination	200.0	-0-	51
Quality Assessment	320.0	-0-	54
Quality Standards	50.0	-0-	55
College Level Skills	60.0	-0-	56
Title II Administration	50.0	-0-	57
Data Base Planning	150.0	-0-	58
Post-High School Planning Program	1,191.0	-0-	59
Partnership Centers	(16.4)	(16.4)	64
CTF Enrollment Planning	-0-	250.0	61
Subtotal	\$ 2,385.0	\$ 273.6	
Agency Administration			
Board Expenses	\$ 42.0	\$ 65.0	70
Information Initiative	308.0	-0-	71
Optometry Grants	(35.0)	(35.0)	74
Data Processing Hardware Upgrade	144.0	144.0	75
Subtotal	\$ 459.0	\$ 174.0	
AGENCY TOTAL	\$ 486,161.5	\$ 440,629.3	

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
STUDENT FINANCIAL AID	52,847.2	55,400.3	74,618.5	69,260.0	12,796.1	82,056.1	66,117.3	69,408.7	23,504.4	92,913.1	66,900.3
STATE STUDENT LOAN	37,148.0	24,168.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
PLANNING & COORDINATING	3,826.6	4,834.6	4,911.6	4,774.4	978.6	5,753.0	4,433.1	4,775.3	1,406.4	6,181.7	4,476.0
AGENCY ADMINISTRATION	140,929.2	42,339.4	42,312.4	40,776.9	201.0	40,977.9	40,789.4	189,180.7	258.0	189,438.7	189,072.2
TOTAL	234,751.0	126,742.8	156,239.8	149,231.8	13,975.7	163,207.5	145,760.3	297,785.2	25,168.8	322,954.0	294,869.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	182,154.0	71,772.7	81,571.0	81,044.3	1,602.3	82,646.6	81,471.3	229,597.7	2,033.6	231,631.3	230,069.0
LOCAL ASSISTANCE		609.5									
AIDS TO IND.	52,597.0	54,360.6	74,668.8	68,187.5	12,373.4	80,560.9	64,289.0	68,187.5	23,135.2	91,322.7	64,800.0
TOTAL EXPENDITURES	234,751.0	126,742.8	156,239.8	149,231.8	13,975.7	163,207.5	145,760.3	297,785.2	25,168.8	322,954.0	294,869.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	53,360.0	56,261.3	76,491.9	69,644.6	13,975.7	83,620.3	66,173.1	69,650.5	25,168.8	94,819.3	66,734.3
DEDICATED APPROPRIATIONS:											
GENERAL	321.0										
SPECIAL REVENUE	106.6	125.3	97.2	97.2		97.2	97.2	97.2		97.2	97.2
AGENCY	2,381.9	2,384.2	2,546.1	2,546.1		2,546.1	2,546.1	2,546.1		2,546.1	2,546.1
H.E.C.C. LOAN FUND	177,102.6	66,043.6	75,478.2	75,174.4		75,174.4	75,174.4	223,721.9		223,721.9	223,721.9
FEDERAL	1,478.9	1,928.4	1,626.4	1,769.5		1,769.5	1,769.5	1,769.5		1,769.5	1,769.5
TOTAL FINANCING	234,751.0	126,742.8	156,239.8	149,231.8	13,975.7	163,207.5	145,760.3	297,785.2	25,168.8	322,954.0	294,869.0
POSITIONS BY FUND:											
GENERAL	37.3	42.3	42.3	41.8	4.8	46.6	40.8	41.8	4.8	46.6	40.8
H.E.C.C. LOAN FUND	29.8	30.8	31.7	31.7		31.7	31.7	31.7		31.7	31.7
FEDERAL		1.0	1.0	.2		.2	.2	.2		.2	.2
TOTAL POSITIONS	67.1	74.1	75.0	73.7	4.8	78.5	72.7	73.7	4.8	78.5	72.7

PROGRAM: STUDENT FINANCIAL AID  
Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

Economic conditions vary throughout the state, and work opportunities for post-secondary students that are abundant in one region may be virtually non-existent in other areas. The Coordinating Board believes that additional funding should be provided to address this inequity.

The financial aid needs analysis provides a uniform method to determine need for all financial aid applicants. Occasionally, economic conditions prevail that make the need analysis unfair for certain groups of applicants for short periods of time. Rather than try to modify the needs analysis, the Coordinating Board believes that targeted supplemental programs can address specific inequities.

EXPLANATION OF BUDGET REQUEST:

The Board is requesting change level adjustment to the financial aid programs to fill perceived need areas. A total of \$10,100.0 in F.Y. 1988 and \$19,200.0 in F.Y. 1989 is requested to fully fund the Scholarship and Grant Program at a level the Board believes is appropriate. \$600.0 is requested each year to fully fund the less than half time grant program based on recipient estimates provided by the post-secondary education systems. \$500.0 is requested each year to continue to target grants to unique situations caused by depressed economic conditions. \$700.0 in F.Y. 1988 and \$2,400.0 in F.Y. 1989 are requested to fund the Wisconsin reciprocity agreement. \$500.0 is requested each year to target work-study funds to rural areas where work opportunities are most limited. \$150.0 in F.Y. 1988 and \$200.0 in F.Y. 1989 are requested to provide necessary funds to pay principal and interest on the Medical and Osteopathy Loan Program revenue bonds as they mature. A reduction of \$62.7 in F.Y. 1988 and an increase of \$5.6 in F.Y. 1989 are requested to provide a bad debt reserve for the income contingent loan repayment program. \$23.8 and .5 FTE staff position are requested each year to administer the federal Carl D. Perkins scholarship program. \$185.0 in F.Y. 1988 and \$75.0 in F.Y. 1989 are requested to establish and implement a comprehensive financial aid data base. \$100.0 is requested in F.Y. 1988 to perform an analysis of the current financial aid distribution system.

GOVERNOR'S RECOMMENDATION:

Recognizing the changing needs of Minnesota students, the Governor proposes the following changes in the HECB financial aid programs: a) placing greater emphasis on the student and parental contribution by shifting from a 50/50 to a 60/40 shared responsibility formula; b) providing a special child care allowance for students with young children; c) providing increased funding for state work study (including targeting of work study funds to areas with limited employment opportunities); d) providing inflation adjustments to the caps on grant-eligible Minnesota college costs; and e) increasing the student cost of living allowance to the level requested by the agency. The Governor's recommendation also provides additional funding for improved management of the financial aid program. Tuition reciprocity funding has been adjusted in accordance with revised estimates received from the agency subsequent to preparation of its formal budget request. In order to facilitate implementation of the proposed changes, the Governor recommends that the agency be allowed to move funds between fiscal years and among the various activities within this program.

PROGRAM PURPOSE:

The purpose of financial assistance is to help students who can benefit from continuing their education, but who would be unable to do so without monetary assistance. The student assistance programs conducted under this program are: State Scholarship, State Grant-In-Aid, Medical and Osteopathy Student Loan, Education of Dependents, State Work-Study, Tuition Reciprocity, Part-Time Student Grant, Income Contingent Loan Repayment Program, Summer Scholarship Program, Distressed Workers Program, Capital Gain Program, and the federal Carl Perkins Scholarship Program.

The activities are administered to help assure equality of post-secondary educational opportunity in terms of access to and choice of post-secondary institutions for Minnesota residents by providing financial assistance to students from mainly low and moderate income families.

OPERATION:

The program administration of these activities is consolidated in the Division of Financial Aid. Included in the administration are dissemination of student assistance information, receipt and evaluation of applications, notification of results to applicants, preparation of payment requests to recipients, maintenance of records of all actions taken, and evaluation of the effects of programs. The program also provides administrative assistance to the institutions' financial aid officers by helping them establish operating procedures.

During F.Y. 1987, approximately 148,100 applications will be received, reviewed and acted upon resulting in \$75.5 million in financial assistance being provided to approximately 90,200 students. In F.Y. 1988, it is estimated that there will be 159,500 applications and requests for financial assistance in the student aid activities. In F.Y. 1989, an estimated 158,600 requests will be made.

CLIENTELE:

The direct clientele of this program includes Minnesota students and their families attending both public and private post-secondary educational institutions. They include 24,800 post-secondary reciprocity students attending 45 Minnesota public institutions and 32 public institutions in Wisconsin, North Dakota, South Dakota and Iowa.

BUDGET ISSUES:

The Coordinating Board believes that the funding recommendation for financial aid should be considered in the context of the state's overall funding policy for post-secondary education which includes average cost funding and tuition revenue related to instructional cost. Shared Responsibility is intended to ensure equal educational opportunity for all Minnesota residents to attend the institution of their choice, regardless of their economic status.

PROGRAM: STUDENT FINANCIAL AID  
(Continuation)

1987-89 Biennial Budget

Agency: HIGHER EDUCATION COORDINATING BOARD

The total state funding recommended for 1987-89 is \$127,091.7. Specific amounts recommended for the 1987-89 biennium include \$31,200.0 for the cost of living adjustment; \$6,256.0 for augmented and targeted state work study; \$10,600.0 for child care; \$3,800.0 for adjustment of the private college capitation limit; and \$2,000.0 for interstate tuition reciprocity. Base adjustments related to the proposed 60/40 shared responsibility formula allow funding these changes without significantly changing the state's past commitment to the financial aid program.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
SCHOLARSHIP & GRANTS	44,906.1	46,860.1	66,272.9	59,705.7	11,200.0	70,905.7	52,205.7	59,705.7	20,300.0	80,005.7	52,605.7
INTERSTE TUT. RECITY	2,973.2	2,744.4	3,055.6	3,000.0	700.0	3,700.0	3,700.0	3,000.0	2,400.0	5,400.0	4,300.0
STATE WORK STUDY	4,407.8	4,405.1	4,452.1	4,428.6	500.0	4,928.6	7,748.6	4,428.6	500.0	4,928.6	7,364.6
MEDICAL LOANS & INCOME CONT	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
STUDENT ASSIST ADMIN	388.9	521.2	501.3	687.2	308.8	996.0	937.2	688.4	98.8	787.2	838.4
TOTAL	52,847.2	55,400.3	74,618.5	69,260.0	12,796.1	82,056.1	66,117.3	69,408.7	23,504.4	92,913.1	66,900.3
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	560.1	1,390.7	837.9	1,960.7	396.1	2,356.8	2,298.0	2,109.4	304.4	2,413.8	2,465.0
LOCAL ASSISTANCE											
AIDS TO INDS.	52,287.1	54,009.6	73,780.6	67,299.3	12,400.0	79,699.3	63,819.3	67,299.3	23,200.0	90,499.3	64,435.3
TOTAL EXPENDITURES	52,847.2	55,400.3	74,618.5	69,260.0	12,796.1	82,056.1	66,117.3	69,408.7	23,504.4	92,913.1	66,900.3
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	50,876.1	53,153.9	73,003.2	66,370.8	12,796.1	79,166.9	63,228.1	66,372.0	23,504.4	89,876.4	63,863.6
DEDICATED APPROPRIATIONS:											
GENERAL	321.0										
H.E.C.C. LOAN FUND	171.2	774.5	209.6	1,318.5		1,318.5	1,318.5	1,466.0		1,466.0	1,466.0
FEDERAL	1,478.9	1,471.9	1,405.7	1,570.7		1,570.7	1,570.7	1,570.7		1,570.7	1,570.7
TOTAL FINANCING	52,847.2	55,400.3	74,618.5	69,260.0	12,796.1	82,056.1	66,117.3	69,408.7	23,504.4	92,913.1	66,900.3
POSITIONS BY FUND:											
GENERAL	8.3	9.3	9.3	9.3	.5	9.8	10.3	9.3	.5	9.8	10.3
TOTAL POSITIONS	8.3	9.3	9.3	9.3	.5	9.8	10.3	9.3	.5	9.8	10.3

ACTIVITY: SCHOLARSHIP AND GRANT  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

DESCRIPTION: The Scholarship and Grant activity provides financial aid for post-secondary students in three categories.

1.) Scholarships and Grants:  
 Statutory Reference: M.S. 136A.09 to 136A.133

Assists Minnesota undergraduate post-secondary students who demonstrate financial need to obtain an education from a Minnesota institution of their choice. Financial assistance is provided in the form of monetary scholarships and grants.

Participation in this program is available to post-secondary students who (1) attend institutions approved annually by the HECB; (2) meet eligibility requirements set by the legislature; and (3) demonstrate financial need.

The following students are eligible to participate in the Scholarship and Grant Program:

- a. Enrolled at least half-time as defined by the institution.
- b. U.S. citizen or permanent resident of the U.S.
- c. Enrolled in an institution approved by the HECB.
- d. Seventeen years of age or older or possess a high school degree or G.E.D.
- e. Student status:
  - (1) Dependents - Parents must reside in Minnesota on date of application.
  - (2) Independents - Student must have resided in Minnesota for 12 months prior to enrollment as at least a half-time student.
- f. Maintaining satisfactory progress as defined by the school during the academic period covered by the award.

The following students are not eligible:

- a. Graduate/professional students.
- b. Students who have obtained a baccalaureate degree.
- c. Students who have been enrolled for 8 semesters or 12 quarters prior to application (1986-87 only).

Applications from eligible students are accepted by the HECB from January 1 through May 31 of the next calendar year for any period of enrollment which commences during the state's fiscal year. The Scholarship or Grant award is based on a concept called Shared Responsibility, which assigns specific responsibilities for paying attendance costs to students, parents, and government.

Students are required to contribute 50% of the cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

The remaining 50% of the cost of attendance is the responsibility of parents. Parents are expected to meet this obligation to the extent they are financially able. Because parents vary significantly in their capability of meeting this obligation, both federal and state governments have established programs to assist those parents with demonstrated financial need. An estimate of the parent contribution and the 50% of cost obligation of the parent is the responsibility of federal and state governments. An estimate is made of the federal Pell grant award for which the student is eligible before the size of the state award is determined.

Cost of attendance consists of tuition and fees plus an allowance established by the HECB for room and board, books, supplies and miscellaneous expenses. For students attending public institutions the tuition and fees are the actual amount charged by the institution. For those attending private institutions, the tuition and fees are limited to the cost of instruction in comparable public institutions.

The award determination can be summarized as follows:

Cost of attendance		\$ xxx
Student responsibility (50%)		(xxx)
Parent/government responsibility (50%)		
Parent contribution	\$ xxx	
Federal government contribution	xx	(xxx)
State government contribution		\$ xxx
The minimum award is \$100.		

If the program is not fully funded, available funds are rationed by the HECB by (1) placing a surcharge on the parental contribution; (2) increasing the student share; (3) a combination of (1) and (2).

A policy change was directed by the 1983 Legislature with the adoption of the Shared Responsibility concept, and a sizeable (64%) increase in funding was authorized for the 1984-85 biennium. Some effects of these policy and funding changes were as follows:

- A. The percentage of aid flowing to students attending public institutions remained constant for F.Y.'s 1983 and 1986 with the public share increasing in F.Y.'s 1984 and 1985.
- B. The amount of aid directed to independent students in all systems increased from 16% of the total in F.Y. 1983 to 27% in F.Y. 1986.

ACTIVITY: SCHOLARSHIP AND GRANT  
(Continuation)

1987-89 Biennial Budget

Program: STUDENT FINANCIAL AID  
Agency: HIGHER EDUCATION COORDINATING BOARD

- C. While the absolute amount of aid going to students in all income categories increased, the distribution changed significantly.
- The number of awards to students from families above \$30,000 decreased from 19% of total awards in F.Y. 1983 to 11% in F.Y. 1986.
  - The number of awards to students from families below \$20,000 increased from 55% of total awards in F.Y. 1983 to 69% in F.Y. 1986.

STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Application Analysis					
Student Pool	124,192	139,956	153,875	152,600	151,900
Applicants	101,627	114,269	125,630	135,600	135,000
% of Pool	82%	82%	82%	89%	89%
No Need	(21,000)	(26,563)	(27,656)	(30,800)	(29,800)
Honorary	(4,997)	(5,880)	(6,122)	(6,800)	(6,600)
Rejects	(15,125)	(14,311)	(13,952)	(15,200)	(15,000)
Awards Offered	60,505	67,515	77,900	82,800	83,600
% of Applicants	60%	59%	62%	61%	62%
Awards Not Accepted	(6,963)	(11,129)	(11,600)	(12,900)	(12,400)
Awards Accepted	53,542	56,386	66,300	69,900	71,200
Average Award Accepted	\$ 836	\$ 814	\$ 954	\$ 952	\$ 1,064
Total Awards (\$000)	\$44,006.1	\$45,860.2	\$63,772.9	\$67,805.7	\$76,905.7
Funds Distribution:					
Public Institutions	54%	50%	54%	53%	53%
Private Institutions	46%	50%	46%	47%	47%

<u>GRANTS BY FUND:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$43,127.2	\$44,388.3	\$62,367.2	\$66,400.0	\$75,500.0
Federal	1,478.9	1,471.9	1,405.7	1,405.7	1,405.7
Total	\$44,606.1	\$45,860.2	\$63,772.9	\$67,805.7	\$76,905.7

2.) Aid to Part Time Students:  
Statutory Reference: M.S. 136A.132

Prior to F.Y. 1986, \$.3M was appropriated separately to provide assistance to students attending institutions on a part-time basis (1-11 credits). Funding for this activity was increased to \$1.0M in F.Y. 1986 and \$6.3M in F.Y. 1987 and included in the Scholarship and Grant appropriation. The appropriation for F.Y. 1987 was broken down as follows:

- A. Students attending on at least a half time basis (6-11 credits) \$4.3M. These students apply directly to the HECB and receive their awards through the Scholarship and Grant Program.
- B. Students attending on a less-than-half-time basis (1-5 credits) \$2.0M. These students apply to the institution of their choice and receive an award from funds allocated to the institution by the HECB from the Scholarship and Grant appropriation.

Eligible students are those pursuing programs or courses of study leading to a degree, diploma, or certificate on a less-than-full-time basis. This includes high school students registered for post-secondary level courses for college credit.

STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Total Awards (\$000)	300.0	1,000.0	2,000.0	2,600.0	2,600.0
Recipients	1,143	2,274	2,300	2,800	2,800
<u>GRANTS BY FUND:</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$ 300.0	\$ 1,000.0	\$ 2,000.0	\$ 2,600.0	\$ 2,600.0
Total	\$ 300.0	\$ 1,000.0	\$ 2,000.0	\$ 2,600.0	\$ 2,600.0

3.) Aid to Veterans Dependents:  
Statutory Reference: M.S. 197.09 to 197.11

This provides financial assistance to students enrolled in Minnesota post-secondary institutions who were dependents of Minnesota veterans declared prisoners of war or missing in action after 1958 according to the guidelines established. Undergraduate students attending Minnesota public institutions are eligible for the waiver of tuition and fees. Undergraduate students attending Minnesota private institutions are eligible to receive up to \$250.00 per year.

The HECB is authorized to use funds from the Scholarship and Grant appropriation if the need arises. There have been no funding needs for this program in the last two biennia.

4.) Aid for Distressed Workers and Families of Forced Sale of Farm or Business:  
Statutory Reference: Laws of Minnesota for 1986, First Special Session, Chapter 1, Article 10, Section 1, Subdivision 3.d.

The 1986 Legislature authorized the HECB to spend up to \$500,000 of the projected unobligated balance in 1986-87 agency appropriations to supplemental scholarships and grants or additional state work-study for students in economically depressed areas of the state. These funds are being used to:

ACTIVITY: SCHOLARSHIP AND GRANT 1987-89 Biennial Budget  
 (Continuation)  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

F.Y. 1988 F.Y. 1989 Type

Five Years of Aid. This reflects a proposal to allow recipients to obtain up to five years of financial aid as an ever-increasing number of students require the equivalent of five years to obtain their baccalaureate degree. \$2,500.0 \$ 2,500.0 Activity Specific

A.) Provide additional financial assistance to students from economically distressed counties who elect to enroll in occupational retraining programs in public institutions located in or near those economically distressed counties.

Private College Cap. This request bases the cap on the average cost funding matrix. \$1,700.0 \$ 1,400.0 Activity Specific

Funds are allocated by the HECB to public schools based on their location and the number of students from economically distressed counties.

Tuition Increase. This change anticipates an overall tuition increase of approximately 5 percent at public institutions. \$ 1,200.0 \$ 3,000.0 Activity Specific

Awards to students are made by the schools. The combination of awards from this activity plus other financial aid is limited to the student's cost of attendance.

Cost of Attendance. This change establishes the living allowance at the 25th percentile of living allowance reported by program recipients and phases in the implementation over two years for recipients of Scholarships and Grants. \$8,200.0 \$16,400.0 Activity Specific

B.) Provide additional financial assistance to students from families who had experienced a foreclosure or forced sale of a business or farm. The Uniform Methodology need analysis expects a family contribution from any capital gains reported on the federal tax form. In extreme cases, where the debt-to-asset ratio is very high at the time of the forced sale, the entire proceeds of the sale are required to liquidate outstanding debt and no funds are available to pay educational costs even though the family may show a capital gain on the transaction for tax purposes.

Part-Time Grants. This change increases the part-time grant funding to reflect anticipated tuition increases and to allow this program to continue to serve the same number of students as projected for F.Y. 1987 before the part-time grant allocation was changed because of the large increase in students attending AVTIs part time. \$ 600.0 \$ 600.0 Activity Specific

This activity makes funds available to students from such families by replacing that portion of the expected family contribution generated by the capital gain.

Distressed Workers and Families of Forced Sale of Farm or Business. This continues the F.Y. 1987 funding level for these programs. \$ 500.0 \$ 500.0 Activity Specific

Awards to students are made by the HECB upon recommendation by the campus financial aid office. The combination of awards from this activity plus other financial aid is limited to the student's cost of attendance.

See CHANGE request sheets following the fiscal sheet for this Activity.

<u>GRANTS BY FUND:</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$ -0-	\$ 500.0	\$ 500.0	\$ 500.0
Total	\$ -0-	\$ 500.0	\$ 500.0	\$ 500.0

<u>CHANGE REQUESTS:</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>TYPE</u>
Enrollment Pattern Adjustment. The change reflects the anticipated enrollment level of the program using the F.Y. 1987 formula with projected F.Y. 1988 and 1989 enrollment declines.	(\$ 3,500.0)	(\$ 4,100.0)	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SCHOLARSHIP & GRANTS

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE											
AIDS TO INDS.	44,906.1	46,860.1	66,272.9	59,705.7	11,200.0	70,905.7	52,205.7	59,705.7	20,300.0	80,005.7	52,605.7
TOTAL EXPENDITURES	44,906.1	46,860.1	66,272.9	59,705.7	11,200.0	70,905.7	52,205.7	59,705.7	20,300.0	80,005.7	52,605.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	43,106.2	45,388.2	64,867.2	58,300.0	11,200.0	69,500.0	50,800.0	58,300.0	20,300.0	78,600.0	51,200.0
DEDICATED APPROPRIATIONS:											
GENERAL	321.0										
FEDERAL	1,478.9	1,471.9	1,405.7	1,405.7		1,405.7	1,405.7	1,405.7		1,405.7	1,405.7
TOTAL FINANCING	44,906.1	46,860.1	66,272.9	59,705.7	11,200.0	70,905.7	52,205.7	59,705.7	20,300.0	80,005.7	52,605.7
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: BASE AND ENROLLMENT PATTERN ADJUSTMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	(\$3,500.0)	-0-	(\$4,100.0)	-0-
Governor's Recommendation	N/A		N/A	
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds in the belief that financial aid should be considered in the context of the state's overall funding policy, which includes average cost funding, tuition revenue related to instructional costs, and financial aid to ensure the opportunity for all Minnesota residents to attend the institution that can best meet their educational needs, regardless of their economic status.

DESCRIPTION/BACKGROUND:

The State Scholarship Program was authorized in 1967, and the Grant-In-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort. Students must apply each year to renew their awards and must maintain satisfactory progress toward completion of their program as defined by the school. Under the program redesign implemented in the 1983-84 school year, all applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell and State Scholarship and Grant awards. If the appropriation is insufficient, funds are rationed by placing a surcharge on the parental contribution and increasing the student share. Several enrollment and economic factors affect the level of funding needed for the Scholarship and Grant Program. They include

enrollment projections, estimates of inflation, changes in family income, and changes in federal Pell Grant Program. Assumptions based on these factors are used in projecting changes in the biennial budget request.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

This request is based on F.Y. 1986 applicant data updated to include the assumptions as follows:

There are no inflationary adjustments in any of the fiscal variables.

Any changes in income levels of parents or students will be offset by the changes in the Uniform Methodology.

Any changes in income levels of parents or students will be offset by changes in the need analysis used in the Pell Grant Program.

The projections of applicants in the public systems are based on the projected changes in enrollments made by the Coordinating Board in March 1986.

The projections for the private four-year institutions are based on information obtained in conversations with private college representatives. The percentage change for the private two-year institutions is set equal to the private four-year projections.

GOVERNOR'S RECOMMENDATION:

This change request is addressed within the Governor's overall financial aid recommendations. Recalculation of financial aid needs subsequent to submission of the formal agency budget request has taken 1987-89 enrollment projections into account.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

The 1985 Legislature changed the criteria so that a student can be eligible for four years of financial aid even through he or she may be enrolled longer than four years to complete a program. This eligibility change was to take effect July 1, 1986, but due to budget cutbacks, implementation has been delayed until July 1, 1987.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

This request is based upon the proposal that a student be eligible for five years of financial aid rather than the current criteria that a student can receive aid only if he or she has been enrolled for four years or less, regardless of whether the student has received such aid in the past. The proposal would enable the Board to implement the change in eligibility to four years of aid as authorized by the 1985 Legislature and increase eligibility to five years of aid. The change from four years of aid to five years of aid increases the request by \$700.0. Recent studies at the University of Minnesota have concluded that the majority of students require more than four academic years to complete their undergraduate degree. Some programs require more than four years of study to obtain a baccalaureate degree. Economic conditions change during the course of an education -- students who do not qualify for financial aid initially may become eligible later.

Currently about 5,000 applicants are rejected because they have been enrolled at least four years. If half these applicants received awards, the number of program recipients would grow by about 2,500. The cost of this change is estimated to be \$2,500.0 each year.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

Request Title: FIVE YEARS OF FINANCIAL ASSISTANCE	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$2,500.0	-0-	\$2,500.0	-0-
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: 136A.121

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to ensure that all Minnesota residents have an opportunity to attend the institution of their choice, regardless of their economic status. The objective is to recognize current enrollment patterns and ensure that students with financial need have an opportunity to fulfill their educational goals.

DESCRIPTION/BACKGROUND:

The State Scholarship Program was authorized in 1967, and the Grant-In-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort. Students must apply each year to renew their awards and must maintain satisfactory progress toward completion of their program as defined by the school. Under the program redesign implemented in the 1983-84 school year, all applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell and State Scholarship and Grant awards. If the appropriation is insufficient, funds are rationed by placing a surcharge on the parental contribution and increasing the student share. Currently, a student's Scholarship and Grant eligibility terminates after he or she has been enrolled for four academic years. The

## CHANGE REQUEST

1987-89 Biennial Budget

 Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS

PROGRAM: STUDENT FINANCIAL AID

AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,700.0	-0-	\$1,400.0	-0-
Governor's Recommendation	\$1,900.0	-0-	\$1,900.0	-0-

Request requires statutory change:  Yes  No  
Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to ensure that residents have an equal opportunity to pursue post-secondary education, regardless of their economic status. The objective of funding for the private college cap is to continue the state's commitment to a diverse post-secondary system and make it possible for students to attend the institution that best meets their educational needs.

DESCRIPTION/BACKGROUND:

The State Scholarship Program was authorized in 1967, and the Grant-In-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort. Students must apply each year to renew their awards and must maintain satisfactory progress toward completion of their program as defined by the school. Under the program redesign implemented in the 1983-84 school year, all applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell and State Scholarship and Grant awards. If the appropriation is insufficient, funds are rationed by placing a surcharge on the parental contribution and increasing the student share. The cost of attendance consists of tuition and

fees plus the allowance established by the Coordinating Board for room and board, books and supplies and miscellaneous expenses. For students attending public institutions, the tuition and fees are the actual amount charged. For students attending private institutions, the tuition and fees are limited to the cost of instruction per full-year equivalent student in comparable public institutions. The cap for F.Y. 1987 is \$5,271 for students attending private four-year institutions and \$4,215 for students attending private two-year institutions.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

This request is based on a cap of tuition and fees for private institutions using the average cost funding matrix for 1987 of comparable public institutions. The private four-year institution cap is based on 10 average cost cells in the University of Minnesota and the State University System. The three average cost cell values for AVTIs are weighted twice the community college values in determining the private two-year institution cap. The cap is \$5,628 for private four-year institutions and \$4,376 for private two-year institutions. Need-based financial aid to students is the principal source of public support for private education. A reasonable cap ensures equal opportunity for all students regardless of what institution best meets their educational needs and continues the state's commitment to the private post-secondary education sector, thus recognizing the value of a strong dual system of public and private institutions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the recognized budget for students attending private institutions be increased 2.5 percent each year of the 1987-89 biennium. This adjustment is consistent with inflationary adjustments recommended for the states public post-secondary systems.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: TUITION INCREASE				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$1,200.0	-0-	\$3,000.0	-0-
Governor's Recommendation	N/A	-0-	N/A	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to ensure that all Minnesota residents have an equal opportunity to pursue a post-secondary education in institutions and programs that can meet their educational needs, regardless of their economic status. The objective is to increase the allowance for tuitions in the cost of attendance for the Scholarship and Grant Program in order to cover projected increases by the post-secondary education systems and institutions.

DESCRIPTION/BACKGROUND:

The State Scholarship Program was authorized in 1967, and the Grant-In-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort. Students must apply each year to renew their awards and must maintain satisfactory progress toward completion of their program as defined by the school. Under the program redesign implemented in the 1983-84 school year, all applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell and State Scholarship and Grant awards. If the appropriation is insufficient, funds are rationed by placing a surcharge on the parental contribution and increasing the student share. The cost of attendance consists of the actual

tuition and fees at the post-secondary institution plus a single, living, book and supply allowance for all students. The state's financial aid policy, which is part of Minnesota's overall funding policy, is designed to offset increases in tuition for students with financial need.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

Tuition costs are an integral part of Design for Shared Responsibility. This request is based on projected tuition increases of 5 percent for the University of Minnesota, the State University System, the AVTIs, and the private two-year institutions; 4 percent for the Community College System, and 7.5 percent for the private four-year institutions.

GOVERNOR'S RECOMMENDATION:

This change request is addressed within the Governor's overall financial aid recommendations. Recalculation of financial aid needs subsequent to submission of the formal agency budget request has taken projected 1987-89 tuition changes into account.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: COST OF ATTENDANCE ADJUSTMENT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$8,200.0	-0-	\$16,400.0	-0-
Governor's Recommendation	\$15,600.0	-0-	\$15,600.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to ensure that all Minnesota residents have an equal opportunity to pursue a post-secondary education in institutions and programs that can best meet their educational needs, regardless of their economic status. The objective is to better ensure access and choice by recognizing a more realistic cost of attendance through an increase in the living and miscellaneous portion of the cost.

DESCRIPTION/BACKGROUND:

The State Scholarship Program was authorized in 1967, and the Grant-In-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort. Students must apply each year to renew their awards and must maintain satisfactory progress toward completion of their program as defined by the school. Under the program redesign implemented in the 1983-84 school year, all applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell and State Scholarship and Grant awards. If the appropriation is insufficient, funds are rationed by placing a surcharge on the parental contribution and increasing the student share. The cost of attendance plays a central role in determining the amount of assistance a student receives from the Scholarship and Grant Program. It includes tuition, books, supplies, and daily living expenses. In

the Scholarship and Grant Program, the cost of attendance consists of the actual tuition and fees at the post-secondary education institution plus a single living, book, and supply allowance for all students. If the cost of attendance recognized in the program is significantly lower than the student's actual costs, the student and family will have to finance more than their assigned share under state policy. This could limit their access to and choice of a post-secondary education institution. The cost of attendance was based on F.Y. 1981 costs and was not adjusted until the current biennium when it rose from \$2,750 to \$2,850 in F.Y. 1986 and \$2,960 in F.Y. 1987. In F.Y. 1986, the agency conducted a study to re-examine the cost of attendance and options for calculating it.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

As part of its study, the Board surveyed 1984-85 Scholarship and Grant applicants enrolled in post-secondary institutions to determine what types of expenses, other than tuitions, they were encountering in pursuing their education. Of the respondents, 84 percent reported living expenses that were higher than allowances used (\$2,750), and 16 percent reported living expenses lower than the current allowances. Based on the study, the Board is recommending that the cost of attendance be increased to the 25th percentile, and that this be phased in over two years. At this level, 75 percent of the students will have living expenses higher than those allowed in the Scholarship and Grant Program and 25 percent will have living expenses lower than allowed. This increase does not include any allowance for inflation. This will increase the living allowance from \$2,960 in F.Y. 1987 to \$3,247 in F.Y. 1988 and \$3,535 in F.Y. 1989. This change will increase the cost of the program for full-time students by \$7,300.0 in F.Y. 1988 and \$14,700.0 in F.Y. 1989. The increase for students attending at least half time, but less than full-time, is estimated to be \$900.0 in F.Y. 1988 and \$1,700.0 in F.Y. 1989. This increase would bring the allowance more in line with current student living conditions. The proposed living allowance would be consistent with a frugal standard of living for students, but high enough not to jeopardize their ability to obtain an education.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to increase the state recognized cost of living allowance to the 25th percentile. Specific amounts recommended have been adjusted for updated tuition and enrollment assumptions and for the proposed change in the shared responsibility formula. The Governor also recommends full implementation of this change in the first year of the 1987-89 biennium.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: GRANTS FOR PART-TIME STUDENTS ATTENDING LESS THAN HALF TIME				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$600.0	-0-	\$600.0	-0-
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to ensure that all residents, regardless of whether they are enrolled full-time or part-time, have an equal opportunity to pursue a post-secondary education. The objective is to provide financial assistance to students enrolled less than half time in a program that applies to a degree, diploma, or certificate and who demonstrate financial need.

DESCRIPTION/BACKGROUND:

The Scholarship Program was authorized in 1967, and the Grant-In-Aid Program in 1969. These programs have been the foundation of Minnesota's comprehensive financial aid effort. The Part-Time Grant Program was enacted in 1977 to provide grant assistance to students enrolled less than full-time. In F.Y. 1987, students attending an eligible institution half time or more became eligible for the Scholarship and Grant Program, while students attending less than half time become the focus of the Part-Time Grant Program.

This CHANGE item affects only the Scholarship and Grant Activity.

STATISTICS:

Allocation by System (%)

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
University of Minnesota	47	47	38	47	47
State University	11	11	9	11	11
Community College	25	25	20	25	25
AVTI	6	6	28	6	6
Private Four-Year	8	8	5	8	8
All Others	3	3	0*	3	3

\*less than 1%

RATIONALE:

The funding for this program was increased from \$300.0 in F.Y. 1985 and \$1,000.0 in F.Y. 1986 for all part-time students to \$2,000.0 in F.Y. 1987 for those students attending less than half time. The distribution between systems was significantly altered in F.Y. 1987 (see Statistics) because of the dramatic increase in part-time students reported by the AVTIs. An additional \$600.0 is being requested in both F.Y. 1988 and F.Y. 1989 to meet the requirements of the systems whose percentage allocations were reduced.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIP AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$500.0	-0-	\$500.0	-0-
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The above request is to continue the two initiatives established by the 1986 Legislature to help students from economically distressed counties who enroll in occupational retraining programs and families who have experienced a foreclosure or forced sale of their business or farm.

DESCRIPTION/BACKGROUND:

Chapter 1, Article 10, Section 1, Subdivision 3.d. of the Laws of Minnesota for 1986, First Special Session, established funding for these programs from the projected unobligated balance of 1986-87 agency appropriations.

The program for distressed workers is designed to assist residents who have lost their primary means of employment and desire to enroll in an occupational retraining program offered by public institutions located near their homes.

The second program provides funds to replace part of the amount parents must contribute to the cost of education when they are forced to liquidate either a farm or a business and as a result, experience a capital gain on the transaction. Although the need analysis for the Scholarship and Grant Program expects a family contribution from capital gains reported on the federal tax form, the entire proceeds of the sale may be required to pay outstanding debts. Thus family resources are not

available to pay educational costs, and this program helps replace these family resources for applicants who meet the eligibility criteria for the Scholarship and Grant Program.

This CHANGE item affects only the Scholarship and Grant Activity.

RATIONALE:

Since the same conditions that led to the creation of these program persist, the Board believes continual funding at the same level is justified to help ensure educational opportunities for residents suffering economic distress. Further, additional experience is needed to determine the effectiveness of this type of program.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide specific targeted funding for this request. The Governor, however, recommends that the agency be given explicit authority to provide for unique needs of distressed workers within the overall funding recommended for the financial aid program.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIPS AND GRANTS  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

are receiving AFDC or other welfare benefits). Cost estimates assume an average cost of child care per student of \$1,200 for the estimated 12,000 eligible independent students with young children. Of these students, an estimated 5,300 are AFDC recipients. A special interagency task force is now working out the details of coordinating benefits received by these students under AFDC with benefits which would be received through the state grant and scholarship child care allowance.

Request Title: CHILD CARE ALLOWANCE				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Governor's Recommendation	\$5,300.0	-0-	\$5,300.0	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: M.S. 136A.121, Subdivision 4-5				

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the state scholarship and grant cost of living allowance be increased in the amount of \$1,200 per year for students with young children. Objective of this proposal is to encourage persons with young children to pursue post-secondary education by providing a specific allowance for child care costs. Under the Governor's proposed 60/40 shared responsibility formula, up to 40 percent of child care costs would be paid through state/federal financial assistance. Total cost of this change is estimated at \$5,300.0 for each year of the 1987-89 biennium.

BACKGROUND/DESCRIPTION:

In his human services budget, the Governor has placed great emphasis on assisting unemployed and underemployed persons in becoming independent and self-supporting. In many instances, post-secondary education is a vital element in this process. Since responsibility for the care of young children may discourage Minnesotans from pursuing the educational programs necessary for employment or improved employment, the Governor feels that child care is an essential part of his jobs program. Several options were considered for providing such services. These included subsidizing post-secondary institutions for child care services and providing special AFDC allowances for child care. Inclusion of a child care allowance in the financial aid formula was selected because of ease in administration and because it would provide services to a wide range of unemployed or underemployed students (beyond those who

ACTIVITY: INTERSTATE TUITION RECIPROCITY  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

DESCRIPTION: This activity reduces cost barriers and ensures access and choice of public post-secondary educational opportunities in Minnesota and the neighboring states of Wisconsin, North Dakota, South Dakota, and Iowa.

Tuition Reciprocity benefits are available to Minnesota residents enrolled full time or part time in a graduate or undergraduate course of study at a public institution located in one of the neighboring states. Residents of the neighboring states have reciprocal benefits in Minnesota.

AVTIs are included in the agreement with North and South Dakota. A separate agreement with Wisconsin which provides similar benefits to AVTI students is administered separately by the Minnesota Vocational Technical Education System.

The agreement with Iowa is limited to two Iowa and three Minnesota institutions.

A fundamental principle underlying the agreements is that students pay a tuition rate which is less than the non-resident tuition. A compensating payment may then be made by the students' home state. The formulas for determining the student tuition rates and the state compensation rates vary for each state and are summarized below:

1. Wisconsin formula:

- Student rates. Students pay tuition rates that are charged at comparable institutions in their home state.
- State payment is determined as follows:
 

No. of student credits earned x cost per credit (A) = \$ xxx	(xxx)
Deduct tuition paid by students	_____
State liability	\$ xxx
Minnesota liability less Wisconsin liability	= Payment

(A) Cost per credit = 64% of cost of education and is negotiated annually.

2. North Dakota formula:

- Student rates. Minnesota students pay a tuition rate which is charged at a comparable institution in Minnesota. North Dakota students pay a regional rate which approximates an average of resident rates at comparable institutions in the two states.
- State payments - None

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	-0-	\$57.5	\$70.0	\$70.0	\$70.0

3. South Dakota formula:

- Students rates. Students pay a regional tuition rate which approximates an average of resident rates at comparable institutions in the two states.
  - State payment is determined as follows:
 

No. of credits earned x cost per credit (B) = State liability
Minnesota liability less South Dakota liability = Payment
- (B) Cost per credit approximates the average difference between resident and non-resident rates in comparable institutions in the two states.

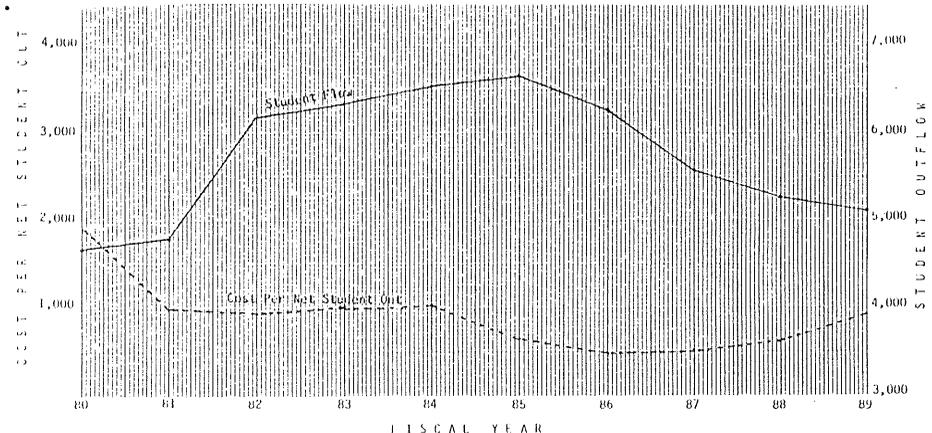
4. Iowa formula:

- Student rates - Students pay resident rates at the enrolling institutions.
- State payments - None.

Authority for this activity is found in M.S. 136A.08

EFFECTIVENESS MEASURES: The reciprocity program has been effective in providing Minnesota students with a wider range of educational program options. This is evidenced by the growth in the number of Minnesota students who have participated in the programs over the years.

The reciprocity program has proved to be a cost effective ways to provide quality education to Minnesota students at the lowest possible cost to the Minnesota taxpayer. Direct legislative appropriations, per student, to Minnesota institutions have increased consistently over the past several years. Over the same period, however, payments per net student by Minnesota to reciprocity states have decreased significantly from \$1901 in F.Y. 1980 to an estimated \$509 for F.Y. 1987. This was accomplished through contract renegotiations. These changes are shown graphically below.



ACTIVITY: INTERSTATE TUITION RECIPROCITY

1987-89 Biennial Budget

(Continuation)

Program: STUDENT FINANCIAL AID

Agency: HIGHER EDUCATION COORDINATING BOARD

ACTIVITY STATISTICS:

	<u>F.Y. 1985</u> <u>1983-84</u>	<u>F.Y. 1986</u> <u>1984-85</u>	<u>F.Y. 1987</u> <u>1985-86</u>	<u>F.Y. 1988</u> <u>1986-87</u>	<u>F.Y. 1989</u> <u>1987-88</u>
Minn. Residents to Wisc.	8257	8338	8659	8,919	9,187
Wisc. Residents to Minn.	3,525	3,543	3,770	3,883	3,859
Minn. Residents to No. Dak.	5,538	5,445	5,361	5,256	5,153
No. Dak. Residents to Minn.	3,723	3,825	4,132	4,339	4,556
Minn. Residents to So. Dak.	1,233	1,115	1,070	1,019	970
So. Dak. Residents to Minn.	1,077	1,195	1,558	1,640	1,722
Minn. Residents to Iowa	80	80	91	96	99
Iowa Residents to Minn.	129	130	137	145	149
<b>Summary:</b>					
Minnesota Residents - Out	15,108	14,978	15,181	15,290	15,409
Other States - In	8,454	8,693	9,597	10,007	10,286

GRANTS BY FUND:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
General	\$ 2,973.2	\$ 2,744.4	\$ 3,055.6	\$ 3,700.0	\$ 5,400.0
Total	\$ 2,973.2	\$ 2,744.4	\$ 3,055.6	\$ 3,700.0	\$ 5,400.0

CHANGE REQUESTS:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Wisconsin Agreement. The change in F.Y. 1988 reflects continuation of the increased net outflow of Minnesota students to Wisconsin. For F.Y. 1989 the additional increase is because of the proposed change to the Wisconsin agreement which will eliminate the professional category.	\$ 700.0	\$ 2,400.0	Activity Specific

See CHANGE request following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: INTERSTE TUT. RECITY

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE											
AIDS TO INDS.	2,973.2	2,744.4	3,055.6	3,000.0	700.0	3,700.0	3,700.0	3,000.0	2,400.0	5,400.0	4,300.0
TOTAL EXPENDITURES	2,973.2	2,744.4	3,055.6	3,000.0	700.0	3,700.0	3,700.0	3,000.0	2,400.0	5,400.0	4,300.0
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	2,973.2	2,744.4	3,055.6	3,000.0	700.0	3,700.0	3,700.0	3,000.0	2,400.0	5,400.0	4,300.0
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	2,973.2	2,744.4	3,055.6	3,000.0	700.0	3,700.0	3,700.0	3,000.0	2,400.0	5,400.0	4,300.0
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: INTERSTATE TUITION RECIPROCITY  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

STATISTICS:

	F.Y. 1983	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987
MN students to reciprocity states	13,965	14,978	15,108	14,978	15,181
Reciprocity state students to Minnesota	7,659	8,693	8,454	8,693	9,597
Net Outflow	6,306	6,797	6,654	6,285	5,584

This CHANGE item affects only the Interstate Tuition Reciprocity Activity.

RATIONALE:

As part of the agreement, no money is exchanged between Minnesota and North Dakota. South Dakota pays Minnesota about \$70.0 each year because of the net flow of students to Minnesota. Minnesota will have to pay Wisconsin approximately \$3,700.0 in F.Y. 1988, an increase of \$700.0 over the 1987 appropriation in accordance with the current agreement because of the net outflow of students to Wisconsin. In addition, it is estimated that the payment will increase by an additional \$1,700.0 in F.Y. 1989 because of the proposal by Wisconsin to eliminate the professional category and the University of Minnesota decision to eliminate out-of-state tuition for students in the professional category fields. Currently three Minnesota residents attend Wisconsin schools in veterinary medicine, dentistry and medicine (professional category), while 122 Wisconsin residents attend Minnesota schools. Elimination of this category increases Minnesota's payment by \$1,700.0. This estimate is a worstcase scenario and may be reduced substantially during the negotiation process. Subsequent information will be provided, when available during the budget approval process.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request. Amounts required for interstate tuition reciprocity have been adjusted to reflect revised agency estimates. These estimates are based on the Minnesota-Wisconsin reciprocity agreement signed in November 1986.

Request Title: TUITION RECIPROCITY-WISCONSIN AGREEMENT

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$700.0	-0-	\$2,400.0	-0-
Governor's Recommendation	\$700.0	-0-	\$1,300.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The above request reflects the change in the amount of monies Minnesota pays to neighboring states that have reciprocity agreements with Minnesota for the net outflow of Minnesota students attending public post-secondary institutions in those states. The objective is to maintain access and choice for Minnesota post-secondary students, to encourage the maximum use of education facilities, and to minimize duplication of educational efforts among participating states and institutions.

EFFECTIVENESS MEASURES:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Cost per Net Student	\$ 640	\$ 485	\$ 509	\$ 642	\$ 929

DESCRIPTION/BACKGROUND:

Authority to enter into reciprocity agreements with neighboring states was first assigned to the Coordinating Board by the 1967 Legislature. Tuition reciprocity benefits are available to Minnesota residents enrolled full time or part time in a graduate or undergraduate course of study at a public institution located in a reciprocity state. Residents of neighboring states have reciprocal benefits in Minnesota. Because of changes negotiated in the funding formulas of the agreements, the amount paid to reciprocity states has decreased from \$5.1 million in F.Y. 1981 to \$3.0 million in F.Y. 1987 even though the net outflow of students has increased from 4,870 to 5,600 over the same period.

ACTIVITY: STATE WORK-STUDY  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

DESCRIPTION: This activity ensures access and choice of post-secondary education by providing work-study opportunities to undergraduate post-secondary students enrolled in public and private institutions located in Minnesota. Students work at institutions, off-campus at non-profit service agencies, for handicapped citizens and those over 65 years of age. Students are eligible for summer work if there is a clear intent to enroll in the fall quarter. Students are paid no less than minimum wages. Costs are borne 20% or more by the employer and up to 80% by this program. Funds are allocated to institutions beginning in July of each fiscal year based upon estimated use by the institutions in the previous fiscal year. Continued contact is maintained with the offices of financial aid in participating institutions to assist in program administration and assure maximum use. If all funds allocated to an institution are not being used, they are returned to the HECB and reallocated to institutions that have need. All annual reports are received and evaluated by August 10 for the previous fiscal year to monitor the compliance and effectiveness of the program. Work-study awards are made by campus financial aid administrators to meet estimated student financial needs after taking into consideration:

1. The student's educational costs;
2. The availability of other federal and state aid.

The formula is as follows:

Estimated education costs	xxx
Less:	
Parental Contribution	(xxx)
Student Contribution	(xxx)
Other Federal Aid (PELL, NDSL, etc)	(xxx)
Other State Aid	(xxx)
Estimated Student Financial Need	<u>xxx</u>

Work Study funds can be used to replace the parental contribution in certain documented cases.

Authority for this activity is found in M.S. 136A.231.

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: Eligible participants are Minnesota residents enrolled full time in a Minnesota post-secondary institution which is eligible for participation in the Minnesota State Scholarship and Grant Program.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

EFFECTIVENESS MEASURES:

1. There is a strong interest on the part of larger institutions to participate in this program. In F.Y. 1987, 166 Minnesota institutions were eligible to participate, 100 institutions did and 66 declined. Sixty one of the institutions that did not participate were private proprietary institutions with small enrollments and limited administrative resources.

2. Assistance to students from this source has been limited. In F.Y. 1987, the average allocation to participating schools was approximately \$44,000. The average number of students assisted in each participating school was 74. This represented only 5.2% of the eligible student pool.

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Appropriation (millions)	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.9	\$ 4.9
Number of Institutions	97	98	100	100	100
Eligible Student Pool	124,472	139,956	153,875	152,600	151,900
Students in Program	7,372	7,225	7,083	7,900	7,700
% of Pool	5.9%	5.2%	4.6%	5.2%	5.1%
Average State Contribution per student	600	613	625	624	640

GRANTS BY FUND:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
General	\$ 4,407.8	\$ 4,405.1	\$ 4,452.1	\$ 4,928.6	\$ 4,928.6
Total	\$ 4,407.8	\$ 4,405.1	\$ 4,452.1	\$ 4,928.6	\$ 4,928.6

CHANGE REQUEST:

	F.Y. 1988	F.Y. 1989	Type
Target Work Study to Rural Areas. This change targets new Work-Study funds to institutions in areas where opportunities for student employment are most limited.	\$ 500.0	\$ 500.0	Activity Specific

See the CHANGE request following the fiscal sheet for this activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE WORK STUDY

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE											
AIDS TO INDS.	4,407.8	4,405.1	4,452.1	4,428.6	500.0	4,928.6	7,748.6	4,428.6	500.0	4,928.6	7,364.6
TOTAL EXPENDITURES	4,407.8	4,405.1	4,452.1	4,428.6	500.0	4,928.6	7,748.6	4,428.6	500.0	4,928.6	7,364.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS											
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	4,407.8	4,405.1	4,452.1	4,428.6	500.0	4,928.6	7,748.6	4,428.6	500.0	4,928.6	7,364.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	4,407.8	4,405.1	4,452.1	4,428.6	500.0	4,928.6	7,748.6	4,428.6	500.0	4,928.6	7,364.6
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: STATE WORK STUDY  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

This CHANGE request affects only the State Work Study Activity.

RATIONALE:

Based on the study, the Board recommends that additional funding be targeted to institutions in areas where opportunities for student employment appear most limited. Targeting additional funds to rural areas would equalize work opportunities. Focusing on the areas of high unemployment would help ensure that these students have better access to jobs in order to finance their post-secondary education.

GOVERNOR'S RECOMMENDATION:

Consistent with the recommended change in the financial aid shared responsibility formula, the Governor recommends an increase in state work-study. The objective of this recommendation is to provide increased work opportunities for Minnesota students, particularly those attending institutions in areas with high unemployment and/or limited job opportunities. This proposal will require appropriate statutory language permitting the agency to target a portion of available work-study funds to such areas. Currently, work-study funds are allocated to post-secondary institutions only on the basis of enrollment.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$500.0	-0-	\$500.0	-0-
Governor's Recommendation	\$3,320.0	-0-	\$2,936.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The above request reflects the need for additional funding targeted to public and private post-secondary institutions located outside the seven county Twin Cities area. The objective is to ensure access and choice of post-secondary educational opportunities by making work study opportunities available to undergraduate post-secondary students regardless of where they attend an eligible institution in Minnesota.

DESCRIPTION/BACKGROUND:

As part of its comprehensive review of state financial aid policies, the agency in October 1985, completed a study of work opportunities for students. The study found that earnings from work represent the single most important source of financing for students' cost of attendance. Sixty-three percent of the 1984-85 Scholarship and Grant applicants were employed during spring term 1985. Nineteen percent were unemployed, but seeking work, and 18 percent were unemployed and not seeking work. Further, the study found that more than three fourths of the students unemployed and seeking a job attended institutions located outside the Twin Cities. The percentage attending Twin Cities area institutions who were employed was higher than the percentage attending institutions outside the Twin City area who were employed. The study concluded that because work is important in helping students finance their education, the high unemployment rate among students indicates that increased employment opportunities may be needed--especially outside the Twin Cities area.

ACTIVITY: MEDICAL AND INCOME CONTINGENT LOAN  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	-0-	-0-	-0-	-0-	\$90.0

DESCRIPTION: This activity encompasses the Medical and Osteopathy Student Loan Program and the Income Contingent Loan Program. The Medical Student Loan Program assists medical students through long term, low interest loans and encourages graduates to practice in rural areas of Minnesota determined by the Board to have medical need. Participants borrow up to \$6,000 per year and \$24,000 in total at an annual interest rate of 8%. Participants who fulfill the rural practice obligations qualify for forgiveness of the loan principal and accrued interest. Funding for the program was provided by the issuance of tax-exempt revenue bonds. State appropriations are required to cover debt service requirements of those graduates who elect to practice in rural areas of need and are granted loan forgiveness by the Board.

The Income Contingent Loan Program assists students with educational debt burdens accumulated while attending the Schools of Medicine, Dentistry, Pharmacy, and Veterinary Medicine at the University of Minnesota and Mayo Medical School. Assistance is provided through low cost loans which enable graduates from these programs to repay their outstanding loans on a graduated repayment schedule based on projected incomes for their professions. The interest rate is fixed at 8% for the 1986 participants. It is based on the average rate of interest charged by the loan programs used by the graduates. Repayment schedules vary from 10 years to 20 years. Graduates who enter lower paying fields can apply for a reduced repayment schedule which lowers the repayments during the first 5 years and allows repayments to continue for a maximum of 20 years.

Funding for the program is provided by the following:

1. Loan capital-from the HECB Special Security Account.
2. Excess of program earnings over expenditures.
3. Bad Debt Reserve-equal to 15% of outstanding loans by biennial state appropriations.
4. Administrative expenses-by biennial state appropriations.

Authority for this activity is found in M.S. 147.30 and Laws of Minnesota 1985, 1st Special Session, Chapter 11, Section 3, Subdivision 6.

ACTIVITY STATISTICS:

	Number		Dollar Amount		
	Recipients	Loans	Total	Avg. Indebt.	%
Medical Student Loan					
Physicians completing program:					
Paid on repaying loans	138	400	\$2,248,160	\$ 16,291	69
Located in rural areas of need	44	144	802,800	18,245	22
Total	182	544	\$3,050,960	\$ 16,764	
Physicians in school/residency	19	68	403,450	21,234	9
Total in program	201	612	\$3,454,410	\$ 17,186	100

The program was determined to be ineffective in meeting its objective as evidenced by the fact that 76% of physicians using the program elected to repay their loans rather than serve in areas of need. Therefore, this program is being phased out by not admitting new participants after the 1980-81 academic year. During F.Y. 1989 the last revenue bond that funded this program will mature, and the program then will produce revenue for the General Fund until all outstanding loans have been repaid.

The Income Contingent Loan Program commenced operation on December 1, 1986 and has no activity statistics.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Medical Student Loan change shows the estimated amount of state fund assistance this program will need to repay maturing revenue bonds, primarily because of recipients who are practicing in rural areas and whose loans have been forgiven.	\$ 150.0	\$ 200.0	Activity Specific
Income Contingent Loan change reflects the change in the amount of funds needed to fund the Bad Debt Reserve.	(\$ 62.7)	\$ 5.6	Activity Specific

See the CHANGE requests following the fiscal sheets for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MEDICAL LOANS & INCOME CONT

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
TOTAL STATE OPERATIONS	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL		95.0	127.0	120.0	87.3	207.3	207.3	120.0	205.6	325.6	325.6
DEDICATED APPROPRIATIONS:											
H.E.C.C. LOAN FUND	171.2	774.5	209.6	1,318.5		1,318.5	1,318.5	1,466.0		1,466.0	1,466.0
TOTAL FINANCING	171.2	869.5	336.6	1,438.5	87.3	1,525.8	1,525.8	1,586.0	205.6	1,791.6	1,791.6
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MEDICAL AND INCOME CONTINGENT  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Debt Service Requirements	\$ 171.2	\$ 869.7	\$ 209.8	\$ 1,094.7	\$ 1,169.2
Amount Supplied by Program					
Earnings and Loan Repayments	\$ 171.2	\$ 774.7	\$ 209.8	\$ 944.7	\$ 969.2
Required General Fund Assistance	\$ 0	\$ 95.0	\$ 0	\$ 150.0	\$ 200.0

This CHANGE item affects only the Medical and Income Contingent Activity.

RATIONALE:

Funding for this program was provided by the issuance of tax-exempt revenue bonds. State appropriations are required to cover debt service requirements of those graduates who elect to practice in rural areas of need and are granted loan forgiveness by the Board. As shown in the Statistics, the CHANGE request is the amount required for debt service less program earnings and loan repayments. The last bond issue for this program matures April 1, 1989. Thereafter, this program will not have any expenses, and all subsequent loan repayments will be deposited directly into the state treasury.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

Request Title: MEDICAL LOAN DEBT SERVICE REQUIREMENTS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$150.0	-0-	\$200.0	-0-
Governor's Recommendation	\$150.0	-0-	\$200.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVES:

The agency requests the above funds to meet the debt service requirements to bondholders of revenue bonds issued to fund the Minnesota Medical and Osteopathy Loan Program. The objective is to assure that all debt service payments are made in accordance with bond covenants.

DESCRIPTION/BACKGROUND:

M.S. 147.32 provides that General Fund monies be used to pay debt service obligations if funds are not available in the sinking fund established for the revenue bonds. This program was established to make loans to medical and osteopathy students and encourage graduates to practice in designated rural areas of need by forgiving their debt. Graduates who do not practice in designated rural areas pay back the loans with an interest rate of 8 percent. Because this program was not meeting its objective, the Coordinating Board made a recommendation, approved by legislature, to phaseout the program by not admitting new participants after Fall 1980, but to continue meeting the loan requests of current participants. In F.Y. 1989, the last revenue bond will mature, and this program will produce revenue for the state until all loans are repaid.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: MEDICAL AND INCOME CONTINGENT  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

STATISTICS:

	F.Y. 1987	F.Y. 1988	F.Y. 1989
Borrowers	334	718	1,152
New Loans	\$ 207,612	\$ 382,001	\$ 837,418
Bad Debt Reserve	\$ 31,142	\$ 57,300	\$ 125,613

This CHANGE item affects only the Medical and Income Contingent Loan Activity.

RATIONALE:

This program requires that 15 percent of the new loans be deposited in a Bad Debt Reserve to cover defaults of GRIP loans. This is the same amount that is required to be deposited in the Bad Debt Reserve for the Student Educational Loan Fund (SELF) program. As actual experience is obtained regarding the relative level of funding necessary to provide for an adequate reserve, the percentage deposited into the Bad Debt Reserve for the GRIP program may change. Until experience is obtained, it is recommended that the Bad Debt Reserve for the GRIP program be funded at the same level as that for the SELF program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: GRADUATED REPAYMENT FROM INCOME PROTECTION PROGRAM				
Agency Request				
General Fund	(\$62.7)	-0-	\$5.6	-0-
Governor's Recommendation	(\$62.7)	-0-	\$5.6	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: Requires appropriation rider language to include public health

STATEMENT OF REQUEST/OBJECTIVE:

The agency is requesting a change level of funding to fully fund the Bad Debt Reserve of the Graduated Repayment from Income Protection (GRIP) program. The objective is to provide for sufficient funds in the Bad Debt Reserve to cover defaults of loan principal.

DESCRIPTION/BACKGROUND:

Chapter 11, Section 3, Subdivision 6 of the Laws of Minnesota for 1985, First Special Session, provided funding for the agency to establish an income contingent loan program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, and veterinary medicine in repaying their student debt by providing a repayment plan based on anticipated annual income. This request includes the adding of public health graduates into the GRIP program. Funding was provided for administration of the program, additional loan capital, and Bad Debt Reserve. During the 1986 legislative session, funding for the additional loan capital was deleted, and the agency used available resources from revenue bond income for this purpose. Since this program was initiated in F.Y. 1987, funding for the Bad Debt Reserve will increase until it reaches maturity, currently estimated to be F.Y. 1993.

ACTIVITY: STUDENT ASSISTANCE ADMINISTRATION  
 Program: STUDENT FINANCIAL AID  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION: The Student Assistance Administration activity administers 11 state student financial assistance programs, two federal student assistance programs, coordinates financial aid activity throughout the state, and represents the state in federal student aid matters. This activity involves the processing of applications and other program documents relating to state financial assistance programs, preparation of rules and procedures, maintenance of contracts and continual contact with institutions to provide assistance in administering student assistance programs, and development of analytical data for systematic evaluation of programs.

This activity provides personnel and other operating expenses associated with the administration of the following student financial aid programs:

- Loans: Income Contingent Loans  
Medical Student Loans
- Grants: Minnesota Scholarship Program      Summer Scholarships  
Minnesota Grant Program                  Carl Perkins Scholarships (federal)  
State Student Incentive Grant Program (federal)      Distressed Workers Grants  
Veterans' Dependents Grants                  Capital Gains Program  
Part-Time Grant Program
- Other: Interstate Tuition Reciprocity Program  
Work Study Program

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Dollars Awarded (millions)	\$ 52.5	\$ 54.1	\$ 75.5	\$ 81.4	\$ 92.2
Number of Applicants	125,250	137,322	148,100	159,500	158,600
Number of Awards	77,165	81,508	90,200	96,400	96,100
Administration Expenses	\$ 388,900	\$ 521,200	\$ 501,300	\$ 533,908	\$ 533,300
Administration Expense Per Applicant	\$ 3.10	\$ 3.80	\$ 3.38	\$ 3.35	\$ 3.36

GRANTS BY FUND:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Federal	\$ 0	\$ 0	\$ 165.0	\$ 165.0
Total	\$ 0	\$ 0	\$ 165.0	\$ 165.0

CHANGE REQUEST:

Perkins Scholarship Administration. Beginning in F.Y. 1987, the HECB will receive federal funds for the Perkins Scholarship Program. By federal rule, the funds can only be used for scholarships. Administration must be provided by the states. This is a labor intensive program requiring continual individual followup.

	F.Y. 1988	F.Y. 1989	Type
Perkins Scholarship Administration	\$ 23.8	\$ 23.8	Activity Specific

Financial Aid Data Base. This assists the HECB in evaluating the effects of the state financial aid programs on students and institutions through the development of a comprehensive data base and the collection and maintenance of a longitudinal research data base on student aid recipients, identifying the various sources of aid these students receive.

	F.Y. 1988	F.Y. 1989	Type
Financial Aid Data Base	\$ 185.0	\$ 75.0	Activity Specific

Financial Aid Processing Analysis. This request would fund a study to analyze and update the data processing needs of the financial aid programs and develop a new long range (5-7 year) plan.

	F.Y. 1988	F.Y. 1989	Type
Financial Aid Processing Analysis	\$ 100.0	\$	Activity Specific

See the CHANGE request following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STUDENT ASSIST ADMIN

PROGRAM: STUDNT FINANCIAL AID

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	388.9	521.2	501.3	522.2	308.8	831.0	772.2	523.4	98.8	622.2	673.4
LOCAL ASSISTANCE											
AIDS TO INDS.				165.0		165.0	165.0	165.0		165.0	165.0
TOTAL EXPENDITURES	388.9	521.2	501.3	687.2	308.8	996.0	937.2	688.4	98.8	787.2	838.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	224.9	257.8	287.2	317.1	9.8	326.9	372.1	316.5	9.8	326.3	371.5
EXPENSES & CONTRAC. SERV	160.3	260.7	210.1	201.1	296.5	497.6	394.1	202.9	86.5	289.4	295.9
SUPPLIES & MATERIALS	3.7	2.7	4.0	4.0	2.5	6.5	6.0	4.0	2.5	6.5	6.0
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	388.9	521.2	501.3	522.2	308.8	831.0	772.2	523.4	98.8	622.2	673.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	388.9	521.2	501.3	522.2	308.8	831.0	772.2	523.4	98.8	622.2	673.4
DEDICATED APPROPRIATIONS:											
FEDERAL				165.0		165.0	165.0	165.0		165.0	165.0
TOTAL FINANCING	388.9	521.2	501.3	687.2	308.8	996.0	937.2	688.4	98.8	787.2	838.4
POSITIONS BY FUND											
GENERAL	8.3	9.3	9.3	9.3	.5	9.8	10.3	9.3	.5	9.8	10.3
TOTAL POSITIONS	8.3	9.3	9.3	9.3	.5	9.8	10.3	9.3	.5	9.8	10.3

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: STUDENT ASSISTANCE ADMINISTRATION  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

RATIONALE:

The program is consistent with the state's desire to promote the recruitment and retention of prospective teachers. Priority is given to students in four categories:

students enrolled in licensure programs for teaching mentally, emotionally and physically handicapped children, special education, English as a Second Language, and bilingual or bicultural education;

Students enrolled in foreign language, science, or mathematics licensure programs;

Black, Asian, Pacific Islanders, or Hispanic students; and

students with a non-teaching bachelor's degree who return to school to get a teaching license.

Extensive administrative effort is required to operate the program. Because students who accept scholarships and later choose not to pursue teaching careers are required to repay the scholarship with interest, the program must be operated like a loan program. It requires continual followup of scholarship recipients until either their service obligation is completed or the award repaid. Other administrative tasks include designing and distributing applications, publicizing the program, convening the selection panel to evaluate applications, sending out awards and denial notices, and communicating with post-secondary education institutions. Approximately 6,000 seniors will be eligible to apply each year as well as students who have already began their post-secondary education.

GOVERNOR'S RECOMMENDATION:

Other spending priorities preclude additional funding for this request. The Governor recommends that if needed, the agency be given authority to administer the Carl D. Perkins Scholarship Program from other agency administrative funds.

Request Title: CARL D. PERKINS SCHOLARSHIPS ADMINISTRATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$23.8	.5	\$23.8	.5
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to administer the federal Carl D. Perkins Scholarship Program. The objective is to provide for scholarships as directed by the federal program and administer this program in accordance with the established rules and procedures.

DESCRIPTION/BACKGROUND:

In F.Y. 1986, the governor designated the HECB as the state agency to administer the program, which is designed to encourage talented post-secondary students to pursue careers in elementary or high school teaching. By federal rule, all funds must be used for scholarships. Each state accepting the monies must provide administrative support. The expected Minnesota allotment for F.Y. 1987 is \$166,862, which would provide for 33 scholarships of \$5,000.

This CHANGE item affects only the Student Assistance Administration Activity.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: STUDENT ASSISTANCE ADMINISTRATION  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

RATIONALE:

A data base containing all financial aid package information on a representative body of students would enable the HECB to (1) evaluate the effects of state financial aid policies on recipients; (2) determine the impact of increases or decreases in aid from any sector (federal, state, institutional, and private); (3) conduct longitudinal studies to determine the impact of financial aid on student persistence and attrition; and (4) answer many questions directed by legislators and other interested parties regarding the extent and interaction of financial aid from various federal, state, institutional, and private sources. This request includes \$185.0 for F.Y. 1988 and \$75.0 for F.Y. 1989 to develop and maintain the data base.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request. Amounts recommended have been adjusted to provide funding for this request and for agency data base planning. The agency, within the total amount of funding recommended, could determine its 1987-89 project priorities and timetables.

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: FINANCIAL AID DATA BASE SURVEY				
Agency Request				
General Fund	\$185.0	-0-	\$75.0	-0-
Governor's Recommendation	\$150.00	1.0	\$150.0	1.0

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to conduct a survey of financial aid recipients in F.Y. 1988 and a follow-up survey in F.Y. 1989 to determine the extent of use being made of the various federal, state, institutional and private financial aid programs available to post-secondary students. The objective is to have a unified data base showing all types of financial aid received by applicants of state financial aid programs.

DESCRIPTION/BACKGROUND:

Little is known at the state level about the use of federal, state, institutional, and private financial aid programs by campus financial aid administrators as they package aid from a variety of sources for their students. Establishment of a comprehensive financial aid data base would provide the HECB with this information.

This CHANGE item affects only the Student Assistance Administration Activity.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: STUDENT ASSISTANCE ADMINISTRATION  
 PROGRAM: STUDENT FINANCIAL AID  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

RATIONALE:

Because of the many changes that have taken place in the state financial aid programs since 1980, and the future changes scheduled, an external review of the agency's financial aid data processing system and projected data processing needs is necessary to continue meeting the objectives of the programs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve its 1987-89 objectives as indicated above.

Request Title: FINANCIAL AID PROCESSING ANALYSIS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$100.0	-0-	\$-0-	-0-
Governor's Recommendation	\$100.0	-0-	\$-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to review its financial aid data processing support operation and to develop a new long range data processing plan. The objective is to assure the continuation of a comprehensive financial aid processing system, which operates efficiently and effectively.

DESCRIPTION/BACKGROUND:

In 1980, the HECB was appropriated funds to study the data processing needs of the Scholarship and Grant Program. That study resulted in the purchase of the Student Aid Management (SAM) software system. Since then, several significant new developments have occurred in financial aid--the Shared Responsibility concept, inclusion of part-time students into the Scholarship and Grant Program, a campus based delivery system and a revised definition of independent student. These changes have required major modifications to the SAM system. This request would fund a study to analyze and update the data processing needs of the financial aid programs and develop a new long range (5-7 year) plan.

This CHANGE item affects only the Student Assistance Administration Activity.

PROGRAM: STATE STUDENT LOAN  
Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

PURPOSE:

To help Minnesota residents and residents of other states attending post-secondary education institutions in Minnesota obtain their post-secondary education by providing long term, low interest loans. To obtain a loan, the student must be enrolled in an eligible institution at least half time. Included in this program are the Minnesota State Student Loan Program (MSSLP) and the Student Educational Loan Fund (SELF). These programs allow students to obtain their education at an institution of their choice by providing financial assistance through low cost guaranteed loans.

OPERATION:

This program encompasses the following operations:

1. The MSSLP's Guaranteed Student Loan Program. The state program is intended to provide access and federal interest benefits to guaranteed loans for all Minnesota residents and students who qualify and are attending an eligible institution and are unable to obtain loans from other sources (i.e. banks, savings and loans, etc.)

Students from families with incomes equal to or below \$30,000 are eligible for loans with federal interest benefits. Students from families with incomes above \$30,000 must provide family financial information to establish financial need.

Funding for the MSSLP is accomplished through the (1) issuance of revenue bonds; (2) sale of loans to secondary markets; and (3) earnings generated by the operation of the program. No state funds are requested for this program.

2. Student Educational Loan Fund. This program is intended to assist students who are ineligible for other forms of aid due to family income levels, students whose financial aid packages do not cover their total cost of attendance, students who encounter exceptional or unexpected problems in meeting their total cost of attendance, and graduate/professional students who have limited access to financial aid programs, by providing financial resources necessary for them to continue their post-secondary education.

The interest rate for these loans is based on the cost of funds and the cost of administering this program. Funding for the SELF is accomplished through the issuance of revenue bonds and program earnings in excess of operating expenses and debt service requirements. No state funds are requested for this program.

BUDGET ISSUES:

No state funds are used in administering these programs. The MSSLP has been in operation since 1974 and has accumulated program earnings to establish itself on a sound financial basis.

The SELF Program began making loans in June 1985 and is financed through the issuance of tax-exempt revenue bonds. Because monies are not available to provide interest benefits, students must pay interest on their loans while attending schools.

EXPLANATION OF BUDGET REQUEST:

No state funds are requested for this Program.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve its 1987-89 objectives. However, as a self-supporting program, the student loan request requires no legislative action.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: STATE STUDNT LOAN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
STATE STUDENT LOAN	37,049.5	23,944.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
SUPPLEMENTAL LOANS	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
TOTAL	37,148.0	24,168.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	37,148.0	24,163.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
LOCAL ASSISTANCE		5.0									
AIDS TO INDS.											
TOTAL EXPENDITURES	37,148.0	24,168.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
H.E.C.C. LOAN FUND	37,148.0	24,168.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
TOTAL FINANCING	37,148.0	24,168.5	34,397.3	34,420.5		34,420.5	34,420.5	34,420.5		34,420.5	34,420.5
POSITIONS BY FUND:											
H.E.C.C. LOAN FUND	19.7	20.2	20.7	20.7		20.7	20.7	20.7		20.7	20.7
TOTAL POSITIONS	19.7	20.2	20.7	20.7		20.7	20.7	20.7		20.7	20.7

ACTIVITY: GUARANTEED STUDENT LOAN PROGRAM  
 Program: STATE STUDENT LOAN  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

DESCRIPTION: This activity ensures access and choice of post-secondary education and provides financial assistance to post-secondary students who are unable to secure loans from private lending sources.

The Minnesota State Student Loan Program (MSSLP) provides long term, low interest loans to: (a) Minnesota residents who are enrolled at least half time in post-secondary institutions located in Minnesota and other states; (b) residents of other states who are enrolled full time in post-secondary institutions located in Minnesota.

Undergraduate and vocational students are eligible for loans up to \$2,625 for the first two years of study, then \$4,000 per year for balance of undergraduate study, \$17,250 cumulative maximum. Graduate and professional students are eligible for \$7,500 per year, \$54,750 cumulative maximum for undergraduate and graduate loans.

All students must undergo a need analysis to qualify for a loan.

Any student who initially borrowed from the program before January 1, 1981 is charged 7% interest. Initial borrowers after January 1, 1981, but before September 13, 1983 are charged 9% interest. Initial borrowers after September 13, 1983 are charged 8% interest. Initial borrowers after October 1, 1986 will be charged 8% interest for the first four years of repayment, with the interest increasing to 10% in the fifth year and thereafter. In all cases, the interest is paid by the federal government while the student is in school as well as during a 6 to 9 month grace period after the student leaves school.

The Minnesota program experience since 1974 indicates that: (1) principal amounts are repaid in 8 years; (2) the average borrower has 1.5 MSSLP loans; (3) average loan size is \$1,900.

Losses to the Minnesota program through default are minimal due to 100% insurance protection from the Higher Education Assistance Foundation (HEAF), a non-profit agency that guarantees student loans against defaults. In rare cases where the HECB claims are denied by the HEAF, the Minnesota Revenue Recapture Act is used to recover principal and interest.

Funding for the program is obtained from the following two sources:

1. Issuance of tax-exempt revenue bonds. Legislative authority exists for the issuance of outstanding bonds for all student loan programs up to \$550,000,000. As of June 30, 1986, the bonds outstanding amount to \$273,500,000 for this program. The HECB does not anticipate the issuance of additional bonds during the 1987-89 biennium. No increase in borrowing authority will be necessary.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

2. Program earnings in excess of program operating and debt service requirements. As of June 30, 1986, approximately \$114,000,000 of program funding had been derived from this source since July 1974.

Authority for this activity is found in M.S. 136A.14 - 136A.179.

RECIPIENT IDENTIFICATION AND ELIGIBILITY CRITERIA: All loans are made by the HECB through an eligible institution which acts as its agent. Each institution under contract with HECB must designate a representative responsible for assisting the HECB by providing loan counseling. This representative has responsibility for conducting an origination interview, transmitting loan disbursements to students, and notifying the HECB when a student discontinues at least half time enrollment. Any institution failing to meet these responsibilities is suspended from participation in the program, pending certification from its chief executive assuring renewed compliance. No check is delivered to a student before the student has started school, and no payment is made for an expired school period. All loan applications must be approved by (a) the institution representative, (b) the HECB, and (c) the HEAF, before a guarantee is issued and money disbursed. If a disbursement has been made and the student does not attend school for the period for which the loan was made, the loan is determined to be immediately due and payable.

EFFECTIVENESS MEASURES: The HECB is a lender of secondary resort. Thus, if the applicant is an undergraduate first time borrower, he or she must present evidence of having been refused a loan by another lender. Graduate and professional applicants need not submit such evidence. All eligible applicants who apply to the state program receive loans. Private lenders have shown increasing interest in providing Guaranteed Student Loans over the past several years. This is evidenced by the decreasing market share of the MSSLP.

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of loans	17,275	10,452	10,200	10,200	10,200
Amount of Loans (\$000)	36,070.0	22,719.0	22,500.0	22,500.0	22,500.0
Average Size of Loans (\$000)	2,088	2,174	2,200	2,200	2,200
Average Loan Processing Time	4 wks.	2 wks.	2 wks.	2 wks.	2 wks.
Market Share MHECB	18%	11%	11%	11%	11%
Operating Expense ratio to average earning assets	1%	1%	1%	1%	1%

BUDGET ISSUES:

No state funds are used in administering this program. This program has been in operation since 1974 and has accumulated program earnings to establish itself on a sound financial basis.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: STATE STUDENT LOAN

PROGRAM: STATE STUDNT LOAN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	37,049.5	23,939.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
LOCAL ASSISTANCE		5.0									
AIDS TO INDS.											
TOTAL EXPENDITURES	37,049.5	23,944.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	351.5	316.1	467.7	487.4		487.4	487.4	487.4		487.4	487.4
EXPENSES & CONTRAC. SERV	2,842.5	2,290.7	3,386.9	3,386.9		3,386.9	3,386.9	3,386.9		3,386.9	3,386.9
SUPPLIES & MATERIALS	.9	.9	7.4	7.4		7.4	7.4	7.4		7.4	7.4
EQUIPMENT											
OTHER EXPENSE ITEMS	33,854.6	21,331.5	30,103.0	30,103.0		30,103.0	30,103.0	30,103.0		30,103.0	30,103.0
TOTAL STATE OPERATIONS	37,049.5	23,939.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
H.E.C.C. LOAN FUND	37,049.5	23,944.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
TOTAL FINANCING	37,049.5	23,944.2	33,965.0	33,984.7		33,984.7	33,984.7	33,984.7		33,984.7	33,984.7
POSITIONS BY FUND											
H.E.C.C. LOAN FUND	19.7	19.7	17.7	17.7		17.7	17.7	17.7		17.7	17.7
TOTAL POSITIONS	19.7	19.7	17.7	17.7		17.7	17.7	17.7		17.7	17.7

ACTIVITY: STUDENT EDUCATIONAL LOAN FUND  
 Program: STATE STUDENT LOAN  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

DESCRIPTION: This activity assists (1) students who are ineligible for other forms of aid due to family income levels; (2) students whose financial aid packages do not cover the total cost of attendance; (3) students who encounter exceptional or unexpected problems in meeting total costs of attendance; (4) graduate/professional students who have limited access to financial aid programs.

This activity provides loans to (1) Minnesota residents who are enrolled at least half time in post-secondary institutions located in Minnesota and other states; (2) residents of other states who are enrolled at least half time in post-secondary institutions located in Minnesota.

Undergraduate and vocational students are eligible to borrow a maximum of \$4,000 per year not to exceed an aggregate indebtedness from all sources (includes NDSL, GSL and ALAS) of \$4,000 times the number of years in school or \$16,000, whichever is less. Graduate students may borrow a maximum of \$6,000 per year not to exceed an aggregate indebtedness of \$25,000 from all sources, including undergraduate debt.

The size of individual loans is determined by campus financial aid administrators, subject to program criteria, and is equal to the student's cost of education less all other forms of financial aid for which the student is eligible.

The program is funded through the issuance of tax-exempt revenue bonds. Legislative authority for the issuance of bonds is subject to the limitation of \$550,000,000 authorized for Minnesota student loan programs. The HECB issued \$60,000,000 in F.Y. 1985. No increase in borrowing authority is required. The HECB anticipates the need for the issuance of additional revenue bonds during the 1987-89 biennium.

The interest rate on the loans is variable based on the cost of funds and is adjusted weekly. Borrowers pay interest only during the in-school period on a quarterly basis. After graduation or withdrawal from school, borrowers pay only interest for 12 months on a monthly basis. Repayment of principal and interest begins with the 13th month after leaving school.

Security for the SELF program against the risks of death, default, and disability is provided by a bad debt reserve fund and a contract with a private insurer.

Authority for this activity is found in M.S. 136A.14 - 136A.1701.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of Loans	26	3,640	7,500	7,500	7,500
Amount of Loans	\$ 70.0	\$ 9,755.0	\$20,000.0	\$20,000.0	\$20,000.0
Average Size of Loans	\$ 2,692	\$ 2,680	\$ 2,680	\$ 2,680	\$ 2,680
Average Loan Processing Time	3 wks.	3 wks.	3 wks.	3 wks.	3 wks.

MAJOR ISSUE: It is imperative that the HECB continue to receive an allocation for tax-exempt financing under the statewide cap to finance this program because it is an important source of assistance for students.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: SUPPLEMENTAL LOANS

PROGRAM: STATE STUDNT LOAN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	8.0	53.8	85.6	89.1		89.1	89.1	89.1		89.1	89.1
EXPENSES & CONTRAC. SERV	90.5	170.1	315.2	315.2		315.2	315.2	315.2		315.2	315.2
SUPPLIES & MATERIALS		.4	2.0	2.0		2.0	2.0	2.0		2.0	2.0
EQUIPMENT											
OTHER EXPENSE ITEMS			29.5	29.5		29.5	29.5	29.5		29.5	29.5
TOTAL STATE OPERATIONS	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
H.E.C.C. LOAN FUND	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
TOTAL FINANCING	98.5	224.3	432.3	435.8		435.8	435.8	435.8		435.8	435.8
POSITIONS BY FUND											
H.E.C.C. LOAN FUND		.5	3.0	3.0		3.0	3.0	3.0		3.0	3.0
TOTAL POSITIONS		.5	3.0	3.0		3.0	3.0	3.0		3.0	3.0

PROGRAM PURPOSE:

This program is designed to improve the state's effectiveness and efficiency in meeting post-secondary education needs through (a) continuous short-range and long-range planning, which provides a sound basis for policy decisions and program actions; (b) coordinating the several components of post-secondary education to assure that all needs are addressed, resources are used judiciously, and unwarranted duplication of effort is minimized; and (c) formulating recommendations for state policy and actions in order to assure that efforts to provide post-secondary education are consistent with the state's goals for public investment in post-secondary education as well as cost effective. The desired results of the program are a coordinated and comprehensive state post-secondary education effort, which meets the changing needs of Minnesota residents efficiently and effectively and which is conducted within the framework of responsible policy based on adequate projections and planning.

OPERATION:

This program encompasses the following operations:

1. Conducting policy studies of post-secondary issues that have an inter-system or state-wide impact.
2. Administering the Private Institution Registration Act, the Minnesota Interlibrary Telecommunication Exchange (MINITEX), the Post-High School Planning Program (PSPP), the federal Integrated Post-Secondary Education Data System (IPEDS), the Enterprise Development Program, the Teacher Education Task Force, the Mission Coordination/Instructional Technology, and the federal Teacher Training/Retraining Program (Title II).
3. Reviewing new and existing instructional programs to determine need and discourage duplication of effort and expenditure.
4. Maintaining data on public and private post-secondary enrollment, programs and financing, including collection, reporting, and research support.

BUDGET ISSUES:

As policy issues become more involved and complicated, the necessity for comprehensive data bases increases. Since upkeep of a central data base requires data from many sources, adequate staffing becomes a central requirement so the information contained in the data base can be used effectively.

To plan and provide a sound basis for policy decisions on education quality, more must be learned about the achievements of college graduates. This requires a comprehensive support effort in identifying quality in higher education and measuring the system's total effectiveness. It is important that the assessment focus on the basic skills or outcomes that should be expected of all college graduates.

To provide Minnesota residents from the eighth grade through adulthood with information on higher education and career decisions, a comprehensive counseling and testing effort is necessary. This requires the availability of an integrated statewide career guidance and testing program for all Minnesota residents who desire this information.

EXPLANATION OF BUDGET REQUEST:

Nine areas of change are requested for this program. An additional \$190.2 is requested each year for the MINITEX Activity to provide funding for pay equity and increased cost of enhanced services. \$100.0 and 1.0 FTE staff position are requested each year to provide leadership and coordination in the use information technology. \$160.0 and 2.0 FTE staff positions is requested each year to establish educational quality output measurements. \$50.0 are requested in F.Y. 1989 to establish quality standards for baccalaureate degrees. \$30.0 is requested each year to continue the college-level skills initiative. \$25.0 and .3 FTE staff position are requested each year to provide necessary administrative funding for the federal teacher training/retraining program. \$75.0 and 1.0 FTE staff position are requested each year to plan and implement a comprehensive data base system. \$400.0 in F.Y. 1988 and \$791.0 in F.Y. 1989 is requested to provide for a comprehensive career guidance and testing program. A reduction of \$1.6 in F.Y. 1988 and \$14.8 in F.Y. 1989 is proposed for the enterprise development centers because the local match will increase as the centers mature.

GOVERNOR'S RECOMMENDATION:

The Governor recommends state funding for this program in the amount of \$3,228.7 for the 1987-89 biennium. This includes recommended increases for the Minitex Library and Policy and Program Planning activities. The latter recommendation provides \$250.0 for the biennium for developing a coordinated, cooperative plan for providing educational alternatives for students affected by the University of Minnesota's Commitment To Focus Program. Given other state spending priorities, the Governor also recommends phase out of the post high school planning activity. Objectives of this activity could be achieved through private sector, market oriented initiatives.

The Enterprise Development activity is recommended for transfer to the Department of Energy and Economic Development. Objectives of this activity are more consistent with the mission of the Department of Energy and Economic Development than with the mission of the Higher Education Coordinating Board.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: PLANNING & COORDINTN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
MINITEX LIBRARY	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
MISSION COORDINATION		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
POLICY & PROGRAM PLNG	757.8	1,263.1	1,158.9	1,037.4	690.0	1,727.4	1,027.4	1,038.4	1,131.0	2,169.4	1,070.4
ENTERPRISE DEVELOPMENT		197.6	352.4	351.3	1.6-	349.7		351.3	14.8-	336.5	
TOTAL	3,826.6	4,834.6	4,911.6	4,774.4	978.6	5,753.0	4,433.1	4,775.3	1,406.4	6,181.7	4,476.0
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,826.6	4,230.1	4,406.4	4,269.2	995.2	5,264.4	4,246.4	4,270.1	1,446.2	5,716.3	4,289.3
LOCAL ASSISTANCE		604.5									
AIDS TO INDS.			505.2	505.2	16.6-	488.6	186.7	505.2	39.8-	465.4	186.7
TOTAL EXPENDITURES	3,826.6	4,834.6	4,911.6	4,774.4	978.6	5,753.0	4,433.1	4,775.3	1,406.4	6,181.7	4,476.0
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,363.1	1,898.6	2,050.6	1,934.2	978.6	2,912.8	1,592.9	1,935.1	1,406.4	3,341.5	1,635.8
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	62.1	67.8	64.5	64.5		64.5	64.5	64.5		64.5	64.5
AGENCY	2,381.9	2,384.2	2,546.1	2,546.1		2,546.1	2,546.1	2,546.1		2,546.1	2,546.1
H.E.C.C. LOAN FUND	19.5	27.5	29.7	30.8		30.8	30.8	30.8		30.8	30.8
FEDERAL		456.5	220.7	198.8		198.8	198.8	198.8		198.8	198.8
TOTAL FINANCING	3,826.6	4,834.6	4,911.6	4,774.4	978.6	5,753.0	4,433.1	4,775.3	1,406.4	6,181.7	4,476.0
POSITIONS BY FUND:											
GENERAL	14.4	17.4	17.4	16.9	4.3	21.2	14.9	16.9	4.3	21.2	14.9
H.E.C.C. LOAN FUND	.6	.6	.6	.6		.6	.6	.6		.6	.6
FEDERAL		1.0	1.0	.2		.2	.2	.2		.2	.2
TOTAL POSITIONS	15.0	19.0	19.0	17.7	4.3	22.0	15.7	17.7	4.3	22.0	15.7

ACTIVITY: MINNESOTA INTERLIBRARY TELECOMMUNICATIONS EXCHANGE 1987-89 Biennial Budget  
 Program: PLANNING AND COORDINATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

**DESCRIPTION:** The Minnesota Interlibrary Telecommunications Exchange (MINITEX) was established as a program of the Higher Education Coordinating Board to facilitate resource sharing among higher education and state agency libraries in Minnesota and to aid in the reduction of unit costs in these libraries. It fulfills this objective through five major activities: document delivery; periodical exchanges; creation and maintenance of a union list of serials holdings of the participating libraries; a common data base of participants' books and non-print holdings through participation in a national program of online shared cataloging, and reference services to participating libraries. The total MINITEX programs are designed to provide students, faculty, and other residents of Minnesota with maximum access to library resources around the state. Maintenance of the program is essential in Minnesota due to a high concentration of total state library resources in the Twin Cities area. Over 60% of document delivery requests and the majority of reference requests are filled from the University of Minnesota Twin Cities Library collections. The remaining requests are referred and filled from other MINITEX participating libraries.

Minnesota post-secondary education and state agency libraries currently participate in the MINITEX programs, supported by state appropriations. In addition, public libraries in Minnesota through the Office of Library Development and Services and libraries in North and South Dakota participate under contracts that also provide funding.

MINITEX provides its service at low cost - one of the lowest cost per unit shared among libraries in the country. It is nationally recognized as a model interlibrary resource-sharing program.

The increased volume of activity that has resulted from out-of-state contractual arrangements contributes to the low unit cost that MINITEX has maintained. In addition, participation of Office of Library Development and Services, North Dakota, and South Dakota has broadened the base of library collections and, consequently, enhanced resource sharing among all participants, including Minnesota higher education and state agency libraries.

Minnesota's libraries are moving toward greater use of computer services and processes. This transition is placing new demands on MINITEX staff to provide more sophisticated information and support services to libraries so they may better serve students, faculty, and other Minnesota residents. The MINITEX office must work closely with the online systems of the University of Minnesota-Twin Cities campus and the State University System to enhance resource sharing. In particular, there is a demand for more efficient delivery of materials, more timely response to reference questions and document delivery requests, and more geographically accessible instruction in the use of new technologies related to resource sharing.

Authority for this activity is found in M.S. 136A.04.

ACTIVITY STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Activities Supported by the MINITEX Appropriation</u>					
No. of libraries served	124	125	125	125	125
No. of documents delivered	111,854	117,443	122,143	128,250	137,228
No. of periodical exchanges	26,107	18,373	19,000	19,500	20,000
No. of reference requests	1,368	1,167	1,300	1,600	2,000
No. of OCLC libraries	92	93	93	93	93
No. of online holdings records (in millions)	4.5	5.0	5.8	6.6	7.5
No. of work sessions	30	50	60	70	75

Total Activities (including those supported by the MINITEX appropriation and contract with Office of Library Development and Services, North Dakota and South Dakota)

No. of libraries served	190	193	193	193	193
No. of documents delivered	166,658	175,914	182,015	189,295	196,866
No. of periodical exchanges	26,107	18,373	19,000	19,500	20,000
No. of reference requests	4,120	3,656	3,800	4,100	4,500
No. of OCLC libraries	158	161	161	161	161
No. of online holdings records (in millions)	7.5	8.5	9.8	11.0	12.5
No. of work sessions	30	50	60	70	75

ALTERNATIVES/MAJOR ISSUES:

1. Maintain the current level of service. The current level of service could be maintained without increased levels of funding, assuming that neither the number of libraries nor the number of requests for service increases and that the response time is unchanged. However, the demand for services is expected to increase.
2. Provide required second pay equity adjustment for MINITEX employees at the University of Minnesota. This will require an increase in funding or a decrease in the current level of service.

ACTIVITY: MINNESOTA INTERLIBRARY TELECOMMUNICATIONS EXCHANGE 1987-89 Biennial Budget  
(Continuation)

Program: PLANNING AND COORDINATION  
Agency: HIGHER EDUCATION COORDINATING BOARD

3. With the installation of computerized operating systems, libraries can identify resources available in other libraries instantaneously. Online systems usually result in more requests to borrow items from other libraries and to receive these items as quickly as possible. Increased funding will be required to increase the capacity and efficiency of the current document delivery retrieval system.
4. Provide more timely response to reference questions. The reference service enables libraries to provide information on request without the expense of maintaining an extensive reference collection. However, this service has experienced a backlog in responding to requests. Academic librarians would use this service more frequently if the responses were more timely.
5. Provide reports and statistical analyses regarding resource sharing in the region in response to requests.
6. Provide training and workshops and coordinate activities between libraries to further resource sharing as libraries automate their activities. MINITEX has few staff resources to meet these needs. Should this service be provided on a fee for service basis? Should increased funding be allocated for this activity?

CHANGE REQUEST:

	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>Type</u>
Fund equity adjustment for University employees of MINITEX and augment document delivery, backup references, and data reporting services.	\$ 190.2	\$ 190.2	Activity Specific

See CHANGE request following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MINITEX LIBRARY

PROGRAM: PLANNING & COORDINTN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES											
EXPENSES & CONTRAC. SERV	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	686.9	909.6	739.3	739.3	190.2	929.5	759.3	739.3	190.2	929.5	759.3
DEDICATED APPROPRIATIONS:											
AGENCY	2,381.9	2,384.2	2,546.1	2,546.1		2,546.1	2,546.1	2,546.1		2,546.1	2,546.1
TOTAL FINANCING	3,068.8	3,293.8	3,285.4	3,285.4	190.2	3,475.6	3,305.4	3,285.4	190.2	3,475.6	3,305.4
POSITIONS BY FUND											
TOTAL POSITIONS											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MINNESOTA INTERLIBRARY TELECOMMUNICATIONS EXCHANGE  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$190.2	-0-	\$190.2	-0-
Governor's Recommendation	\$ 20.0	-0-	\$ 20.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to increase and improve MINITEX services to academic and state agency libraries in Minnesota. The goal of this request is to fund pay equity increases for University of Minnesota employees in the MINITEX office, to enhance and increase the level of service provided to libraries, and to gather and report data on library resource sharing and MINITEX activities. The objective of these services is to reduce or target individual library purchasing by making resources available through borrowing from other libraries.

DESCRIPTION/BACKGROUND:

State appropriations provide MINITEX support to 125 Minnesota post-secondary and state agency libraries. The MINITEX document delivery and reference programs are designed to provide students, faculty, and other residents of Minnesota with access to information in the University of Minnesota/Twin Cities library collections and to other library resources in the state. The services are provided under a contract between the Coordinating Board and the University of Minnesota.

In addition, public libraries in Minnesota and libraries in North and South Dakota participate in the programs through a contracting arrangement which also provides funding. This expanded base of participation has broadened the library resources

available through the program and enhanced the resource sharing capability for all participants. The libraries provide access to their materials at no charge while the funds from state appropriations and the other contracts provide for joint bibliographic data bases and the movement of materials and information between libraries.

New demands are being made on the MINITEX staff as a result of the expansion of the State University System's online system to include an interlibrary loan component and to serve the Minnesota community colleges, and the installation of the University of Minnesota online library system. Because of the need to respond to these demands and other developments, some MINITEX staff has been shifted away from reference services, thus creating a backlog in that area. Without increased funding, the backlog in the reference service will grow, and the document delivery service will be capped at its current level. The result will be less access to information and materials for library patrons around the state.

This CHANGE item affects only the MINITEX Activity.

RATIONALE:

Pay Equity Adjustment. The University mandated that MINITEX make pay equity adjustments in salaries of \$27,000 for F.Y. 1986 and F.Y. 1987; this is a graduated process and further adjustments will be required. The University estimates an adjustment of \$20,000 for each year of the 1987-89 biennium. This request would enable MINITEX to make the adjustment without reducing the level of service or eliminating staff.

Enhancement and Increased Cost of Services. This request is to augment the current document delivery, backup reference, and data reporting services.

The expansion of the State University System online library system to include an interlibrary loan function and to serve the 18 community college libraries has resulted in a major common data base and system for requesting materials. With the installation of the University of Minnesota online system during F.Y. 1987, 57.4 percent of the holdings of Minnesota academic libraries and the Legislative Reference Library will be identifiable through online systems. The installation of the online union list of serials (MULS) through an appropriation in the 1985-87 biennium will make all periodical holdings available online as well.

All current MINITEX procedures will need to be redesigned so that libraries may take full advantage of these systems for improved resource sharing and services for their patrons. This takes a significant increase in commitment of staff resources. MINITEX is expected to train staffs of libraries in procedures for effective and efficient use of the resources available online throughout the libraries in Minnesota. Moreover, online systems typically result in more requests to borrow from other libraries as library patrons become more aware of what is available. MINITEX estimates that document delivery requests will increase 12 percent during the 1987-89 biennium with the installation of the new online data bases.

## CHANGE REQUEST

1987-89 Biennial Budget

 Agency  Program  Activity

(Continuation)

ACTIVITY: MINNESOTA INTERLIBRARY TELECOMMUNICATIONS EXCHANGE

PROGRAM: PLANNING AND COORDINATION

AGENCY: HIGHER EDUCATION COORDINATING BOARD

The backup reference service helps libraries respond to reference questions that they cannot answer locally. In F.Y. 1986, 1,167 questions were received from the post-secondary and state agency libraries. This service requires professional expertise to identify resources and find answers to questions quickly. Previously, University of Minnesota library science students were employed for the backup reference service, but since the closing of the University's library science program, only a limited number of classified staff has been assigned to the service. In addition, the questions received by MINITEX have become more difficult, requiring more staff time to provide answers. These changes have increased the time required to answer reference questions and decreased the staff available for the service. Consequent delays in response time have resulted in libraries using the service less frequently because of the short time line required by patrons. There is no alternative backup reference service which provides access to such a wide variety of resources in the state, and which reduces the need for individual libraries to purchase less frequently used reference materials.

The Coordinating Board, other contracting agencies, and participating libraries need to have current information on MINITEX activities and resource-sharing. Currently, the MINITEX staff is unable to provide requested information without shifting staff from providing the basic MINITEX services. The additional funds needed to support the above request for enhancement and increased cost of services is \$170.2 for each year of the 1987-89 biennium.

GOVERNOR'S RECOMMENDATION:

The Governor recommends funding of the pay equity portion of this request. Other spending priorities preclude funding of the remaining items indicated above.

ACTIVITY: MISSION COORDINATION/INFORMATION TECHNOLOGY  
 Program: PLANNING AND COORDINATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION:

This activity involves facilitating and coordinating the efforts of the post-secondary education systems to clarify and differentiate their mission. It also involves coordinating policy development in the instructional use of information technologies by describing current activities and informing policy makers of emerging needs.

The 1985 Legislature instructed the post-secondary education systems to better differentiate their missions, so that costly duplication of programs and unnecessary conflict could be avoided. This activity has provided leadership and staff to work with the systems in addressing ten specific issues: graduate education programs, research, associate degree programs, occupational programs, continuing education, transfer of credits, recruiting, preparation standards, bachelor degree program access, and access to certain professional degrees.

During the biennium, solutions to mission-related problems took the form of signed agreements between systems, governing board policies, instructions from systems leaders, agreed upon standards, and changed administrative procedures.

The success of these actions in achieving mission differentiation will be monitored by the HECB during the 1987-89 biennium.

The legislature also expressed a need for better information regarding funding requests and possible policy initiatives to encourage the planning for and use of information technologies.

Authority for this activity is found in Laws of Minnesota for 1985, First Special Session, Chapter 11, Section 3, Subdivision 2.

STATISTICS: A survey of 100 of the state's post-secondary institutions was conducted, with results describing the use of computer, video and audio technologies and a report issued.

A symposium on the needs of the workforce of the future was conducted with attendance by 300 persons. A special policy seminar on the same topic was attended by 30 persons.

Ten meetings were conducted bringing together systems' representatives to discuss issues of telecommunications, faculty development, courseware, and costs.

A seminar of 25 legislators, system leaders and policy staff was conducted to discuss policy implications of the survey results.

CHANGE REQUEST:

Information Technology. This request covers staff and support costs to continue coordination and cooperative planning of technology use in higher education.

See the Change request following the fiscal sheet for this activity.

	F.Y. 1988	F.Y. 1989	Type
\$	100.0	\$ 100.0	Activity Specific

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: MISSION COORDINATION

PROGRAM: PLANNING & COORDINTN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES		70.4	76.2	73.6	73.3	146.9	73.6	73.5	73.3	146.8	73.5
EXPENSES & CONTRAC. SERV		9.7	38.2	26.2	26.2	52.4	26.2	26.2	26.2	52.4	26.2
SUPPLIES & MATERIALS			.5	.5	.5	1.0	.5	.5	.5	1.0	.5
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING		80.1	114.9	100.3	100.0	200.3	100.3	100.2	100.0	200.2	100.2
POSITIONS BY FUND											
GENERAL		1.5	1.5	1.5	1.0	2.5	1.5	1.5	1.0	2.5	1.5
TOTAL POSITIONS		1.5	1.5	1.5	1.0	2.5	1.5	1.5	1.0	2.5	1.5

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MISSION COORDINATION/INFORMATION TECHNOLOGY

PROGRAM: PLANNING AND COORDINATION

AGENCY: HIGHER EDUCATION COORDINATING BOARD

There is a need and desire to share and collaborate in the expertise and use of technology,

There is an opportunity to build linkages between resources in post-secondary education institutions, public school systems, other government agencies and industry.

This CHANGE item affects only the Mission Coordination/Information Technology Activity.

RATIONALE:

The requested funds would be used to address the above issues by initiating activities for sharing faculty development resources, for sharing exemplary use of technology in specific disciplines, for providing institutional planning assistance, for sharing courseware use experiences, and for coordinating higher education planning for statewide telecommunications networks. Technology policy and use are in a state of flux, and there is opportunity to provide leadership in this costly, rapidly changing field. Some cooperative planning has begun, and opportunities exist to expand these efforts. Because investments in technology have not been too great, there is time to facilitate cooperative planning in order to ensure the maximum benefit for Minnesota students and institutions.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. The Governor further recommends that the agency use a portion of the 1987-89 same level funding for the Mission Coordination activity to coordinate quality assessment and instructional improvement activities in the public post-secondary systems.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$100.0	1.0	\$100.0	1.0
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to provide leadership and consultation to the post-secondary education systems and institutions on information technology issues and opportunities. With this capacity, the agency would establish networks for information sharing and collaboration for efficient and effective use of information technologies in instruction and administration.

DESCRIPTION/BACKGROUND:

Findings from the HECB Information Technology Project (mandated by Laws of Minnesota for 1985, First Special Session, Chapter 11, Section 26) indicate that:

There is considerable interest and activity in use of technology in Minnesota's post-secondary institutions,

There are considerable differences between institutions in their expertise and use of technology,

There is a need for formal, comprehensive planning at the institutions if the use of technology is to be expanded,

There is a need for resources to support faculty development programs in the use of technologies,

ACTIVITY: POLICY AND PROGRAM PLANNING  
 Program: PLANNING AND COORDINATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

**DESCRIPTION:** This activity is designed to improve the effectiveness and efficiency of Minnesota post-secondary education by (a) engaging in short and long-range planning activities that form a sound basis for state, system, and institutional decisions; (b) performing policy analysis on current issues in higher education coordination, leading to Board recommendations for a desirable course of action; (c) effecting coordinated action in areas where resource and information sharing are possible; and (d) managing programs with a multi-system or multi-institution focus.

This activity is based on the Board's legislative mandate to 1) engage in long-range planning, 2) study all phases and aspects of post-secondary education, 3) relate the use of resources to present and long-range needs, and 4) continuously study the financing of post-secondary education. This activity also encourages effective and efficient use of post-secondary education resources by promoting coordination and comprehensive planning. Specific activities promote cost effectiveness and discourage unnecessary duplication. Responsibilities include comprehensive planning and policy studies, the review of new and existing educational programs, and the management of programs which are assigned. Administration of the Post-High School Planning Program (PSPP), a career guidance, testing, and information program for all Minnesota high school juniors who are making post-secondary education plans and decisions, is included in this activity. This activity also administers the Private Institution Registration and MINITEX programs.

**EFFECTIVENESS MEASURES:** The Coordinating Board monitors the status of activity in this area annually. Status has typically been portrayed in workload measures, as shown under statistics. Staff is currently developing additional measures of activity effectiveness.

**ACTIVITY STATISTICS:**

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1) Special Studies					
No. Initiated	10	11	10	10	10
No. Completed	9	12	11	10	10
2) Program Review					
No. Reviewed	74	55	50	50	50
3) Private Institution Registration					
No. Degree Approvals	43	47	50	50	50
No. Name Approvals	18	18	19	19	19
No. Registrations	12	11	10	10	10
4) Post-High School Planning					
No. of H.S. Juniors	40,000	40,000	40,000	40,000	40,000
5) Teacher Training/Retraining Projects					
Projects	0	13	8	8	8

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

GRANTS BY FUND:	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Federal	\$ 0	\$ 430.5	\$ 186.7	\$ 186.7	\$ 186.7
Total	\$ 0	\$ 430.5	\$ 186.7	\$ 186.7	\$ 186.7

CHANGE REQUEST:	F.Y. 1988	F.Y. 1989	Type
Quality Assessment. This would allow the Board to focus on assessing and reinforcing quality.	\$ 160.0	\$ 160.0	Activity Specific
Quality Standards. This would fund a project on baccalaureate degree standards.	\$ 0	\$ 50.0	Activity Specific
College-Level Skills Implementation. This would fund continuation of the dialogue on the implementation of academic standards for reading, writing and mathematics.	\$ 30.0	\$ 30.0	Activity Specific
Federal Title II Administration. This would increase administrative funds to the equivalent of a half time FTE staff.	\$ 25.0	\$ 25.0	Activity Specific
Data Base Planning. This would provide for the collection and analysis of basic data on post-secondary education in Minnesota.	\$ 75.0	\$ 75.0	Activity Specific
Post-High School Planning Program. This would enhance the program to help students make better decisions about post-secondary education and careers.	\$ 400.0	\$ 791.0	Activity Specific

See the CHANGE requests following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: POLICY & PROGRAM PLNG

PROGRAM: PLANNING & COORDINTN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	757.8	832.6	972.2	850.7	690.0	1,540.7	840.7	851.7	1,131.0	1,982.7	883.7
LOCAL ASSISTANCE		430.5									
AIDS TO INDS.			186.7	186.7		186.7	186.7	186.7		186.7	186.7
TOTAL EXPENDITURES	757.8	1,263.1	1,158.9	1,037.4	690.0	1,727.4	1,027.4	1,038.4	1,131.0	2,169.4	1,070.4
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	476.5	527.0	606.7	548.4	152.5	700.9	522.3	547.6	152.5	700.1	513.5
EXPENSES & CONTRAC. SERV	279.4	301.7	357.3	296.1	535.5	831.6	312.6	297.9	976.4	1,274.3	362.4
SUPPLIES & MATERIALS	.6	2.7	4.2	2.2	2.0	4.2	1.8	2.2	2.1	4.3	3.8
EQUIPMENT											
OTHER EXPENSE ITEMS	1.3	1.2	4.0	4.0		4.0	4.0	4.0		4.0	4.0
TOTAL STATE OPERATIONS	757.8	832.6	972.2	850.7	690.0	1,540.7	840.7	851.7	1,131.0	1,982.7	883.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	676.2	711.3	844.0	743.3	690.0	1,433.3	733.3	744.3	1,131.0	1,875.3	776.3
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	62.1	67.8	64.5	64.5		64.5	64.5	64.5		64.5	64.5
H.E.C.C. LOAN FUND	19.5	27.5	29.7	30.8		30.8	30.8	30.8		30.8	30.8
FEDERAL		456.5	220.7	198.8		198.8	198.8	198.8		198.8	198.8
TOTAL FINANCING	757.8	1,263.1	1,158.9	1,037.4	690.0	1,727.4	1,027.4	1,038.4	1,131.0	2,169.4	1,070.4
POSITIONS BY FUND											
GENERAL	14.4	14.9	14.9	14.4	3.3	17.7	13.4	14.4	3.3	17.7	13.4
H.E.C.C. LOAN FUND	.6	.6	.6	.6		.6	.6	.6		.6	.6
FEDERAL		1.0	1.0	.2		.2	.2	.2		.2	.2
TOTAL POSITIONS	15.0	16.5	16.5	15.2	3.3	18.5	14.2	15.2	3.3	18.5	14.2

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	QUALITY ASSESSMENT			
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$160.0	2.0	\$160.0	2.0
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to allow the Board to focus on assessing and reinforcing quality by developing outcome measures to evaluate the programs of instruction provided by Minnesota post-secondary institutions. The objective is to make it possible for the state to use its resources in the most cost effective manner.

DESCRIPTION/BACKGROUND:

Educational institutions often measure their activities in terms of input measures such as dollars spent per student, enrollment, or faculty/student ratio. Few outcome measures have been developed or extensively used to evaluate how well an institution is doing. Outcome measures need to be developed that would allow an assessment of the quality provided by individual programs and institutions.

This CHANGE item affects only the Policy and Program Planning Activity.

RATIONALE:

It is virtually impossible to assess the achievements of Minnesota's post-secondary education system, or whether some educational approaches or institutions are more successful than others. The evidence of concern about quality is cited in several national reports and in previous Board studies. The amount of remedial education being offered has increased greatly, at the expense of quality of programs, and employers voice concerns about the skills of recent graduates. The state invests heavily in post-secondary education, and although it is known that students acquire knowledge in direct proportion to the number of courses taken, it is not known if they acquire the skills of communicating, solving problems, analyzing, and synthesizing information that are the stated outcomes of collegiate education. Standards that describe appropriate skill levels are needed, as are ways to measure student achievements other than mastery of subject matter. A quality assessment system can identify needed areas of improvement in post-secondary education. With these funds, the Board would initiate a study to provide outcome measures that could be used to evaluate programs and institutions.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. All or a portion of existing funding in the Mission Coordination activity could be diverted to development of outcome measures for post-secondary education.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

RATIONALE:

In order to increase the quality of post-secondary education in Minnesota, there is a need to establish standards that can be used to assess programs and students. The development of standards would help establish and maintain the integrity of baccalaureate degrees awarded in Minnesota. A consensus on degree standards would clarify for educators, students, and employers what is required to earn a baccalaureate degree from a Minnesota institution.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. A portion of existing funding in the Mission Coordination activity could be used in development of quality standards.

Request Title: QUALITY STANDARDS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$-0-	-0-	\$50.0	-0-
Governor's Recommendation	\$-0-	-0-	\$-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds and positions to establish baccalaureate degree standards for Minnesota colleges and universities. The objective is to increase the quality of education provided by the institutions. This project would follow the quality assessment project proposed in the agency budget request and be specific to baccalaureate degrees. To develop baccalaureate standards, the Board would convene a task force to discuss the issues, develop assessment measures, and recommend standards to be used by the post-secondary community.

DESCRIPTION/BACKGROUND:

In April 1985 the Board established a task force to determine the skills, knowledges, and abilities that should be expected of students who receive associate degrees from Minnesota post-secondary institutions. After endorsing the task force's recommended standards in April 1986, the Board transmitted them to the state's public and private governing boards for adoption and use, starting in the 1986-87 academic year. The standards distinguish associate degrees from other post-secondary education credentials. Although the task force focused on types of courses that should be required for specific types of associate degrees, there was agreement that the development of outcome measures rather than input measures would be more meaningful. There also was agreement that standards would be valuable for baccalaureate, masters and doctoral degrees because none now exist.

This CHANGE item affects only the Policy and Program Planning Activity.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	COLLEGE LEVEL SKILLS DISSEMINATION			
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$30.0	-0-	\$30.0	-0-
Governor's Recommendation	\$-0-	-0-	\$-0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests these funds to continue work on reducing the gap between ideal academic standards and actual student learning. The specific objective is to publish additional quantities of the Report of the Task Force on Definition of College-Level Skills and to arrange for a series of discussion groups throughout the state where secondary and post-secondary educators can examine the implications of the standards together.

DESCRIPTION/BACKGROUND:

A 1984 Board study of remedial education found that the post-secondary institutions applied different standards to award degree credit for similar instruction. The Board established a Task Force of post-secondary and secondary educators to develop a consensus on the skills students need to begin performing at the college level. In January 1986, the Task Force recommended instructional outcomes that should distinguish degree credit, college-level instruction in reading, writing, and mathematics from remedial instruction. The Task Force further recommended that regional networks be established to support increased communication between faculty in high schools and post-secondary institutions so that they might work together on issues of curriculum and assessment. The Board endorsed the degree credit recommendations of the Task Force and transmitted them to the post-secondary

education governing boards and the Commissioner and State Board of Education. Work of the Task Force and a small initial printing of the report were supported from the general appropriation to the Higher Education Coordinating Board in F.Y. 1986.

This CHANGE item affects only the Policy and Program Planning Activity.

RATIONALE:

Institutions of higher education and secondary education are attempting to address the issue of quality by reviewing and strengthening academic standards. The Post-Secondary Enrollment Options Act led to concerns about standards that distinguish post-secondary work from secondary or remedial and developmental work. Disseminating the work of this Task Force could lead to acceptance and implementation of the college-level skills standards, resulting in better preparation of high school students and reduced need for remedial work in post-secondary institutions.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

RATIONALE:

The first year of federal funds (F.Y. 1986) provided the agency with \$453,111 of which 5 percent was allowed for administration and evaluation. Federal funds were reduced in the second year of the program (F.Y. 1987), and the agency received a grant of \$196,574. Five percent of this amount is not adequate to support the professional staff needed to administer the program in Minnesota. Therefore, it is recommended that the state fund the necessary position up to .5 FTE level to administer the program. At this level, federal funds would support .2 FTE and state funds the remaining .3 FTE. The agency believes that the program has been a valuable resource in Minnesota as part of a national and state effort to address concerns about declines in the quality of foreign language, mathematics, and science education. The federal program also is intended to increase participation in mathematics and science study by populations and minorities--traditionally discouraged from technologically-related careers. Since superior teachers can motivate students to do well, the legislation emphasized improving teacher ability by providing resources for teachers to update or broaden their skills in mathematics, science and foreign language training.

In Minnesota, 13 first year projects provided inservice training in mathematics and science for about 1,600 K-12 teachers throughout the state. The training covered a variety of specific needs from teaching gifted and talented junior high school mathematics students to developing math activities for kindergarten students. One project has been recommended for national recognition as a new and effective teaching practice and three projects have developed instructional materials for dissemination statewide and nationwide. Administering the projects, however, requires substantial effort by the Coordinating Board. This includes preparing application forms and instructions, developing criteria and evaluating proposals, monitoring funded projects for conformance with federal regulations, informing institutions about the program, negotiating project budgets, processing grant awards, evaluating projects, and developing reports for the U.S. Office of Education.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. It is suggested that the agency consider funding the administration of this program from its 1987-89 appropriation base.

Request Title: FEDERAL TITLE II ADMINISTRATION

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$25.0	.3	\$25.0	.3
Governor's Recommendation	\$-0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to administer the federal program designed to provide training and retraining of mathematics and science teachers. The objective is to continue to administer the program at its required level.

DESCRIPTION/BACKGROUND:

Title II of the Education for Economic Security Act (P.L. 98-377) allocates financial assistance by formula to the states to improve the skills of teachers and the quality of instruction in mathematics and science. If needs in those fields are fully met, funds can be used to improve the teaching of foreign language and computer learning. One goal of the program is to increase access to improved instruction for all students, including the underrepresented, and the gifted and talented. The total state allocation is split with 30 percent provided for grants to higher education institutions and 70 percent provided for grants and formula payments to local school districts. The State Department of Education administers Title II elementary and secondary education funds. Because federal funding has been reduced, it is not possible to adequately administer the higher education portion of the program with the funds allowed for administration.

This CHANGE item affects only the Policy and Program Planning Activity.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

consultation with external constituents on current and anticipated needs for basic data;

assessment of staff resources to assemble and maintain existing and proposed data bases and

assessment of computer capacity to process data from existing and proposed data bases for research and analysis.

Results of the planning effort would include: findings on the status of internal data bases, an exploration of options for data base development, and recommendations for data base development.

This CHANGE item affects only the Policy and Program Planning Activity.

RATIONALE:

One of the Coordinating Board's central, ongoing functions is management of data on public and private post-secondary education in Minnesota. The function includes data collection, data reporting, and support for research. Many of the Board's other activities, including statewide planning, financial analysis of post-secondary education, projection and analysis of student financial aid, program review and various special projects, depend on data that are or ought to be routinely available. It is recommended that the state fund the necessary positions to administer this program.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Funding for this item is included within other agency information processing and systems requests recommended by the Governor.

Request Title: DATA BASE PLANNING	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$75.0	1.0	\$75.0	1.0
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds and positions to develop an information base that would assist its coordination and planning responsibilities. The objective is to determine which items of information would be most beneficial for the agency's research responsibilities.

DESCRIPTION/BACKGROUND:

A wide-ranging effort of data base planning is necessary. Highest priority would be the Student Record Data Base and other data bases currently used for enrollment analysis. Second order priority includes other existing data bases such as the Integrated Post-Secondary Education Data System (IPEDS), instructional programs inventory, State Scholarship and Grant Program research data base, other financial aid program data bases, and the Post-High School Planning Program (PSPP). Planning for data base development would be the first item of business. This would include:

- an inventory and assessment of existing internal data bases;
- internal survey of the value of existing and proposed data bases for research and analysis;

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: POST-HIGH SCHOOL PLANNING PROGRAM				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$400.0	-0-	\$791.0	-0-
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Statutes Affected: 136A.85 and 136A.86				

STATEMENT OF REQUEST/OBJECTIVES:

The agency requests the above funds to develop an integrated system of education and career guidance to serve all Minnesota citizens from the eighth grade through adulthood. The objective is to provide counseling, information, and assessment services of the Post-High School Planning Program (PSPP) to help students make better decisions about post-secondary education and careers.

DESCRIPTION/BACKGROUND:

The 1978 Minnesota Legislature directed the Higher Education Coordinating Board to establish a statewide career guidance, testing, information, and planning program for all Minnesota 11th graders, and appropriated state funds to support the program. During the past eight years, the Coordinating Board has exercised policy, fiscal, and administrative oversight of this program with the advice and assistance of a standing advisory task force comprised of secondary and post-secondary educators. Program testing and information services have been provided through an array of contracts with the American College Testing Program, the College Board, and the University of Minnesota Counseling Service.

The Coordinating Board's Management Plan for 1984-87 called for an examination of future directions for the PSPP. Starting early in 1985, the PSPP Advisory Task Force undertook a systematic, year-long planning process to chart a proposed future course for the program. In its consultations and discussions, the Task Force noted that dramatic economic and social changes in Minnesota have affected the status of educational institutions. Demographic trends have changed the makeup of post-secondary student bodies and required changes in the delivery of educational services. Public concern about the quality of education has led to heightened expectations of the outcomes of the education system. New developments have been occurring which respond to the challenges of the changing environment. They include new approaches to marketing post-secondary education, new concepts in enrollment management, and new approaches to assessment. All these new concepts will require more and better information about students and institutions. All will require technologically current information.

This CHANGE item affects only the Policy and Program Planning Activity.

RATIONALE:

In order to provide an integrated, statewide system to help people make decisions about post-secondary education, the Board is recommending a system that is designed to achieve the following goals:

1. Enable all secondary students and out-of-school adults to consider the full range of available post-secondary opportunities.
2. Encourage earlier and more systematic planning for education and careers by all Minnesota secondary students.
3. Encourage more secondary students to acquire the academic skills that will prepare them for a wide range of post-secondary programs.
4. Increase persistence in post-secondary education by helping students enroll in appropriate institutions and programs.
5. Streamline and consolidate testing procedures used to advise, admit, and place students in post-secondary programs.

The request includes the following components:

\$200.0 to fund pilot projects to serve adult and out-of-school youth in F.Y. 1988 and \$200.0 to implement a statewide network of guidance and assessment service to adults and out-of-school youth in F.Y. 1989;

\$100.0 to construct, field test, and validate a junior year preplacement test in mathematics in F.Y. 1988 and \$198.0 to administer the junior year preliminary mathematics test in F.Y. 1989. The test would be designed to advise students about senior year course selection;

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity  
(Continuation)

ACTIVITY: POLICY AND PROGRAM PLANNING  
PROGRAM: PLANNING AND COORDINATION  
AGENCY: HIGHER EDUCATION COORDINATING BOARD

\$100.0 to develop, field test, and validate a freshman mathematics placement test for students desiring post-secondary education in F.Y. 1988;

\$297.0 to operate an inventory of interests, plans and background information to help all juniors make decisions about post-high school activities in F.Y. 1989; and

\$96.0 increase in F.Y. 1989 to assist in administration of the Post-High School Planning Program.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. The Governor further recommends that 1987-89 base level funding for the Post-High School Planning Program (\$218.0) be eliminated and that the activity be fully phased out in the 1987-89 biennium. The services involved could be provided by the private sector and/or from user fees.

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity

ACTIVITY: POLICY AND PROGRAM PLANNING  
 PROGRAM: PLANNING AND COORDINATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title:	COMMITMENT TO FOCUS PLANNING			
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Governor's Recommendation	\$100.0	-0-	\$150.0	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$250.0 for the 1987-89 biennium to analyze options available to students likely to be affected by the University of Minnesota's Commitment to Focus (CTF) Program. The Higher Education Coordinating Board would have responsibility for determining the likely impact of the CTF effort on: a) educational programs in other metropolitan area institutions (both public and private); b) the number and characteristics of students likely to be affected in the next biennium and beyond; and c) educational alternatives to meet the needs of such students.

BACKGROUND/DESCRIPTION:

Under its CTF plan, the University of Minnesota seeks to place greater emphasis on basic research and on graduate and professional education. This shift of emphasis may mean that several thousand students will seek alternatives to the undergraduate programs now offered on the University's Twin Cities campus. Metropolitan State University has specifically requested planning funds to develop alternatives for these students. Other metropolitan area institutions (public and private) have also shown interest in the impact of CTF on their programs and campuses. Accordingly, the Governor recommends a comprehensive approach to CTF planning, an approach which takes into account the capabilities and needs of all area institutions. This study would be conducted by the Higher Education Coordinating Board during the 1987-89 biennium.

ACTIVITY: ENTERPRISE DEVELOPMENT PARTNERSHIPS  
 Program: PLANNING AND COORDINATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

DESCRIPTION: The goal of this activity is to stimulate job creation at the local level through the cooperative efforts of all available community resources to help new businesses get started and succeed. The program differs from many existing state and local economic development programs in that it does not focus on expanding or relocating well-established businesses. Instead, it serves the entrepreneurs already in the communities who either are interested in starting new businesses or need help in expanding their new business efforts.

Four enterprise development centers were funded on a pilot basis through a competitive grant process. These centers -- in Bemidji, Crookston, Fergus Falls and the Iron Range (Babbitt and Hibbing offices) -- are run by a partnership of community leaders from business, education, finance, and government. This partnership combines the scientific knowledge, applied research capabilities, and business training skills existing in local higher education institutions with the practical experience of successful entrepreneurs in the community. Local government leaders provide a link to public sector financing, while financial leaders connect to private sector funding options for the new businesses served. Existing business assistance programs in higher education institutions such as Small Business Development Centers or AVTI Small Business Management Programs are directly linked to the centers through membership on the boards that run the centers. Offices are generally staffed with one full-time professional and one support staff.

Services provided by the centers include long-term management and technical assistance to start-ups and expansions ranging from analysis of technical feasibility of an idea, to marketing studies, to business planning, and financial packaging. In addition, centers help companies locate investors and lenders in the communities. Services may be provided directly or through a network of referrals to other small business assistance and training programs, to private consultants, or to volunteer professionals in the area.

Emphasis in the centers is on coordinating and maximizing local resources.

Centers have set up a fee structure on a direct or deferred basis and have developed plans to be locally self-sustaining after five years of operation. Evaluation of the first 18 months of operation will be completed in February 1987.

OBJECTIVES:

1. To foster new enterprise development and growth.
2. To link community resources into a network that will maximize the opportunity for success of new business ventures.
3. To provide a catalyst for a community partnership that will become self-sustaining over time.

ACTIVITY STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
1. Enterprise Development and Growth Receiving Management/Technical Assistance				
No. of Businesses	NA	400	400	400
Business Started/Expanded	NA	16	16	16
Projected Jobs - 5 Years (cumulative)	NA	160	360	600
2. Linking Community Resources				
\$ Invested/Lent (\$000)	NA	\$320	\$840	\$840
Referrals	NA	200	200	200
3. Progress Toward Self-Sufficiency				
Local Match/Income Provided by Centers (\$000)	\$44	\$146	\$163	\$186

GRANTS BY FUND:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
General	\$ 174.0	\$ 318.5	\$ 301.9	\$ 278.7
Total	\$ 174.0	\$ 318.5	\$ 301.9	\$ 278.7

CHANGE REQUEST:

	F.Y. 1988	F.Y. 1989	Type
Enterprise Development Centers. Needed for continuation of the four centers now in operation.	(\$ 1.6)	(\$ 14.8)	Activity Specific

See the CHANGE request following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ENTERPRISE DEVELOPMENT

PROGRAM: PLANNING & COORDINTN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS		23.6	33.9	32.8	15.0	47.8		32.8	25.0	57.8	
LOCAL ASSISTANCE		174.0									
AIDS TO INDS.			318.5	318.5	16.6-	301.9		318.5	39.8-	278.7	
TOTAL EXPENDITURES		197.6	352.4	351.3	1.6-	349.7		351.3	14.8-	336.5	
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES		17.7	27.0	28.3		28.3		28.3		28.3	
EXPENSES & CONTRAC. SERV		5.9	6.8	4.4	15.0	19.4		4.4	25.0	29.4	
SUPPLIES & MATERIALS			.1	.1		.1		.1		.1	
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS		23.6	33.9	32.8	15.0	47.8		32.8	25.0	57.8	
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL		197.6	352.4	351.3	1.6-	349.7		351.3	14.8-	336.5	
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING		197.6	352.4	351.3	1.6-	349.7		351.3	14.8-	336.5	
POSITIONS BY FUND											
GENERAL		1.0	1.0	1.0		1.0		1.0		1.0	
TOTAL POSITIONS		1.0	1.0	1.0		1.0		1.0		1.0	

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: ENTERPRISE DEVELOPMENT PARTNERSHIPS  
 PROGRAM: POLICY AND PROGRAM PLANNING  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: INCREASE LOCAL MATCH REQUIRED FOR EXISTING PARTNERSHIP CENTERS				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	(\$1.6)	-0-	(\$14.8)	-0-
Governor's Recommendation	(\$1.6)	-0-	(\$14.8)	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The Board requests the above changes to assure increased local support of the four Enterprise Development Partnership centers currently funded by this activity. The objective is to gradually increase the amount of local match required to fund the centers so that they become locally self-sufficient in five to ten years.

DESCRIPTION/BACKGROUND:

Chapter 11, Section 3, Subdivision 9, Laws of Minnesota for 1985, First Special Session, provides funding for the establishment of Enterprise Development Partnerships. The four centers currently receiving funds have developed plans to be locally self-sufficient after five to ten years of operation through fees, investments of local funds and local private and public contributions. The centers have provided a 20 percent match in F.Y. 1986 during the start-up of their operations. A 31 percent match is required in F.Y. 1987. Under this request, match requirements will be raised to 35 percent in F.Y. 1988 and 40 percent in F.Y. 1989. The increased percentage of local match will result in a reduced appropriation request of \$16,400 over the biennium.

This CHANGE item affects only the Enterprise Development Partnership Activity.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Cost of Center Operation (\$000)	218	464.5	464.5	464.5
Match Required (%)	20	31	35	40
Local Match (\$000)	44	146	162.6	185.8
Grants for Center Operation (\$000)	174	318.5	301.9	278.7
Program Administration (\$000)	26	31.5	31.5	31.5
Board Staff & Materials Development (\$000)	00	00	15.0	25.0
Total Appropriation/Request	\$ 200	\$ 350	\$ 348.4	\$ 335.2

RATIONALE:

The centers' income from clients is expected to increase gradually in the first years of operation. After five years, income will increase more rapidly as businesses that have been helped become more successful and are able to pay back deferred fees. Since it takes most new businesses three to five years to become profitable, a substantial repayment of fees cannot be expected in the early years. This change request includes the estimated amount of funding needed to continue operation of the centers at the same level of effort, but with an increased local match. Program administration costs will remain the same. The remaining funds will be used to provide the centers with additional Board development assistance.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request. The Governor also recommends that the 1987-89 base level funding (\$686.2) for the enterprise development activity be removed from the Higher Education Coordinating Board budget and that responsibility for the program be transferred to the Department of Energy and Economic Development. Objectives of this activity are more compatible with the mission of the Department of Energy and Economic Development than with the mission of the Higher Education Coordinating Board.

PROGRAM: AGENCY ADMINISTRATION  
Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

PROGRAM PURPOSE:

This program (1) provides leadership, direction, supervision, and control of the agency, (2) serves the Board's needs, and assures the effective operation of the Board, and (3) supports the agency's divisions and programs with administrative, fiscal, personnel, and office services. This comprehensive management responsibility also involves service to the governor and the legislature; liaison with federal agencies and appropriate congressional offices; and relationships with the general public, including the media. Preparation and timely dissemination of reports, proposals, and program analysis are important aspects of this program.

OPERATION:

This program encompasses the complete sphere of post-secondary education by providing effective leadership to the Board and the state through initiating and completing major policy studies, with recommendations to the governor, legislature, and post-secondary education governing boards. During the biennium these have included studies on work opportunities for college students, cost of attendance, college-level skills, podiatry, optometry, contracting, associate degree standards, and the financial aid need analysis. The Board has also piloted a new campus-based delivery system for financial aid, expanded the financial aid program to serve more part-time students, developed two programs to assist students in economic distress, facilitated the effort of systems to clarify and differentiate their missions, staffed a task force on regulation of private trade schools, staffed the average cost funding task force, developed an income-contingent loan repayment model, adopted a long range plan for its Post-High School Planning Program, administered summer scholarships for secondary school students in college-based enrichment programs, and surveyed use of technology in post-secondary education, implemented the Economic Development Partnership Program, initiated programs of information to all Eighth grade students, and negotiated reciprocity agreements.

The Board also has reviewed and commented on system plans, area vocational technical institution governance, and the annual report of the Higher Education Facilities Authority.

Several policy studies and projects are underway and scheduled for completion in 1987. They include the development of outcomes for teacher education programs of the future and a study of graduate education.

The agency administration also has provided effective leadership through improved administration of financial aid programs and other state programs under the Board's purview. Support services and automation for the agency have been improved and expanded.

The Board has maintained significant involvement with the various systems and educational institutions, helping to foster coordination and cooperation in their academic and financial planning efforts.

BUDGET ISSUES:

In recent years, this agency has had significant staffing reductions while the workload has increased. To accomplish additional tasks, the agency must continue to find ways of increasing its productivity. This can best be accomplished through the increasing use of up-to-date computer equipment and technology; some additional staffing also is needed.

In the 1985-87 biennium, the agency initiated a program to inform prospective students as early as the eighth grade and their parents about the benefits of continuing their education. This program should be continued and expanded to target information to specific audiences such as minorities, public assistance recipients, dislocated workers, the handicapped, displaced homemakers, and victims of the state's rural crisis.

EXPLANATION OF BUDGET REQUEST:

Four areas of change are requested for this program. An additional \$21.0 is requested each year for meeting expenses of the student board member, enhanced board member development, governing board expenses, and a symposium series on educational policy issues. \$110.0 in F.Y. 1988 and \$198.0 in F.Y. 1989 is requested to enhance and broaden the information initiative began in F.Y. 1986. A reduction of \$10.0 in F.Y. 1988 and \$25.0 in F.Y. 1989 reflects the completion of optometry grant program began in F.Y. 1986. \$80.0 in F.Y. 1988 and \$64.0 in F.Y. 1989 is requested to upgrade the computer hardware to meet the data processing needs of the agency.

GOVERNOR'S RECOMMENDATION:

The Governor recommends state funding in the amount of \$2,587.0 for this program in the 1987-89 biennium. This amount includes \$65.0 for increased administrative costs and \$144.0 for upgrading of the agency's data processing equipment. The Governor also recommends that the optometry and osteopathy contracting program be phased out beginning in F.Y. 1988. Market incentives are deemed sufficient to meet the state's needs for these professionals. Continuation of appropriation rider language allowing transfer of state appropriations between and amongst various agency programs and activities is also recommended. The purpose of this recommendation is to provide the agency with the flexibility required for effective and efficient discharge of its various missions and responsibilities. Such transfers could be reviewed by the commissioner of finance or the legislative advisory committee.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: AGENCY ADMINISTRATIN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY ACTIVITY:											
AGENCY MANAGEMENT	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
ADMINISTRATIVE SERVICES	140,658.4	42,020.4	41,940.6	40,415.3	70.0	40,485.3	40,395.3	188,817.7	39.0	188,856.7	188,676.7
TOTAL	140,929.2	42,339.4	42,312.4	40,776.9	201.0	40,977.9	40,789.4	189,180.7	258.0	189,438.7	189,072.2
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	140,619.3	41,988.4	41,929.4	40,393.9	211.0	40,604.9	40,506.4	188,797.7	283.0	189,080.7	188,894.2
LOCAL ASSISTANCE											
AIDS TO INDS.	309.9	351.0	383.0	383.0	10.0-	373.0	283.0	383.0	25.0-	358.0	178.0
TOTAL EXPENDITURES	140,929.2	42,339.4	42,312.4	40,776.9	201.0	40,977.9	40,789.4	189,180.7	258.0	189,438.7	189,072.2
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,120.8	1,208.8	1,438.1	1,339.6	201.0	1,540.6	1,352.1	1,343.4	258.0	1,601.4	1,234.9
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	44.5	57.5	32.7	32.7		32.7	32.7	32.7		32.7	32.7
H.E.C.C. LOAN FUND	139,763.9	41,073.1	40,841.6	39,404.6		39,404.6	39,404.6	187,804.6		187,804.6	187,804.6
TOTAL FINANCING	140,929.2	42,339.4	42,312.4	40,776.9	201.0	40,977.9	40,789.4	189,180.7	258.0	189,438.7	189,072.2
POSITIONS BY FUND:											
GENERAL	14.6	15.6	15.6	15.6		15.6	15.6	15.6		15.6	15.6
H.E.C.C. LOAN FUND	9.5	10.0	10.4	10.4		10.4	10.4	10.4		10.4	10.4
TOTAL POSITIONS	24.1	25.6	26.0	26.0		26.0	26.0	26.0		26.0	26.0

ACTIVITY: AGENCY MANAGEMENT  
 Program: AGENCY ADMINISTRATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

**DESCRIPTION:** The Agency Management activity provides leadership, direction, and supervision to the agency's 75 staff, controls the activities of the agency, which manages an overall annual budget of \$150,000,000, and serves the 12 members of the Board by assuring its effective operation.

This comprehensive management responsibility includes developing and accomplishing the agency's management plan, identifying agency priorities, publicizing the results of Board action and policies, advising the governor and legislature on post-secondary education issues, and coordinating state-federal post-secondary education relations.

Authority for this activity is found in M.S. 136A.

**EFFECTIVENESS MEASURES:** Because of the nature of this activity, it is difficult to establish reasonable proxies for measuring many aspects of the effectiveness of the agency's management effort. The success of this function is reflected in the effectiveness of all other agency activities, which are detailed throughout this budget submission. Some specific measures include:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Develop three year Management Plan	Yes	Yes	Yes	Yes
Proportion of Projects in Plan Completed	100%	100%	100%	100%
Success with state legislation	75%	75%	75%	75%
Success with federal legislation	75%	75%	75%	75%

**STATISTICS:** During the 1985-87 biennium, the agency management team has effectively provided leadership to the Board and to the state by initiating and completing several major policy studies with recommendations to the governor, legislature, and post-secondary governing boards. These included studies on:

- teacher education
- work opportunities for college students
- cost of attendance
- college level skills
- podiatry contracting
- optometry contracting
- contracting
- associate degree standards
- financial aid need analysis
- AVTI governance

The Board reviewed and commented, as mandated by state statute, on the following:

- system plans
- Annual report of the Higher Education Facilities Authority

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

Several policy studies and projects are underway and scheduled for completion by 1987. These include studies on:

- graduate education
- desired outcomes of teacher education programs

All these projects have and will contribute to the state's long-term effort to provide a diverse set of high quality post-secondary education alternatives to Minnesotans as effectively as possible.

The Board's policy studies have been supported by continual improvements in the gathering and analysis of data. The Board's staff have been actively involved in helping to redefine the technical adjustments needed to implement effectively the grants program for part-time students. Significant effort has also been devoted to improving the agency's method of projecting enrollments.

The agency management team has also provided effective leadership and direction by improving and expanding its services. To improve services, the agency installed office automation equipment. In addition, the Board now leads and staffs the task force on Average Cost Funding.

To achieve the objective of informing various constituencies about the Board's policies and broader post-secondary issues, the Board has taken various actions and prepared the following publications:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<b>Regular Publications</b>				
<b>FOCUS on Financial Aid</b>				
Number of copies	125,000	125,000	125,000	125,000
Cost per item	\$.076	\$.076	\$.076	\$.076
<b>Report to the Governor and Legislature</b>				
Number of copies	0	2,000	0	2,000
Cost per item	0	\$8.00	0	\$8.00
<b>MHECB Reports</b>				
Number of issues	6	6	6	6
Copies per issue	3,300	3,300	3,300	3,300
Cost per copy	\$.42	\$.42	\$.42	\$.42
<b>Student Guide</b>				
Number of copies	50,000	0	50,000	50,000
Cost per item	\$.20	0	\$.20	\$.20
<b>Future Choices for 8th Graders</b>				
Number of Copies	75,000	60,000	60,000	60,000
Cost per item	\$.28	\$.30	\$.30	\$.30
<b>Higher Education Directory</b>				
Number of copies	500	500	500	500
Cost per item	\$4.20	\$3.00	\$3.00	\$3.00
<b>Special Publications</b>				
Number of issues	3	3	4	4

ACTIVITY: AGENCY MANAGEMENT

1987-89 Biennial Budget

(Continuation)

Program: AGENCY ADMINISTRATION

Agency: HIGHER EDUCATION COORDINATING BOARD

In addition to those efforts, the Board regularly distributes broadly copies of its many special reports and works closely with the media to assure appropriate press coverage of post-secondary issues.

CHANGE REQUESTS:

F.Y. 1988 F.Y. 1989 Type

Board and Symposium Expenses. This request covers expenses of the governing board meeting, board member development, student member of board, and symposia on policy issues relating to post-secondary education.

\$ 21.0 \$ 21.0 Activity Specific

Information and Communication Initiative. This request covers expenses of communicating messages to prospective students and parents on available educational opportunities.

\$ 110.0 \$ 198.0 Activity Specific

See the CHANGE requests following the fiscal sheet for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: AGENCY MANAGEMENT

PROGRAM: AGENCY ADMINISTRATION

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	226.5	272.2	288.0	287.1	15.5	302.6	288.6	286.7	15.5	302.2	288.2
EXPENSES & CONTRAC. SERV	125.5	123.5	148.0	138.7	112.5	251.2	169.7	140.5	199.0	339.5	171.5
SUPPLIES & MATERIALS	2.9	2.8	6.1	6.1	3.0	9.1	6.1	6.1	4.5	10.6	6.1
EQUIPMENT											
OTHER EXPENSE ITEMS	84.1	79.5	70.3	70.3		70.3	70.3	70.3		70.3	70.3
TOTAL STATE OPERATIONS	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	270.8	319.0	371.8	361.6	131.0	492.6	394.1	363.0	219.0	582.0	395.5
POSITIONS BY FUND											
GENERAL	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0
TOTAL POSITIONS	6.0	6.0	6.0	6.0		6.0	6.0	6.0		6.0	6.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: AGENCY MANAGEMENT  
 PROGRAM: AGENCY ADMINISTRATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: GOVERNING BOARD, SYMPOSIUM AND BOARD DEVELOPMENT AND SAC EXPENSES				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$21.0	-0-	\$21.0	-0-
Governor's Recommendation	\$32.5	-0-	\$32.5	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

For at least five years, state funds have been insufficient to cover the cost of this meeting. In the agency's base budget, \$3,000 is allocated for this purpose, but actual meeting costs are approximately \$8,000. Private gift funds have been solicited and received to help defray costs, but it is becoming increasingly difficult for public agencies to obtain these funds. Most recently, resources from other agency activities have had to be reallocated to cover the costs of the meeting. In addition to the annual meeting, the Board recently has successfully conducted symposia on major post-secondary issues. These symposia have been funded on a pilot basis with a small contribution from agency funds and one-time contributions from various other sources.

An increasing level of Board activity has led to reduced Board development resources. To address properly an increasingly complex array of post-secondary issues and programs, the Board in 1982 expanded its meetings from one to two days per month; this substantially increased the Board's per diem costs and attendance expenses. As a result, the resources available for Board development -- attending professional conferences on post-secondary issues, purchasing publications, and other related activities -- have been reduced. The \$2,000 currently allocated by the Board for this activity is approximately 40 percent of what formerly was dedicated to this. When the statutes were changed in 1985 to include a student on the Board, no funds were provided for expenses of attending Board meeting or for expenses of conducting SAC business meetings.

This CHANGE item affects on the Agency Management Activity.

RATIONALE:

The governing boards' meeting has proved valuable in highlighting specific state post-secondary issues. These meetings help frame the Coordinating Board's policy agenda. Conducting the annual meeting, however, involves substantial preparation by staff in developing the agenda, arranging for speakers, coordinating the program, ensuring broad participation, and preparing and circulating meeting proceedings--in addition to the actual expenses of the meeting. The Board believes the legislature should fund this meeting at the full amount required to conduct it effectively. In addition, the Board seeks funding to provide additional symposia throughout the year on other emerging issues that may have important implications for state policy. These seminars would be directed not only to governing boards, but to policymakers and to the post-secondary education community. The Board development funds would enhance the Board's ability to keep members well prepared to address the important post-secondary issues facing Minnesota and to pay the expenses of the student Board member and the Student Advisory Council's meetings.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency request. Recommended amounts have been adjusted to reflect added responsibilities which the agency might have to assume in administration of federal programs and in the recommended restructuring of the state financial aid and work study programs.

STATEMENT OF REQUEST/OBJECTIVES:

The agency requests the above funds for two purposes. First, the agency requests \$10,000 per year initial funding for a symposium series and \$5,000 per year additional funding for the Board's annual meeting of education governing boards. The objective is to increase dialogue among educators, public policymakers, and citizens on major post-secondary education issues. Second, the agency seeks \$3,000 per year additional funding to support professional development for Board members and \$3,000 per year to pay for expenses of the student member of the Board and clerical support for the Student Advisory Council (SAC). The objective is to better prepare the lay members of the Board for the various tasks and policy decisions they are expected to perform.

DESCRIPTION/BACKGROUND:

The Coordinating Board is required by statute (M.S. 136A.041) to conduct an annual meeting of higher education board members "to provide an opportunity for discussion of issues of mutual concern and to facilitate coordination and planning of activities deemed beneficial to higher education in the state". In addition to inviting the members of higher education boards, the Coordinating Board traditionally invites key legislators, representatives from the governor's office, and other educators.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: AGENCY MANAGEMENT  
 PROGRAM: AGENCY ADMINISTRATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

Request Title: INFORMATION AND COMMUNICATION INITIATIVE	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$110.0	-0-	\$198.0	-0-
Governor's Recommendation	\$ -0-	-0-	\$ -0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests the above funds to increase access to educational opportunities in Minnesota by communicating the following messages to prospective students and parents: (1) A variety of high quality educational and training opportunities are available in Minnesota to meet the needs of all citizens regardless of previous educational background, economic circumstances, or geographical location; (2) financial assistance is available to help make the opportunities affordable; and (3) all students, regardless of their future plans, need careful preparation by developing a strong background of basic academic skills and knowledge.

DESCRIPTION/BACKGROUND:

The 1985 Minnesota Legislature directed the Coordinating Board to inform secondary students beginning in the eighth grade about post-secondary opportunities and expectations, preparations necessary, and sources available for planning and financial assistance (Laws of Minnesota for 1985, First Special Session, Chapter 11, Section 3, Subdivision 2). In F.Y. 1986 the Board prepared a booklet, Future Choices, for distribution to all eighth grade students. In F.Y. 1987, the Board revised the booklet, developed a separate planning chart to assist in course selection, and produced a videotape to supplement the booklet. The funds requested would enable the Board to continue the information initiative and enhance it by communicating the messages to the following audiences: (1) Eighth Grade Students and

Parents. The booklet and videotape would be refined. Special attention would be devoted to parents of eighth graders. A new booklet would be prepared to advise parents on early financial planning for education beyond high school; (2) High School Students and Parents. They would receive specific information about academic preparation standards and admission requirements, information about specific skills needed to do college level work, information about how to evaluate post-secondary education institutions, and information about transfer of credit; (3) Targeted Populations. Information would be directed to adults and out-of-school youth; this population would include racial and ethnic minorities, public assistance recipients, unemployed workers, displaced homemakers, handicapped, and victims of the state's rural crisis--including farmers and small business owners and their families. Information would be translated into Spanish and Hmong. (4) The General Public (Marketing Minnesota Post-Secondary Education). Information about the quality of the state's total system of post-secondary education would be provided to the general public, employers and potential employers, employees, the media, and others.

RATIONALE:

Minnesota residents of all ages and backgrounds need reliable, objective information in order to make decisions about their future education and careers. This is particularly important for out-of-school youth and adults in economically depressed areas who need to know about opportunities for education and retraining in order to obtain job skills. All prospective students and parents need to understand the skills, preparation standards, and admission requirements being adopted by the Coordinating Board, post-secondary systems and institutions. These include college level skills in reading, writing, and math; standards for associate degrees; skills and knowledge needed to become teachers; and new preparation standards adopted by post-secondary systems. Programs and services offered by institutions may change as a result of mission differentiation efforts, and these need to be communicated. All residents need information on how to finance an education. Despite the state's generous investment in student aid, residents, because of publicity about proposed federal cuts, often perceive that pursuing a post-secondary education is out of reach. It also is necessary to provide information clarifying the interaction of student aid and public assistance programs. While each system promotes its own institutions, no statewide effort has been conducted to market the state's total system of post-secondary education. The Coordinating Board, in cooperation with representatives of post-secondary systems and non-state systems and organizations, proposes to accomplish this through this request.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

ACTIVITY: ADMINISTRATIVE SERVICES  
 Program: AGENCY ADMINISTRATION  
 Agency: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	\$1.1	\$13.0	\$18.8	\$18.8	\$18.8

DESCRIPTION:

Administrative Services provides extensive staff support in the areas of management, financial, office, personnel and automated data processing services to assist all agency managers in administering their operations. This activity also subsumes administration of the Optometry and Osteopathy Contract Program and the Optometry Grant Program.

Accounting, budgeting, financial analysis, reporting, auditing, personnel, preparation of agency administrative policy and procedure regulations, and data processing are among the services provided. Acquisition of all office supplies, services, equipment and furnishings, mail handling, motor pool liaison, copy services, contract management, and disbursement and receipt of all funds are administered under this activity. Because of increased expectations of the agency without a corresponding increase in staffing, the demand for these services is continuing to grow.

Authority for this activity is found in M.S. 136A.

STATISTICS:

1. Processed over 250,000 payment and receipt transactions using the automated payment subsystems and online transactions module. Because of difficulties in the implementation of the modifications to the financial aid system, the scholarship and grant payments were less timely than desired.
2. Processed 99% of vendor payment requests within 30 days of receipt of invoice.
3. Conducted 42 audits of financial aid programs at post-secondary education institutions and reviewed financial statements of over 100 institutions for the Private Institution Registration Program.
4. Processed and sorted an average of 1,300 pieces of mail and handled an average of 266 telephone calls daily.
5. Provided data processing support to the operating divisions in a timely manner except in the scholarship and grant area. Modifications to the financial aid software system for the scholarship and grant program were not as prompt or effective as desired. Implemented the processing of the tuition reciprocity program on the agency's computer, thereby reducing overall costs of administering that program. This processing was previously done at IMB.
6. Provided personnel services to the operating divisions to meet their needs in accordance with Department of Employee Relations and Affirmative Action guidelines and administered the various bargaining unit contracts.

7. Optometry/Osteopathy Contracts

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. Optometry Seats	0	5	10	10	10
No. Osteopathy Seats	19	21	20	20	20
No. Optometry Grants	0	13	11	5	0

GRANTS BY FUND:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
General	\$ 309.9	\$ 351.0	\$ 383.0	\$ 373.0	\$ 358.0
Total	\$ 309.9	\$ 351.0	\$ 383.0	\$ 373.0	\$ 358.0

MAJOR ISSUES:

The resource requirement for support services is proportional to information and report requirements. As information needs increase and become more sophisticated, techniques for obtaining this data must continually improve to cope with staffing and budget constraints.

CHANGE REQUESTS:

	F.Y. 1988	F.Y. 1989	Type
Optometry Scholarship. This reflects the decrease in the amount needed for scholarships to optometry students who are eligible.	(\$ 10.0)	(\$ 25.0)	Activity Specific
The computer system which processes financial aid has reached its operating capacity. This request reflects the additional funding needed pro-rated over a five year payment period to upgrade the computer to provide adequate capacity. The one-time cost of the upgrade is approximately \$400,000.	\$ 80.0	\$ 64.0	Activity Specific

See the CHANGE requests following the fiscal sheets for this Activity.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: ADMINISTRATIVE SERVICES

PROGRAM: AGENCY ADMINISTRATIN

AGENCY: HIGHER ED COORD BRD

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	140,348.5	41,669.4	41,557.6	40,032.3	80.0	40,112.3	40,112.3	188,434.7	64.0	188,498.7	188,498.7
LOCAL ASSISTANCE											
AIDS TO INDS.	309.9	351.0	383.0	383.0	10.0-	373.0	283.0	383.0	25.0-	358.0	178.0
TOTAL EXPENDITURES	140,658.4	42,020.4	41,940.6	40,415.3	70.0	40,485.3	40,395.3	188,817.7	39.0	188,856.7	188,676.7
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	498.3	525.4	623.9	636.9		636.9	636.9	636.4		636.4	636.4
EXPENSES & CONTRAC. SERV	2,055.0	1,779.8	2,120.5	2,034.2		2,034.2	2,034.2	2,037.1		2,037.1	2,037.1
SUPPLIES & MATERIALS	26.9	28.2	28.4	32.4		32.4	32.4	32.4		32.4	32.4
EQUIPMENT	112.1	165.8	83.8	77.8	80.0	157.8	157.8	77.8	64.0	141.8	141.8
OTHER EXPENSE ITEMS	137,656.2	39,170.2	38,701.0	37,251.0		37,251.0	37,251.0	185,651.0		185,651.0	185,651.0
TOTAL STATE OPERATIONS	140,348.5	41,669.4	41,557.6	40,032.3	80.0	40,112.3	40,112.3	188,434.7	64.0	188,498.7	188,498.7
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL	850.0	889.8	1,066.3	978.0	70.0	1,048.0	958.0	980.4	39.0	1,019.4	839.4
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	44.5	57.5	32.7	32.7		32.7	32.7	32.7		32.7	32.7
H.E.C.C. LOAN FUND	139,763.9	41,073.1	40,841.6	39,404.6		39,404.6	39,404.6	187,804.6		187,804.6	187,804.6
TOTAL FINANCING	140,658.4	42,020.4	41,940.6	40,415.3	70.0	40,485.3	40,395.3	188,817.7	39.0	188,856.7	188,676.7
POSITIONS BY FUND											
GENERAL	8.6	9.6	9.6	9.6		9.6	9.6	9.6		9.6	9.6
H.E.C.C. LOAN FUND	9.5	10.0	10.4	10.4		10.4	10.4	10.4		10.4	10.4
TOTAL POSITIONS	18.1	19.6	20.0	20.0		20.0	20.0	20.0		20.0	20.0

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: ADMINISTRATIVE SERVICES  
 PROGRAM: AGENCY MANAGEMENT  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
No. of Schools	4	4	4	0
No. of Applicants	13	11	5	0

This CHANGE item affects only the Administrative Services Activity.

RATIONALE:

Optometry Scholarships and Grants were available only to optometry students who were enrolled in the 1984-85 academic year. Students who began their optometry training in the 1985-86 and 1986-87 academic years were eligible for the Optometry Contract Program. Thus by F.Y. 1989, no more students will be eligible for these funds. Based on its review of the Optometry Contract Program, the Board concluded the state has an adequate supply of optometrists and continuation of the program is not cost effective therefore, additional funding for new seats is not being requested.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request as indicated above. The Governor also recommends that base level funding for the optometry and osteopathy contracting activity be phased out beginning in F.Y. 1988. This would result in total general fund savings of \$270.0 in the 1987-89 biennium.

Request Title: OPTOMETRY GRANTS

Agency Request	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	(\$10.0)	-0-	(\$25.0)	-0-
Governor's Recommendation	(\$10.0)	-0-	(\$25.0)	-0-

Request requires statutory change:  Yes  No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests a reduction in the above funds because of a decrease in the number of students eligible to participate in this program. The objective is to administer an orderly phaseout of the program during F.Y. 1988 and consider other methods to provide financial assistance for optometry students.

DESCRIPTION/BACKGROUND:

Chapter 11, Section 3, Subdivision 2, Laws of Minnesota for 1985, First Special Session, provided funds for Scholarships and Grants for eligible students of optometry. Eligible students are those who were enrolled in the 1984-85 academic year in schools of optometry with which Minnesota has an agreement for each academic year in the 1985-87 biennium for optometry seats. The 1985 legislation also directed the agency to study the need for the continuation of financial assistance for optometry students based on the state's current and future need for optometrists.

CHANGE REQUEST

Agency  Program  Activity

ACTIVITY: ADMINISTRATIVE SERVICES  
 PROGRAM: AGENCY ADMINISTRATION  
 AGENCY: HIGHER EDUCATION COORDINATING BOARD

1987-89 Biennial Budget

STATISTICS:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Scholarship and Grant Applicants (#)	110,000	115,000	140,000	145,000	145,000
Storage Required (MB)	1,050	1,300	1,700	1,900	1,900
Tuition Reciprocity Storage (MB)	0	85	115	120	125
Research Storage Requirements (MB)	250	250	300	400	500
Office Automation Storage Requirements (MB)	0	0	300	350	400
System Requirements (MB)	150	300	700	800	800
Total Storage Needed (MB)	1,450	1,935	3,115	3,570	3,725
Data Storage Available (MB)	1,489	1,945	2,614	4,100	4,100

This CHANGE requests affects only the Administrative Services Activity.

RATIONALE:

As shown above, the data storage needs have been steadily increasing as each program has been implemented or enhanced. The current computer configuration has reached its operating capacity. There are two options, add another mini-computer like the existing one and link them or purchase a newer model with larger capacity. The latter option is more appropriate because it can significantly increase the agency's capacity and will fit into the existing computer room. Because much of the current peripheral equipment can be used, it will be necessary only to purchase a new computer and additional storage space. The total cost of this upgrade will be approximately \$400,000. The amount requested is the additional cost, in excess what is currently available, on an annual basis, for a five-year purchase plan.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve its 1987-89 objectives as indicated above.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$80.0	-0-	\$64.0	-0-
Governor's Recommendation	\$80.0	-0-	\$64.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The agency requests funding to upgrade its data processing capacity to accommodate the increasing number of applicants to the financial aid program and increased size of data field for each applicant because of changes in the need analysis file. The objective of this request is to provide for efficient processing of financial aid applications in a timely manner at the lowest reasonable administrative cost to the state, and to provide increased research capability for other portions of the agency's operation.

DESCRIPTION/BACKGROUND:

In 1983, the Coordinating Board installed a mini-computer to process financial aid applications. Because this system offered greater flexibility than previously possible, enhancements to the financial aid programs were proposed and implemented. These included the Shared Responsibility concept for scholarships and grants, integration of the more than half-time student into the Scholarship and Grant Program, and capacity for direct computer link between campus financial aid offices and the Board's computer. The processing of applications for Interstate Tuition Reciprocity and research applications also were installed on the Board's computer. With the addition of these enhancements, the computer has reached its operating capacity.

AGENCY PURPOSE:

This agency was created to assist Minnesota private, non-profit, non-sectarian institutions of higher education in the construction, financing and refinancing of facilities at a lower interest rate than might otherwise be available to them. The Authority has access to capital improvement funds only through borrowing. The facilities built by the Authority must be financed by the sale of tax-exempt revenue bonds by the Authority. In turn, the Authority enters into lease agreements whereby an institution pays rent to the Authority in the amount needed to retire the Authority's debt. Since the Authority is an agency of the State of Minnesota, the interest paid by the Authority to the bondholders is tax-exempt. The use of the financing arrangements for facility construction made possible by the existence of the Authority is entirely voluntary. The Authority has \$150 million of bonding authority. Its policies, procedures, regulations and approval of bonding projects are made by a board composed of 10 members, 8 of which are appointed by the Governor. The other 2 ex-officio members are the executive director of the Higher Education Coordinating Board and the president of the Minnesota Private College Council. The Authority provides the following services: investigates the eligibility and makes recommendations to the board on institutions' bond projects; oversees the maintenance of Authority projects; supervises the initial construction and maintenance stages to ensure that the project is being used for its stated purposes; keeps records and audits the accounts involved to ensure that all accounts are handled properly; and manages the investment accounts of the general bond reserve.

OBJECTIVES:

To enhance the quality of post-secondary education in Minnesota by helping post-secondary institutions obtain advantageous financing for construction, renovation, and capital equipment on campus.

EFFECTIVENESS MEASURES:

- 1) To issue bonds for new projects during the 1987-89 biennium for a projected total of \$20 million in bonding, with all projects dealing with construction of new academic facilities or renovation and/or installment of energy-saving features in old facilities.
- 2) To process formal applications from the date of approval to the date of bond sale within an average of 180 days so that colleges may move quickly on their projects for the benefit of the students.
- 3) To supervise the 39 existing projects as well as the new projects by making one annual on-site visit to each project to ensure that the projects are being used in the manner that they were intended and are serving the needs of the institution.

ACTIVITY STATISTICS:

- 1) Bonds totalling \$23,350,000 were issued this past biennium. This figure represents six issues for the following: St. Mary's College, \$2,825,000; College of St. Thomas, \$8,055,000; Macalester College, \$5,075,000; College of St. Thomas, \$5,500,000; Minneapolis Society of Fine Arts (Mpls. College of Art & Design), \$830,000; College of St. Scholastica, \$1,065,000.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

ACTIVITY STATISTICS: (Continued)

- 2) Actions on 9 proposed projects were deferred or cancelled.
- 3) At least 1 visit was made to each continuing project and more visits were made if problems were uncovered.

OPTIONAL TOPICS:

The new tax bill passed by the Congressional Conference Committee in August, 1986, will have a profound impact on the way the Authority will finance projects for private colleges. The specific language of the bill has not been disseminated so we are unable to determine any specific recommendations for change.

EXPLANATION OF BUDGET REQUEST:

This activity receives no state appropriations. The dollars shown on the activity fiscal summary reflect only salaries and benefits for the executive director and administrative assistant. No major staffing changes are anticipated. The total FY 1987 operating budget including salaries, consulting and auditing fees is \$174.9. The salaries and benefits are paid through the state payroll system.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: HGHER EDUC FAC AUTHR

PROGRAM: HGHER EDUC FAC AUTHR

AGENCY: HIGHER ED FAC AUTH

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
LOCAL ASSISTANCE											
AIDS TO INDS.											
TOTAL EXPENDITURES	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
EXPENSES & CONTRAC. SERV											
SUPPLIES & MATERIALS											
EQUIPMENT											
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
TOTAL FINANCING	85.6	85.6	92.2	92.2		92.2	92.2	92.2		92.2	92.2
POSITIONS BY FUND											
SPECIAL REVENUE	2.0	2.0	2.0	2.0		2.0		2.0		2.0	
TOTAL POSITIONS	2.0	2.0	2.0	2.0		2.0		2.0		2.0	



PROPOSED PROGRAM STRUCTURE  
STATE UNIVERSITY SYSTEM  
1987-89 BIENNIAL BUDGET

<u>PROGRAMS</u>	<u>ACTIVITIES</u>	<u>SECTION</u>	<u>PAGE</u>
Instruction and Departmental Research -----	NONE	5	10 •
Non-Instruction -----	NONE		19 •

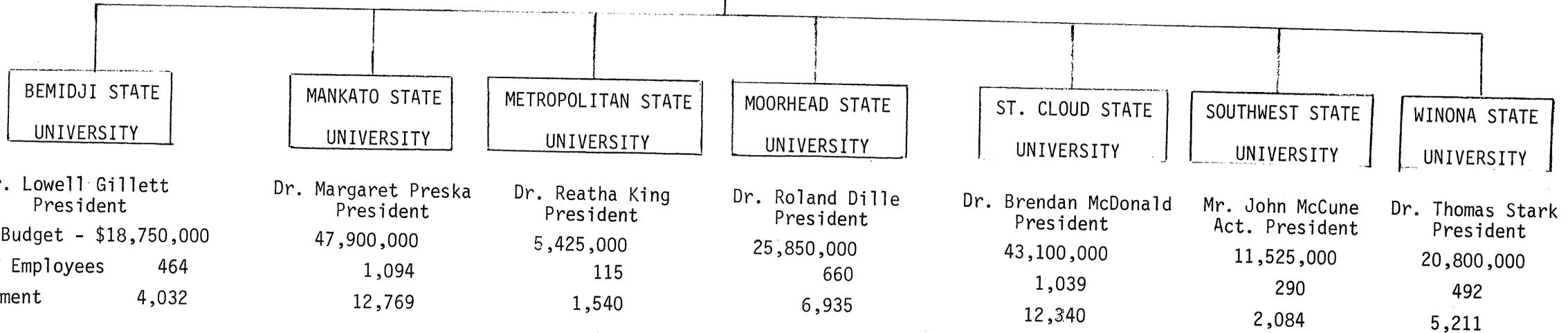
STATE UNIVERSITY SYSTEM ORGANIZATIONAL CHART

POSITION RECONCILIATIONS		
Authority:	Current	Requested for 6-30-89
<u>Legislative Authorized</u>		
General Fund	3,473.6	3692.6
Federal	56.3	56.3
Private	24.2	
<b>TOTAL PERMANENT POSITIONS</b>	<b>3,554.1</b>	
Other Complement (FTE)	- 0 -	- 0 -
<b>Total Authorized Positions</b>	<b>4,187</b>	
* Employees counted as one regardless of the amount of time they are employed.		

State University Board  
 Nine member citizen board  
 appointed by Governor

Rodney Searle, President  
 Elizabeth Pegues, Vice-President  
 Bernard Brommer, Treasurer  
 James Lund, Secretary  
 Dan Danford  
 Nellie Stone Johnson  
 Richard Jorgenson  
 Ben Miller  
 Nicholas Zuber

Office of the Chancellor  
 Dr. Robert Carothers  
 Chancellor  
 FY 87 Budget - \$2,000,000  
 No. of Employees: 33



AGENCY PURPOSE:

The mission of the Minnesota State University System is to offer students high quality, accessible educational opportunities which:

- enrich the individual intellectually and personally,
- provide the knowledge and skills required for useful and rewarding employment, and
- enable individuals to contribute to the development and improvement of their communities.

The State Universities are committed to the exploration and dissemination of knowledge which expands students' horizons, developing in them heightened cultural, intellectual and humane sensitivities; imparting scientific, professional and technological expertise; and instilling a sense of values and purpose.

The State Universities also conduct research and provide services that contribute to the quality of life in Minnesota.

OPERATION AND CLIENTELE:

The State Universities commit more than ninety percent of their funds to providing instruction to students, most of which takes place on-campus during the regular academic year. Increasingly, however, off-campus and summer programs are being expanded to accommodate working adults and other non-traditional students.

Full Year Equivalent (FYE) enrollment in the State University System has increased by 3,126 FYE or 7.5% in the last two years. The growth in the number of new entering freshmen, transfers, and non-traditional students is evidence that the range and quality of instructional programs in the State Universities are increasingly being recognized by students. As envisioned by Average Cost Funding, students, given the opportunity, will vote with their feet.

The actual and projected FYE totals for the five year period 1985 through 1989 are shown below. A more complete display of enrollment data is included in the "Instruction and Departmental Research" section of this document.

	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>
Bemidji	4,067	4,067	4,032	3,852	3,861
Mankato	12,431	12,615	12,769	12,815	12,850
Metropolitan	1,298	1,454	1,540	1,578	1,628
Moorhead	6,472	6,787	6,935	7,010	6,924
St. Cloud	10,943	11,385	12,340	12,637	12,836
Southwest	1,845	1,947	2,084	2,093	2,152
Winona	4,729	4,925	5,211	5,300	5,425
System Total	41,785	43,180	44,911	45,285	45,676
	=====	=====	=====	=====	=====

By definition, Separately Budgeted Research is project oriented. The campuses have a long history of applied research in the area of education. More recently faculty and support capabilities have been developed in technical disciplines related to community and regional needs.

The State Universities also offer a broad range of public services to accommodate the needs and interests of citizens throughout the state; and to contribute to the economic and cultural development of the regions in which they are located.

ISSUES:

Throughout the state and nation, the people and their leaders are coming to recognize the importance of education in meeting the challenges of the future.

QUALITY OF INSTRUCTION:

The core of the mission of the Minnesota State Universities is high quality undergraduate instruction. Among its traditional strengths is teacher education. More than half of all teachers in Minnesota have received their degrees from state universities. Consistent with recent research and the reports of national commissions, the state universities will strengthen the pre-service and induction process of new teachers and will join with local school districts to provide new opportunities for the study of mathematics, science and technology.

Over the past seven years, efforts to strengthen and improve instruction have been frustrated by repeated reductions in the System's appropriations. Universities have not been able to replace worn and obsolete equipment. Students and faculty require equipment which operates properly and is technically advanced for instruction to be relevant to the needs of business and industry.

Budget reductions have been particularly difficult to accommodate as campuses have experienced enrollment increases substantially greater than were projected by external planning agencies. The two-year lag in funding new students under average cost funding prohibits fast growing universities from hiring needed new faculty. The universities need, at a minimum, full funding under Average Cost Funding in order to increase offerings and lower class sizes.

REGIONAL ECONOMIC DEVELOPMENT:

The State Universities, all but one of which are in Greater Minnesota, face a major challenge in helping the rural regions stabilize their economies. The faculty and facilities of the state universities are critical resources in an economy which demands new knowledge to produce wealth and jobs. The engineering programs at St. Cloud and Mankato have made great progress in relating to the businesses and industries within their region. The Southwest Science and

Technology Resource Center, the strong and growing Winona/Rochester axis, the Small Business Development Centers on every outstate campus, and a new engineering program in Winona are the basis of a network of support for business and industrial growth that can stabilize and energize the rural economy. This particular outreach can be accomplished with minimal new funds and will enhance the basic teaching roles of the universities by providing practical learning experiences for faculty members and students.

ACCESS TO EDUCATIONAL OPPORTUNITIES:

Changes in the age and needs of students require that educational opportunities be tailored to mature individuals. Inexpensive and accessible day care is needed; instruction using electronic media should be expanded, in cooperation with other educational systems; and individual counseling must be enhanced in scope and availability. These initiatives will enable non-traditional students to avail themselves of the educational offerings.

In the metropolitan area, the System is prepared to cooperate with the Community College System in providing access to baccalaureate level programs. In the light of continued population growth in the seven county metropolitan area, and the proposed structural changes at the University of Minnesota, the benefits that can be derived from having greater educational diversity and opportunity argue for an altered and expanded role for Metropolitan State University.

OVERVIEW OF BUDGET REQUESTS:

The following improvement requests represent the State University System's response to the challenges briefly summarized above. Funding of these initiatives is essential to strengthening post secondary education throughout the state.

IMPROVING UNDERGRADUATE EDUCATION:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$5,022,500	\$5,022,500	\$10,045,000

This request will strengthen undergraduate education through improvements in teacher preparation, the acquisition of equipment for all universities, the development of evaluation systems at the universities, and the funding of specific priority projects which will enhance the educational environment of the universities.

REGIONAL ECONOMIC DEVELOPMENT:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$5,612,500	\$5,612,500	\$11,225,000

Working with the Greater Minnesota Corporation, the Minnesota State Universities will support economic development and job creation in the regions they serve. Directed primarily at the economic plight of rural Minnesota, this effort capitalizes on the location of the universities, their faculties, facilities, and technical resources. Specifically, the plan is to address economic problems of the state by combining applied research with other services to business and industry for the purpose of creating jobs where there are needed most.

IMPROVING ACCESS TO EDUCATION:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$2,461,000	\$1,576,000	\$4,037,000

This request will improve access to state universities for Minnesota citizens by addressing three key barriers to participation: cost, family responsibilities, and distance from the campus. These constraints are addressed by increases in student employment funds, increases in day care services at the campuses, and the development of interactive television systems in central and southwest Minnesota.

METROPOLITAN UPPER DIVISION PROGRAMS:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$1,002,000	\$1,642,700	\$2,644,700

Metropolitan State proposes to add seven new undergraduate majors to its curriculum in order to provide access to affordable baccalaureate options in the metropolitan area, responding to the growing population, and to the need to serve students who may be unable to attend the University of Minnesota.

WOMEN'S INTERCOLLEGIATE ATHLETICS:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$1,838,000	\$777,000	\$2,615,000

The purpose of this request is to provide equitable opportunities in intercollegiate athletic competition for women in the State University System.

MATERIALS, SCIENCE AND ENGINEERING PROGRAMS:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$83,500	\$790,000	\$873,500

The need for an engineering program in Southeastern Minnesota has been recognized by the Governor and other state officials. In response to this need, Winona State University has defined a degree program in Materials Science and Engineering. This program builds on Winona's existing pre-engineering program, is focused on the needs of the local industry and complements rather than duplicates other engineering programs in the State.

PHYSICAL PLANT:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$4,441,000	\$ 0	\$4,441,000

The Department of Finance has embarked on a statewide initiative to improve the maintenance of the state's physical assets. Specifically, the proposal would treat all repair and replacement projects that preserve or maintain a building's current use or capacity as a current expenditure. Such projects are currently requested in the "Capital" budget and, if approved, financed from the capital budget of the State.

COMMUNITY COLLEGE PARTICIPATION IN PALS:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$692,375	\$386,645	\$1,079,020

The funds requested here are for the continued development of the automated library system in the Community College System begun in the 1987-89 biennium. Current library holdings of the Community Colleges have already been added to the data base and much of the necessary equipment has been acquired. The funds requested will be used to implement the online circulation portion of PALS, the logical extension of the existing system.

NON-ENERGY PEAT DEVELOPMENT:

<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial</u>
\$50,000	\$50,000	\$100,000

The Center for Environmental Studies at Bemidji State University has been studying the non-energy uses for peat. With the budget reductions in the current biennium, funding which had been provided by the Department of Natural Resources and Bemidji State was reduced. The Director of the Center submitted a request for funding to the Legislative Commission on Minnesota Resources (LCMR). The LCMR has recommended funding for the continuation of these studies.

FINANCIAL SUMMARY:

Detailed descriptions of the budget development are contained elsewhere in this document. A brief summary of the the budget request of the State University System is provided below:

	<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial Total</u>
FY 1987 Expenditure Base	\$181,879,200	\$181,879,200	\$363,758,400
Adjust to "Same Level"	10,146,000	17,769,800	27,915,800
Improvement Requests	21,202,900	15,857,300	37,060,200
Total Expenditure Request	\$213,228,100	\$215,506,300	\$428,734,400

The requested spending authority constitutes a 17.2% in FY 1988 over FY 1987 and a 1.1% increase in FY 1989 over FY 1988. This budget does not include an allowance for expected inflationary increases in personnel or non-personnel categories. The request does include \$4,277,500 each year to restore budget reductions. Excluding this adjustment, the percentage increases become 14.5% from FY 1987 to FY 1988 and 1.1% from FY 1988 to FY 1989.

FINANCING:

The following table describes the financing of this budget and is prepared consistent with the language in MS 135 outlining the cost-sharing guidelines under Average Cost Funding.

	<u>FY 1988</u>	<u>FY 1989</u>	<u>Biennial Total</u>
Total Expenditure Request	\$213,228,100	\$215,506,300	\$428,734,400
Financed by:			
Appropriations	\$149,986,900	\$149,277,100	\$299,264,000
Receipts	63,241,200	66,229,200	129,470,400

Given the enrollment projections for FY 1988 and FY 1989 tuition rates would have to be increased by approximately 2% in FY 1988 and roughly 4% in FY 1989 to produce the receipts outlined above. The appropriation requested constitutes an increase of 22.5% for FY 1988 and a decrease of 0.5% in FY 1989.

GOVERNOR'S RECOMMENDATION:

The Governor recommends direct state appropriations in the amount of \$271,191.9 for the State University System in the 1987-89 biennium. In addition, the Governor recommends that \$3,200.0 from the Rural Rehabilitation Fund be reappropriated to the System in 1987-89 in support of its applied research/economic development effort.

In making these recommendations, the Governor reaffirms his commitment to the average cost funding policy adopted in 1983 as a mechanism for funding of higher education; supports the System's role in regional economic development; and recognizes the System's unique role in providing liberal arts and selected professional educational programs in the various regions of the state. The Governor's 1987-89 recommendations for the System include a substantial average cost funding adjustment based on enrollment increases; a 2.5 percent price level adjustment in each year of the biennium; \$2,000.0 for instructional improvement and quality assessment; and augmented funding for repair and replacement projects. The overall recommended increase in state support is 14.5 percent (1987-89 over 1985-87).

INDEX	Agency Request 1987-89 Biennium	Governor's Recommendation 1987-89 Biennium	Page
Reconciliation of F.Y. 1987 to SAME LEVEL	\$ 391,674.2	390,420.3	7
Agency-Wide CHANGE requests	-0-	- 0 -	
Instruction CHANGE requests:			
Improving Undergrad Education	10,045.0	2,000.0	14
Improving Access to Education	2,720.0	- 0 -	15
Metropolitan Upper Division Programs	2,644.7	- 0 -	16
Materials Science/Engineering	790.0	873.5	17
Repairs and Replacements	- 0 -	2,540.0	27
SUBTOTAL - Instruction	\$ 16,199.7	5,413.5	
Non-Instruction CHANGE requests:			
Regional Economic Development	11,225.0	3,700.0	21
Improving Access to Education	1,317.0	- 0 -	23
Women's Intercollegiate Athletics	2,615.0	- 0 -	24
Materials Science/Engineering	83.5	- 0 -	25
Physical Plant Repairs & Replacement	4,441.0	140.0	27
CCB/PALS	1,079.0	- 0 -	26
Non-Energy Peat Development	100.0	- 0 -	29
SUBTOTAL - Non-Instruction	20,860.5	3,840.0	
TOTAL - System Request	\$ 428,734.4 =====	399,673.8 =====	

Reconciliation of FY 1987 Spending to FY 1988/89 Same Level  
Dollars in Thousands (137,522 = 137.5)

System: State University System

Item	Instruction			Non-Instruction			Total		
	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989
Original Legislative Intent	169,475.1	169,475.1	169,475.1	9,296.0	9,296.0	9,296.0	178,771.1	178,771.1	178,771.1
Appropriation Reduction (1986)	-3,583.4	-3,583.4	-3,583.4	0.0	0.0	0.0	-3,583.4	-3,583.4	-3,583.4
Executive Unallotments (1986)	-694.1	-694.1	-694.1	0.0	0.0	0.0	-694.1	-694.1	-694.1
Internal Reallocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FYE Tuition Adjustment	7,385.6	7,385.6	7,385.6	0.0	0.0	0.0	7,385.6	7,385.6	7,385.6
Other Base Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Base Subtotal	172,583.2	172,583.2	172,583.2	9,296.0	9,296.0	9,296.0	181,879.2	181,879.2	181,879.2
Restore Base Reduction	0.0	4,277.5	4,277.5	0.0	0.0	0.0	0.0	4,277.5	4,277.5
ACF Lag Adjustment	0.0	13,602.0	13,602.0	0.0	0.0	0.0	0.0	13,602.0	13,602.0
FYE Estimation Adjustment	0.0	390.3	390.3	0.0	0.0	0.0	0.0	390.3	390.3
Adjust to New ACF Base	0.0	-7,623.8	0.0	0.0	0.0	0.0	0.0	-7,623.8	0.0
Non-Recurring Appropriation	0.0	0.0	0.0	0.0	-500.0	-500.0	0.0	-500.0	-500.0
Other Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sub-total/ Same Level	172,583.2	183,229.2	190,853.0	9,296.0	8,796.0	8,796.0	181,879.2	192,025.2	199,649.0
FY 1986 Carryforward	4,134.1	0.0	0.0	0.0	0.0	0.0	4,134.1	0.0	0.0
Tuition Surcharge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Estimated Spending	176,717.3	183,229.2	190,853.0	9,296.0	8,796.0	8,796.0	186,013.3	192,025.2	199,649.0

ALLOCATION OF SUPPORT EXPENDITURES TO PRIMARY PROGRAMS  
 1987-89 BIENNIAL BUDGET  
 POST SECONDARY EDUCATION  
 Average Cost Funding - Allocation Summary

STATE UNIVERSITY SYSTEM - FY 1985

Direct Costs	< - - - - - PRIMARY PROGRAMS - - - - - >				- - - - - SUPPORT PROGRAMS - - - - - >				Total
	Instruction & Dept. Research	Budgeted Research	Public Service	Other	Academic Support	Student Support	Campus Support	Physical Plant	
Bemidji	9,127.8	0.6	69.5	502.2	1,750.4	1,077.4	2,478.3	2,450.3	17,456.5
Mankato	25,234.7	48.3	586.9	933.8	4,721.3	2,058.0	4,340.3	4,268.2	42,691.5
Metropolitan	2,770.5			6.1	181.1	433.7	737.8	313.3	4,442.5
Moorhead	13,652.4		69.1	434.6	2,533.8	1,158.9	2,440.1	3,257.0	23,595.9
St. Cloud	23,305.7	16.5	7.0	883.2	4,195.3	884.4	4,635.4	3,876.8	38,304.3
Southwest	4,609.0	14.4	26.5	403.8	866.2	1,137.0	1,359.7	1,361.4	10,328.0
Winona	10,155.0	17.8	25.2	504.7	1,503.9	1,041.0	2,522.0	2,552.7	18,323.3
System-wide Chancellor's Office					2,089.1		2,164.1		4,253.2
							2,006.0		2,006.0
<b>TOTAL</b>	<b>89,355.1</b>	<b>97.6</b>	<b>785.2</b>	<b>3,716.4</b>	<b>17,841.1</b>	<b>7,840.4</b>	<b>23,683.7</b>	<b>18,079.7</b>	<b>161,401.2</b>
Support Cost Allocations									
Physical Plant Sub-total	11,272.0 100,627.1	12.3 109.9	99.1 384.3	469.1 4,137.5	2,250.6 20,091.7	939.0 8,829.4	2,987.6 26,671.3	-18,079.7 0.0	0.0 161,401.2
Institutional Support Sub-total	19,920.3 120,547.4	21.8 131.7	175.0 1,059.3	829.0 5,016.4	3,977.4 24,069.1	1,747.9 10,577.3	-26,671.3 0.0	0.0 161,401.2	
Student Support Sub-total	3,454.0 129,001.4	9.2 140.9	74.3 1,133.6	351.8 5,368.2	1,688.0 25,757.1	-10,577.3 0.0		0.0 161,401.2	
Academic Support	24,495.7	26.8	215.3	1,019.4	-25,757.1				0.0
<b>FULLY ALLOCATED COSTS</b>	<b>153,497.1</b>	<b>167.7</b>	<b>1,348.8</b>	<b>6,337.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>161,401.2</b>

SYSTEM LEVEL FISCAL SUMMARY 1987-89 BIENNIAL BUDGET  
(Dollars in Thousands / \$137,522 = 137.5)

System: STATE UNIVERSITY SYSTEM

Expenditures and Requests	Actual FY 1985	Actual FY 1986	Estimate FY 1987	FY 1988			FY 1989			Governor's Recommendation	
				Same	Change	Total	Same	Change	Total	FY 1988	FY 1989
<b>FULLY ALLOCATED COSTS</b>											
---Instruction	153,497.1	166,622.6	176,860.7	183,229.2	7,384.5	190,613.7	190,853.0	8,815.2	199,668.2	181,819.8	195,769.6
---Non-Instruction	7,904.1	9,017.4	9,296.0	8,796.0	13,818.4	22,614.4	8,796.0	7,042.1	15,838.1	10,580.6	11,503.8
<b>SYSTEM TOTAL</b>	<b>161,401.2</b>	<b>175,640.0</b>	<b>186,156.7</b>	<b>192,025.2</b>	<b>21,202.9</b>	<b>213,228.1</b>	<b>199,649.0</b>	<b>15,857.3</b>	<b>215,506.3</b>	<b>192,400.4</b>	<b>207,273.4</b>
<hr/>											
Financing	Actual FY 1985	Actual FY 1986	Estimate FY 1987	FY 1988			FY 1989			Recommendation	
				Same	Change	Total	Same	Change	Total	FY 1988	FY 1989
<b>Instruction:</b>											
Appropriations	101,843.5	109,760.9	113,548.3	122,763.6	4,947.6	127,711.2	127,871.5	5,906.2	133,777.7	121,819.3	131,165.6
Tuition Base	51,653.6	54,061.4	55,926.8	60,465.6	2,436.9	62,902.5	62,981.5	2,909.0	65,890.5	60,000.5	64,604.0
FYE Tuition Adjustment		2,800.3	7,385.6								
<b>Total Instruction</b>	<b>153,497.1</b>	<b>166,622.6</b>	<b>176,860.7</b>	<b>183,229.2</b>	<b>7,384.5</b>	<b>190,613.7</b>	<b>190,853.0</b>	<b>8,815.2</b>	<b>199,668.2</b>	<b>181,819.8</b>	<b>195,769.6</b>
<b>Non-Instruction:</b>											
Appropriation	7,558.2	8,631.3	8,909.9	8,457.3	13,818.4	22,275.7	8,457.3	7,042.1	15,499.4	9,241.9	8,965.1
Other Income	345.9	386.1	386.1	338.7	0.0	338.7	338.7	0.0	338.7	1,338.7	2,538.7
<b>Total Non-Instruction</b>	<b>7,904.1</b>	<b>9,017.4</b>	<b>9,296.0</b>	<b>8,796.0</b>	<b>13,818.4</b>	<b>22,614.4</b>	<b>8,796.0</b>	<b>7,042.1</b>	<b>15,838.1</b>	<b>10,580.6</b>	<b>11,503.8</b>
<b>Systemwide:</b>											
Appropriations	109,401.7	118,392.2	122,458.2	131,220.9	13,766.0	149,986.9	136,328.8	12,948.3	149,277.1	131,061.2	140,130.7
Receipts	51,999.5	57,247.8	63,698.5	60,804.3	2,436.9	63,241.2	63,320.2	2,909.0	66,229.2	61,339.2	67,142.7
<b>SYSTEM TOTAL</b>	<b>161,401.2</b>	<b>175,640.0</b>	<b>186,156.7</b>	<b>192,025.2</b>	<b>21,202.9</b>	<b>213,228.1</b>	<b>199,649.0</b>	<b>15,857.3</b>	<b>215,506.3</b>	<b>192,400.4</b>	<b>207,273.4</b>
<hr/>											
<b>FTE Positions</b>											
Academic	2,132.4	2,402.3	2,411.0	2,456.8	125.0	2,591.8	2,536.0	138.5	2,674.5	2,480.8	2,560.0
Civil Service	1,227.8	1,290.7	1,343.7	1,355.2	43.0	1,398.2	1,407.6	49.0	1,456.6	1,337.7	1,418.1
<b>TOTAL POSITIONS</b>	<b>3,360.2</b>	<b>3,693.0</b>	<b>3,754.7</b>	<b>3,822.0</b>	<b>168.0</b>	<b>3,990.0</b>	<b>3,943.6</b>	<b>187.5</b>	<b>4,131.1</b>	<b>3,818.5</b>	<b>3,978.1</b>

PROGRAM: INSTRUCTION  
Agency: STATE UNIVERSITY SYSTEM

1987-89 Biennial Budget

PURPOSE:

The primary purpose of this program is to provide undergraduate and graduate instruction to students enrolled in academic programs leading to formal degrees or certificates. Instructional services designed to expand job-related skills and general knowledge which are offered in response to identified needs and do not lead to a degree or certificate are included under the Non-instruction program.

BACKGROUND:

Historically, the State Universities have served first generation college students who sought advanced education in order to prepare for a career. The universities have a distinguished tradition of preparing teachers, social workers, accountants, business people, farmers, scientists, journalists, and computer scientists. The universities continue to develop new programs that reflect the needs of the economy, the students, and the State. The State University System is committed to maintaining a strong liberal arts program at the core of each State University.

The state universities are primarily baccalaureate-level institutions with 90% of the full-time-equivalent enrollments at the undergraduate level. A resurgence of graduate enrollment at all of the universities offering graduate programs is being witnessed. This trend is expected to continue because Minnesota presently ranks considerably below the national average in the production of master's degrees. At the same time, the number of one-year and two-year programs will decline as the State University System aggressively seeks cooperative arrangements with appropriate community colleges and area vocational institutes to provide education at this level.

Increasingly, students are choosing baccalaureate-level programs related directly to anticipated careers. Enrollments in occupationally related programs are expected to remain strong and to reflect the needs of the economy in the State. The State Universities are responding to this trend by offering career-related programs such as business, accounting, computer science, mass communications and a variety of degrees in the human service fields and teacher education. Additionally, enrollments reflect increases in the proportion of students who are part-time and in those who are older than the traditional college age.

INSTITUTIONAL PROFILES:

The State University System is also committed to developing distinctive degree programs. All of the state universities presently offer some graduate and undergraduate degree programs which are unique in the System or the State.

Mankato and St. Cloud State Universities, the two largest in our System, offer broadly diverse programs in education, business, liberal and fine arts, science and technology, including, at both institutions, new programs in engineering. These universities offer a broader range of professional programs than the smaller universities. St. Cloud offers one of only two baccalaureate and Master's of Business Administration programs in the State accredited by the American Assembly of Collegiate Schools of Business (AACSB). St. Cloud's program places a strong emphasis on international business. St. Cloud State has unique graduate programs in accounting, behavior analysis, criminal justice, and early childhood and family studies. Distinctive baccalaureate programs at St. Cloud include photographic engineering technology, electrical engineering, biological sciences, mass communications, and real estate. Mankato State University offers a number of unique graduate programs including theatre arts and urban and environmental studies. Undergraduate programs include astronomy, athletic training, biochemistry, minority and ethnic studies, music management, Scandinavian studies, and women's studies.

Bemidji, Moorhead, Southwest, and Winona State Universities have each developed unique degree programs related to the resources of their regions. Bemidji has an international reputation in peat research, the only undergraduate major in aquatic biology in Minnesota, and a distinctive environmental studies program. Bemidji also has a solid commitment to Indian students, expressed through its Indian Studies program and an Office of Indian Student Services within the Division of Student Affairs. All of these programs reflect the institution's basic emphasis on undergraduate education, with a strong core in the liberal arts common to all degree programs.

Moorhead State University, Concordia College, and North Dakota State University have joined together to form the Tri-College University, the first university consortium in the nation to be accredited for granting of degrees. Avoiding duplication of programs is a primary objective of the Tri-College University. Moorhead State offers unique graduate programs in computer science, liberal arts, school psychology and educational administration (the latter through Tri-College University). Its undergraduate programs in social work and criminal justice are the only such accredited programs in the region.

(Continuation)

Agency: STATE UNIVERSITY SYSTEM

Southwest State University--again in response to its location--has developed a special commitment to the values and institutions of rural America. It offers a Rural Studies program, and Rural Studies is a component of its general studies core curriculum. Southwest State is committed to the integration of career and liberal education. Particular strength in the career programs can be found in agribusiness, engineering technology, electronic technology and hotel and restaurant administration.

Winona State University has chosen to emphasize high demand programs such as accounting, business administration, computer science, nursing, paralegal studies, and mass communications. Winona continues its long and rich tradition of educating teachers, but also has strong programs in biology and chemistry and is involved in geological and ecological research studies. Winona plans to expand its allied health and technology programs as well as materials testing in support of regional industry. The fifteen undergraduate and graduate degree programs offered in Rochester have a new home in the recently completed Rochester Center building.

Metropolitan State University was established with the mission of serving the diverse educational needs of learners in the Twin Cities metropolitan area. Metro State's programs are upper-division and graduate level, designed to provide opportunities for individualized degree planning. Metro State makes use of the rich community resources available in the metropolitan area to offer programs in arts and sciences, communications, human services, business and public administration. The university also offers a baccalaureate degree in nursing and a master's degree in management and administration. The university is presently planning academic majors in more specific areas.

ENROLLMENT:

By definition, all instruction offered in this budget program qualifies for collegiate credit. Such credit may be applied toward:

- a comprehensive array of baccalaureate programs,
- an individualized program,
- a limited number of Master's programs,
- a small number of specialist programs,
- a decreasing number of two-year programs.

Output is measured in credit hours and converted to Full Year Equivalent (FYE) students. Consistent with the Average Cost Funding task force definitions, 45 undergraduate credit hours equals one undergraduate FYE and 30 graduate credit hours equals one graduate FYE.

Enrollment in the State Universities may be segmented into three distinct categories. These categories are differentiated by the type, location, and planning of services delivered to clients.

Regular Year Instruction is offered on-campus during the traditional nine-month academic year.

Summer Session Instruction is provided during two 5-week, or one 10-week, session(s). Course offerings are generally available at a reduced level with emphasis on upper division and graduate programs.

Extension/Off-Campus Instruction is designed to be responsive to defined needs not addressed through the normal university offerings. Programming includes workshops and evening courses offered on-or off-campus.

The summer and extension programs also serve to:

- allow regular year students to continue or accelerate their academic programs;
- serve individuals who, for a variety of reasons, are not able to attend the universities during the regular academic year; and
- maximize utilization of university physical plants, libraries, and educational equipment and personnel.

The table that follows summarizes the universities' enrollment in the categories outlined above.

PROGRAM: INSTRUCTION (Continuation)  
 Agency: STATE UNIVERSITY SYSTEM

1987-89 Biennial Budget

	R E G U L A R Y E A R		Regular		Summer			
	On-Campus	Off-Campus	Year	Year	Session			
	U.G.	Grad	U.G.	Grad	Total	U.G.	Grad	Total
<b>Bemidji</b>								
1983	3,696	90	112	47	3,945	262	80	4,287
1984	3,622	72	100	26	3,820	233	96	4,149
1985	3,495	64	115	41	3,715	222	130	4,067
1986	3,404	85	173	45	3,707	216	144	4,067
1987	3,329	104	198	51	3,682	215	135	4,032
1988	3,173	91	177	45	3,486	221	145	3,852
1989	3,185	89	172	46	3,492	221	148	3,861
<b>Mankato</b>								
1983	9,937	761	373	219	11,290	885	366	12,541
1984	10,065	756	351	191	11,363	856	344	12,563
1985	10,012	757	358	212	11,339	786	306	12,431
1986	10,146	804	326	248	11,524	785	306	12,615
1987	10,212	827	304	300	11,643	761	365	12,769
1988	10,261	836	343	227	11,667	780	368	12,815
1989	10,285	838	345	230	11,698	781	371	12,850
<b>Metropolitan</b>								
1983	1,261	0	0	0	1,261	0	0	1,261
1984	1,300	14	0	0	1,314	0	0	1,314
1985	1,229	69	0	0	1,298	0	0	1,298
1986	1,348	106	0	0	1,454	0	0	1,454
1987	1,420	120	0	0	1,540	0	0	1,540
1988	1,437	141	0	0	1,578	0	0	1,578
1989	1,478	150	0	0	1,628	0	0	1,628
<b>Moorhead</b>								
1983	5,969	219	44	12	6,244	431	87	6,762
1984	5,647	213	60	24	5,944	389	81	6,414
1985	5,690	258	14	28	5,990	389	93	6,472
1986	5,969	273	64	21	6,327	358	102	6,787
1987	6,066	314	49	24	6,453	370	112	6,935
1988	6,132	295	66	23	6,516	379	115	7,010
1989	6,070	281	65	22	6,438	371	115	6,924
<b>St. Cloud</b>								
1983	9,023	357	115	90	9,585	732	219	10,536
1984	9,299	392	85	63	9,839	700	204	10,743
1985	9,477	385	88	110	10,060	698	185	10,943
1986	9,835	436	95	133	10,499	671	215	11,385
1987	10,585	510	105	164	11,364	733	243	12,340
1988	10,785	595	111	160	11,651	735	251	12,637
1989	10,902	639	123	168	11,832	737	267	12,836

	R E G U L A R Y E A R		Regular		Summer			
	On-Campus	Off-Campus	Year	Year	Session			
	U.G.	Grad	U.G.	Grad	Total	U.G.	Grad	Total
<b>Southwest</b>								
1983	1,708	0	6	0	1,714	72	0	1,786
1984	1,632	0	28	0	1,660	66	0	1,726
1985	1,717	0	59	0	1,776	69	0	1,845
1986	1,747	0	107	0	1,854	93	0	1,947
1987	1,870	0	98	0	1,968	116	0	2,084
1988	1,853	0	116	0	1,969	124	0	2,093
1989	1,895	0	132	0	2,027	125	0	2,152
<b>Winona</b>								
1983	4,172	84	224	59	4,539	297	95	4,930
1984	4,142	95	249	50	4,535	287	84	4,906
1985	3,903	87	276	89	4,355	273	101	4,729
1986	4,036	105	298	95	4,534	261	130	4,925
1987	4,227	127	299	139	4,792	300	119	5,211
1988	4,280	118	324	133	4,855	311	134	5,300
1989	4,351	129	338	139	4,957	323	145	5,425
<b>System Total</b>								
1983	35,766	1,511	874	427	38,577	2,679	847	42,103
1984	35,707	1,541	873	353	38,474	2,531	809	41,814
1985	35,523	1,620	910	480	38,533	2,437	815	41,785
1986	36,485	1,809	1,063	542	39,899	2,384	897	43,180
1987	37,709	2,002	1,053	678	41,442	2,495	974	44,911
1988	37,921	2,076	1,137	588	41,722	2,550	1,013	45,285
1989	38,166	2,126	1,175	605	42,072	2,558	1,046	45,676

Performance Assessment

Since 1971 the State University Board has had a System Policy requiring academic program review. This process ensures that programs adapt to changing environments, that student needs continue to be met, and that the curriculum or instruction portion of the academic program meet the requirements of national and/or regional accrediting organizations.

Each university has developed internal procedures that ensure all academic programs and administrative units are reviewed every five years. Reviews may be either external - employing the services of outside consultants, or internal relying entirely on campus resources. Most academic programs however, undergo external review at least every 15 years. At a minimum, program reviews include the following components: an assessment affecting the program, a review of the program's resources, strengths, weaknesses, opportunities, and concerns; and, lastly, an assessment of the program's future in relationship to the mission of the university.

In addition to assessing curriculum and instruction against national standards, the state universities continue to participate in efforts to assess the outcome of educational efforts.

PROGRAM: INSTRUCTION  
(Continuation)

1987-89 Biennial Budget

Agency: STATE UNIVERSITY SYSTEM

INSTRUCTIONAL FUNDING MATRIX:

Under Average Cost Funding (ACF), the budget for instruction is determined by multiplying the enrollment of two years prior to the budget year by the average rate for that group of Full Year Equivalent (FYE's) in the budget year. The funding mechanism is intended to reflect costs patterns within level of instruction.

Level of Instruc.	FY 1987 Program Cost	F.Y. 1988			F.Y. 1989		
		FY 1988 Cost	FY86 FYE Enroll.	Total Instr Expenditure	FY 1989 Cost	FY87 FYE Enroll.	Total Instr Expenditure
Graduate							
Low	2,806	\$2,806	1,064	\$2,985.6	\$2,806	1,149	\$3,224.2
Medium	4,609	4,609	1,904	8,774.8	4,609	2,182	10,056.0
High	6,126	6,126	286	1,752.0	6,075	322	1,972.6
Upper Division							
Low	3,753	3,753	7,526	28,244.7	3,753	7,817	29,336.8
Medium	5,081	5,081	5,554	28,219.4	5,081	5,761	29,271.1
High	7,737	7,737	1,772	13,709.7	7,737	1,877	14,522.1
Lower Division							
Low	3,340	3,340	8,683	28,997.3	3,340	8,944	29,868.9
Medium	3,957	3,957	10,213	40,416.3	3,957	10,465	41,413.5
High	4,878	4,878	6,177	30,129.4	4,878	6,394	31,187.9
Totals			43,179	\$183,229.2		44,911	\$ 190,853.0

GOVERNOR'S RECOMMENDATION:

The Governor recommends biennial direct appropriations in the amount of \$252,984.9 for this program, a 13.3 percent increase over 1985-87. This includes an average cost funding adjustment of \$13,071.2 (based on increased enrollments); a price level adjustment of \$9,190.0 (2.5 percent for each year of the biennium); \$1,340.0 for instructional improvement and quality assessment; and \$585.2 for planning and implementing a materials science and engineering program at Winona State University. Recommended total instructional spending authority (direct appropriations plus tuition) is \$377,589.4 for the biennium, a 10.9 increase over 1985-87.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: IMPROVING UNDERGRADUATE EDUCATION	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 5,022.5	40.0	\$ 5,022.5	55.0
Governor's Recommendation	\$ 500.0	7.0	\$ 1,500.0	16.0

Request requires statutory change:  Yes  No  
 Statutes Affected:

This request will strengthen undergraduate education through improvements in teacher preparation, the acquisition of equipment, the development of centers to better assess learning outcomes, and individual projects which will enhance the quality of education.

Recent reports, such as those of the Carnegie Commission and Holmes group, have focused attention on the need to strengthen teacher preparation programs as part of an overall educational reform movement. This initiative is consistent with those recommendations and would include funding to improve induction into teaching, linkages with school districts, and staff development for both university faculty and school district teachers.

This initiative also includes the development of "model" projects at two state universities. Mankato State's school district/university partnership would be comprised of joint research and assessment, curriculum development, in-service, and clinical training. The second model program is the regional science center at Moorhead State University. This project which includes major private support, is designed to improve the quality of science education at the K-12 level and to better prepare future secondary science teachers. This initiative includes the development of a program which would serve as an interpretive center, a laboratory for curriculum materials, and a place to hold demonstrations, lectures, seminars and workshops in close proximity to the hands-on, natural laboratory. This project addresses a nationally recognized need to improve science education in our schools.

The objective of the equipment request is to provide students with access to operationally sound and technologically advanced laboratory and studio equipment. The funds will be used for the purchase of instructional equipment that was deferred because of past reductions in the System's appropriation. Between 1980 and 1987 the System experienced approximately \$30,000,000 in cutbacks, and equipment budgets were one of the few sources of funds that could be used to achieve the required reductions. This proposal anticipates the appropriation of an additional \$2 million each year for the next six years, a total of \$12 million. Without these funds and a stable funding environment, the quality of instructional equipment will continue to deteriorate and fall behind that used in business and industry.

The request for quality assessment centers would enable each university to establish a center to improve the measurement of student and program outcomes. Our goal is to obtain information which is important to demonstrating and improving the quality of education.

Southwest State proposes to expand its writing laboratory through the addition of microcomputers and the support staff necessary to fully apply microcomputing to writing improvement. Research within the State University System and elsewhere indicates that using microcomputers with word processing software leads to improvement of writing skills among students.

To make the campus and the community more aware of international issues, St. Cloud State University proposes to develop an International Resource Center which would provide research services; manage faculty exchanges; offer programs for area schools; and deliver intensive language instruction. This proposal is linked to a \$3.5 million request from private resources for renovation of Lawrence Hall, which would be the site of the expanded international program.

Expansion of Winona State's "2+2" program with Rochester Community College and the development of Winona State's new center in Rochester require an operating staff for the joint Winona-Rochester library, computer complex, nursing lab, and AV services. Funding would also be provided to establish a television link between Winona, Rochester, and Austin to make upper division courses available in these communities.

Building on Bemidji State University's strong environmental studies program, Bemidji proposes to develop a program in the area of pollution management. It would prepare students in a field with expanding demand for trained personnel and which serves an important societal need.

GOVERNOR'S RECOMMENDATION: The Governor recommends additional funding of \$2,000.0 (\$1,340.0 in direct appropriations and \$660.0 in student tuition) for instructional improvement and quality assessment. These funds should be used for establishment of quality assessment centers on all university campuses and for planning and implementation of innovative, cost effective instructional methods. Development of a plan for instructional assessment would be expected by the fall of 1987 with actual reporting of performance to begin in the fall of 1988. Funding for the other items included in the above request could be provided from the System's 1987-89 average cost funding adjustment.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: IMPROVING ACCESS TO EDUCATION				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$1,360.0	16.0	\$1,360.0	16.0
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

This request will improve access to state universities for Minnesota citizens by addressing the three key barriers to participation: cost, family responsibilities, and distance from the campus. These constraints will be addressed through a student employment project, increases in day care services at the campuses, and the development of interactive television systems in central and southwest Minnesota.

Many citizens of the State are, for a variety of reasons, bound to the location in which they reside. In rural Minnesota, educational choices for these individuals are considerably more restricted than in the metropolitan area. The current economic problems facing agriculture, mining, and related industries has further reduced the opportunity to pursue education and the career mobility that goes with a college degree. Of critical importance to potential and current students is the need for employment in order to pay their fair share of educational costs, the need to improve day care for individuals with family responsibilities and the need to reach students who are place bound and reside beyond a reasonable commuting distance to the campuses.

In order to expand campus work opportunities, the State University System requests \$2 million for student employment. Based on the average number of hours worked in on campus jobs, this appropriation would provide approximately \$1,000 in part-time employment for 1,000 undergraduate students enrolled at the seven state universities, in each fiscal year of the biennium. This will enable students to bear an appropriate portion of their educational costs without forcing them into increased debt.

The request for day care will assist the universities with establishing or expanding day care services for students with pre-school age children. It is anticipated that this need will extend over a three-year period, with the universities assuming responsibility for the program at the end of the third year.

The Board proposes to establish two interactive television networks. The network centered at St. Cloud State University would create a two-way television system with direct linkage from the university to Willmar, Alexandria, Brainerd, Cambridge, and the metropolitan area. Funds for the network which will be centered at Southwest State University in Marshall would be used to develop quality interactive television courses, to hire staff to oversee the project, and to construct towers in Marshall and near Russell on Buffalo Ridge. This linkage will connect school districts participating in the project with Southwest State University and with each other.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Reallocation of existing resources, particularly the System's 1987-89 average cost funding adjustment, could provide funding for some or all of the items included in this request.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

In addition to its individualized Bachelor of Arts and Bachelor of Arts in Nursing, Metropolitan State proposes to offer the following undergraduate majors:

Accounting  
 Arts and Humanities  
 Computer Science  
 Human Services  
 Journalism and Communications  
 Management  
 Marketing

These majors were identified through surveys of areas of interest of current and prospective Metropolitan State students, a survey of preferred majors of community college graduates and a review of areas which the University of Minnesota has targeted for reduction. The Arts and Humanities major reflects the need to provide liberal arts study as noted in the institutional and System missions.

Students to be served include both adults, returning to complete degrees or to acquire new skills, as well as younger students transferring directly from another institution. It is expected that most of these students will be residents of the seven county metro area and need to remain in the Twin Cities because of family and job responsibilities. We expect that new programs will attract 100 additional FYE students in FY 89 and another 100 in FY 90.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Individual system or institution response to the University's Commitment to Focus (CTF) effort should follow the CTF planning effort recommended by the Governor in the Higher Education Coordinating Board's 1987-89 budget.

Request Title: METROPOLITAN UPPER DIVISION PROGRAMS

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 1,002.0	28.0	\$ 1,642.7	36.0
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -

Request requires statutory change:  Yes  No

Statutes Affected:

Metropolitan State proposes to add seven new undergraduate majors to its curriculum in order to provide access to affordable baccalaureate options in the metropolitan area, to respond to the growing population, and to provide opportunities for students who can no longer enroll in programs reduced or eliminated by the University of Minnesota.

Projections of population growth in the Twin Cities metropolitan area and enrollment reductions at the University of Minnesota support the need for Metropolitan State to add new majors. Though estimates of population growth vary from a high of 500,000 (U.S. Department of Commerce) to 240,000 (State Planning Agency) by the year 2,000, significant growth seems assured. The University of Minnesota has announced plans to reduce undergraduate enrollment in the School of Management, the College of Education, and the School of Nursing and to cap enrollment in the Institute of Technology. Reduced access coupled with population growth indicate the need for expanded educational services.

A needs assessment produced data which supports the importance of Metro State's unique characteristics, but also indicates a need for all students to have the option of pursuing degrees with major designations.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:  
PROGRAM: INSTRUCTION  
AGENCY: STATE UNIVERSITY SYSTEM

Request Title: MATERIALS, SCIENCE AND ENGINEERING	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ - 0 -	- 0 -	\$790.0	4.5
Governor's Recommendation	\$ 83.5	1.5	\$790.0	4.5

Request requires statutory change:  Yes  No  
Statutes Affected:

Winona State University proposes to develop an undergraduate baccalaureate degree program in Materials Science and Engineering with an emphasis in advanced composites. The program will be designed to meet the standards of the Accreditation Board for Engineering and Technology (ABET).

Surveys conducted by governmental agencies, engineering societies, and industrial organizations have identified materials science engineering as a critically important part of nearly all high technology fields including electrical engineering and electronics. The National Science Foundation has reported that because of the nation-wide shortage of materials science engineers, many of the electronics and electrical industries in the United States are being held back from new product development.

The Winona area has approximately eight relatively new companies that are heavily involved with advanced composite materials. Winona is known nationally as the Midwest center of advanced composite manufacturers. Because there is no materials science engineering program in Minnesota with an advanced composites emphasis, these companies must recruit their engineering staff from other states. University expertise is also not locally available to assist with applied research and product development which typically results in out-of-state contracting for engineering services. These same companies and others in the region are also in need of high technology continuing education for their employees.

Most schools of engineering in the Midwest stress metallurgy rather than advanced composites as the core component of their materials science engineering programs. The closest universities with materials science engineering degrees having an advanced composites emphasis are Iowa State University and the University of Wisconsin-Madison.

Materials science is the science of the structure, properties and behavior of metals, alloys, semiconductors, ceramics, polymers, and advanced composites. Advanced composites are those materials made from two or more components, usually a strong lightweight polymer fiber such as carbon (graphite) and some type of epoxy resin. When combined, such materials have a higher strength to weight ratio than conventional materials along with many other favorable physical and chemical attributes. Advanced composite materials have the potential to revolutionize the technologies associated with aerospace industries, transportation, consumer products, and industrial machinery.

Winona State University presently has a two-year pre-engineering program which will provide the needed base for the four-year baccalaureate engineering program. Engineering faculty will be added to teach the specialized engineering courses. The strong mathematics, computer science, chemistry and physics programs at WSU will provide necessary support courses.

Winona State University and the Winona AVTI are currently developing a joint two-year A.A.S. degree program in Composites Technology. This program will complement the four-year materials science and engineering degree, especially in terms of available staff resources and relations with regional industries.

GOVERNOR'S RECOMMENDATION:

Recognizing Winona State University's unique opportunity in materials science and engineering education, the Governor concurs with the System's request as stated above. The recommendation includes program planning funds in the amount of \$83.5. This item was included in System's F.Y. 1988 request as non-instructional item.

PROGRAM FISCAL SUMMARY - 1987-89 BIENNIAL BUDGET  
 \*\*\*DOLLARS IN THOUSANDS (137,522 = 137.5)\*\*\*

SYSTEM: State University System  
 PROGRAM: Instruction

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL		ESTIMATED	FY 1988 REQUEST			FY 1989 REQUEST			GOVERNOR'S RECOMMENDATIONS	
	FY 1985	FY 1986	FY 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
EXPENDITURES BY ACTIVITY n/a											
TOTAL	153,497.1	166,622.6	176,660.7	183,229.2	7,384.5	190,613.7	190,853.0	8,815.2	199,668.2	181,819.8	195,769.6
EXPENDITURES											
DIRECT	89,355.1	96,995.8	102,955.7	106,563.0	4,298.7	110,961.7	111,101.0	5,131.6	116,232.6	105,819.1	113,937.9
INDIRECT	64,142.0	69,626.8	73,905.0	76,566.2	3,085.8	79,652.0	79,752.0	3,683.6	83,435.6	76,000.7	81,831.7
TOTAL	153,497.1	166,622.6	176,860.7	183,229.2	7,384.5	190,613.7	190,853.0	8,815.2	199,668.2	181,819.8	195,769.6

PROGRAM PURPOSE:

The Non-Instruction program covers all activities not directly involved in the production of 'for credit' instruction. Included under this umbrella are relatively routine expenditures excluded from instruction as a matter of definition but also included are activities integral to our mission and vital to the region in which the university is located.

SEPARATELY BUDGETED RESEARCH:

Research activities in the State University System are conducted to:

- contribute to the economic vitality of the region by supporting businesses primarily through the transfer of technology, and
- enhance the teaching/learning process by providing students and faculty with the opportunity to apply theoretical concepts to practical problems.

Many research projects provide direct linkage with classroom instruction and relate to a university service region's needs or concerns. Because research activities have not been a priority in the mission of the State University System, the vast majority of research conducted has been funded by grants. A small amount of appropriated dollars is directly allocated to this program for faculty research activities.

The State Universities have sufficient expertise and specialized laboratories and other research space to engage in a much greater amount of applied research than currently takes place. With the investment of a relatively small amount of additional state funds, the state universities will be able to conduct applied research that will address directly the problems and concerns faced by the businesses and industries in their region.

PUBLIC SERVICE:

The Public Service program exists to assist and serve individuals and organizations within a university's service area through such activities as non-credit community education, regional planning, reference and speaker services, facilities for meetings, radio/television programs, special events, and assistance to local units of government including school districts.

Traditionally, public service activities have represented a function rather than an organizational entity on each campus. As such, appropriated funds have not been specifically provided or budgeted for this purpose but rather the services were extended as "by-products" of the on-going operations of each university. The universities have come to recognize the important and valuable role each is able to play in the economic development of its region. In this role, the universities attempt to stimulate and assist businesses, industries and individuals by providing training, counseling, research, and resource materials. Each university is home to a Small Business Development Center which is operated in cooperation with the U.S. Small Business Administration. Federal grant dollars are disbursed through Minnesota's SBDC State Administrative Office (the College of St. Thomas) on a fixed dollar per service delivered. Grant dollars are matched by the university housing the SBDC. Recently, the SBDC's at the State Universities provided services to more than five hundred firms, offered more than one hundred workshops or seminars which were attended by more than twenty-five hundred persons. This program is an excellent example of linking government, education, and business together to improve the knowledge, skill and expertise of an existing or potential small business owner or manager.

FINANCIAL AID MATCH:

The purpose of this activity is to provide matching funds for students with demonstrated financial need who require assistance in meeting the cost of their education. The expenditures indicated for the activity consist entirely of funds paid or loaned to students through the campus-based financial aid programs. They do not include the administrative costs of the programs (including federal allowances for such costs). Aids or loan programs under the fiscal control of other agencies or lending institutions are, of course, excluded, as are salaries paid to student employees of the universities (such employment is not necessarily based on the financial need of the students).

The matching component of the financial aid efforts included here consist of the following:

Work Opportunities	Federal Work Study Program State Work Study Program
Loans	National Direct Student Loan National Nursing Loan

Appropriations to the State University System provide 20% of the Work Study Programs and 10% of the two national loan programs. The State Work Study Program is appropriated to the Higher Education Coordinating Board which grants the State University System an annual allotment. These funds are not reflected here--only the money appropriated to the State University System that is used to match the HECB grant is shown.

PROGRAM: NON-INSTRUCTION  
(Continuation)  
Agency: STATE UNIVERSITY SYSTEM

1987-89 Biennial Budget

CAPITALIZED R&B:

This activity provides for major repairs and alterations to the buildings and facilities of the state universities. It differs from other building repair and maintenance in that the project undertaken either alters the square footage of the building, extends the useful life of the building, or is performed in response to a new or modified regulation or guideline. Examples of the projects that are capitalized include major roof repair or replacement, caulk replacement and tuckpointing of exterior masonry, and OSHA conforming modifications such as dust collectors, fume ventilation, and similar potential health or safety hazards.

This definition conforms to the recommendation of the Average Cost Funding Task Force.

INTERCOLLEGIATE ATHLETICS:

This program is offered to encourage participation in competitive sports by students in order to develop physical and social skills. Intercollegiate athletics at the six state universities provide a total of 88 sports for about 2230 participants. On a system-wide basis this means that 6.2% of the students are participating in intercollegiate athletics, while at the three smaller schools it may range from 11% to 15%. Of the 2230 participants, approximately 720 are women.

At two universities, Mankato and St. Cloud, both men and women participate in the North Central Conference (NCC) which is Division II of the National Collegiate Athletic Association (NCAA). At the other four universities, the men belong to the Northern Inter-collegiate Conference (NIC), and women athletes participate in the Northern Sun Conference. Since the NIC does not offer hockey competition, Bemidji, for that sport only, belongs to the NCHA (Northern Collegiate Hockey Association), and last year won the NCAA Division II National Ice Hockey championship.

The Moorhead Outdoor Track team had one national champion and five All-Americans in 1985, and in 1986, the Indoor Track team had a national champion and two All-American team members. Moorhead's top tennis doubles players went on to national competition in 1985, and in 1986, their top singles player competed nationally. Bemidji's women's basketball team was the three time NAIA district champion, and, in total, 16 athletes were selected either All-American or Honorable Mention All-American. Special recognition was shown three male swimmers who were selected Academic All-Americans, which requires a high grade point average along with competition at the national level.

In 1985, M&E funds provided \$2,076,296 for the support of intercollegiate athletics in the State University System. The sources of income for the remaining \$1,935,825 are student activity fee money, team revenues, and funds raised by the teams themselves or external organizations such as booster clubs, or chambers of commerce.

GOVERNOR'S RECOMMENDATION:

The Governor recommends state support for the System's non-instructional programs in the amount of \$21,407.0 in the 1987-89 biennium. This recommendation includes \$3,700.0 for regional economic development and applied research activities, \$500.0 of which would be provided from direct state appropriations and \$3.2 million of which would be reappropriated from the Rural Rehabilitation Fund.

## CHANGE REQUEST

1987-89 Biennial Budget

 Agency  Program  Activity

## ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: REGIONAL ECONOMIC DEVELOPMENT

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 5,612.5	60.0	\$ 5,612.5	60.0
Governor's Recommendation	\$ 1,500.0	8.0	\$ 2,200.0	14.0

Request requires statutory change:  Yes  No

Statutes Affected:

In cooperation with the Greater Minnesota Corporation, the Minnesota State Universities will work to support economic development and job creation in the regions they serve. Directed primarily at the economic and human problems of rural Minnesota, this effort capitalizes on the outstate location of the universities, their faculties, facilities, and technical resources. Specifically, the proposal is intended to address some of the economic problems of the State by combining applied research with other services to business to create jobs.

This comprehensive approach to regional economic development holds great promise of success. The universities are a highly visible resource within their service regions. Members of the faculty and administration are well known to area business and community leaders. The State's historic investment in education has resulted in a strong cadre of well-prepared faculty and staff who are committed to public service. The funding requested in this proposal will allow state universities to expand existing programs and initiate new ones in order to improve the economic viability of their regions, and increase the number of jobs in out-state Minnesota.

Through increased applied research, the universities will organize their scientific and technological resources to address problems facing local business and industry. In addition, the universities will increase the level of educational, consultative, and other support services provided to local businesses. Existing small business development centers will be expanded to offer new services and to reach new clientele.

Bemidji State University will establish an institute for applied research and regional service. This entity would conduct research and provide service to business and government in the following areas: recreational resources and land use studies, renewable energy development and energy conservation, energy and non-energy uses of peat as a raw material, and application of computers in both wood products research and production.

Mankato and St. Cloud State Universities, the largest institutions in the State University System, have recently developed engineering programs to complement their strong mathematics, natural science, computer and information science, business and technology curricula. This initiative will allow these campuses to establish applied research centers to help them better serve the businesses in their regions. Through the use of release time for faculty members and up-to-date equipment, each institution will be able to apply the faculty expertise in their computer science, engineering, and other scientific and technological areas to the problems of local firms. Priority areas for research include: studies of economic uses of the environment, computer control of manufacturing technologies, biotechnology, micro-electronics, and software development and design.

Metropolitan State proposes an Entrepreneurship Center which would concentrate on helping workers who have been displaced by lay off, merger, technology change, or homemaking, to earn a livelihood and contribute to the economy. The entrepreneurship activity would include an assessment of the individuals personal and transferable skills, the development of coursework, workshops, internships, and other services to enable them to carry a service or product idea from conception to market place. As with other programs at Metropolitan State University, this project would include strong linkages with businesses in the community.

Moorhead State will conduct research in the areas of super-insulated modular housing, sugar processing, and the application of computers to regional needs. In cooperation with regional housing manufacturers, the faculty in Moorhead's Departments of Business, Science and Technology propose to implement a design sequence for super-insulated modular housing. This research would address the needs of local industry as well as the broader requirements for more energy efficient housing. Working with the local sugar industry, the faculty in Moorhead's Industrial Chemistry program would conduct research related to the chemistry of beet production, sugar processing, and waste disposal. Outcomes of this study would include the development of saleable by-products of sugar production as well as the use of sludge and other waste from production for fertilization of crops.

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity  
(Continuation)

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

The Winona area has become a midwest center for companies involved in the high technology fields of advanced composite materials eg., kevlar, graphite reinforced epoxy resins and so on. Winona State University proposes a center for materials research, development and testing which would provide a variety of services to these firms, as well as attract similar firms to the region. The center would provide material testing at a local site thus providing an alternative to out of state transportation of materials. The center would also assist in product development and applied research for the creation of new high technology materials. Winona State envisions a partnership with these firms in the research and development activity.

Funding is also requested to improve and expand the services provided to local businesses through the regional offices of the Small Business Development Centers located on State University campuses. The plan will broaden the capacity of the centers so that unmet needs can be addressed and new programs offered to previously underserved audiences. The goals of the effort are three-fold: to increase the number of businesses served by the Small Business Development Centers, to increase the number of business start-ups, and to increase the number of Minnesota firms involved in international trade.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$3,700.0 in the 1987-89 biennium to support the System's applied research/economic development objectives described above. Of this amount, \$500.0 is recommended from the state's general fund and \$3,200.0 is recommended from the Rural Rehabilitation Revolving Fund. This fund was created by the federal government in the 1930's and its assets were transferred to the state in the 1950's. The Governor recommends that the rural development program now supported from this fund be eliminated and that available balances be transferred to the state's general fund. A portion of this balance could then be reappropriated to the System in support of its proposed applied research/rural development efforts.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: IMPROVING ACCESS TO EDUCATION				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$ 1,101.0	6.0	\$ 216.0	- 0 -
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

This request will improve access to state universities for Minnesota citizens by addressing the three key barriers to participation: cost, family responsibilities, and distance from the campus. These constraints will be addressed through a student employment project, increases in day care services at the campuses, and the development of interactive television systems in central and southwest Minnesota.

Many citizens of the State are, for a variety of reasons, bound to the location in which they reside. In rural Minnesota, educational choices for these individuals are considerably more restricted than in the metropolitan area. The current economic problems facing agriculture, mining, and related industries has further reduced the opportunity to pursue education and the career mobility that goes with a college degree. Of critical importance to potential and current students is the need for employment in order to pay their fair share of educational costs, the need to improve day care for individuals with family responsibilities and the need to reach students who are place bound and reside beyond a reasonable commuting distance to the campuses.

In order to expand campus work opportunities, the State University System requests \$2 million for student employment. Based on the average number of hours worked in on campus jobs, this appropriation would provide approximately \$1,000 in part-time employment for 1,000 undergraduate students enrolled at the seven state universities, in each fiscal year of the biennium. This will enable students to bear an appropriate portion of their educational costs without forcing them into increased debt.

The request for day care will assist the universities with establishing or expanding day care services for students with pre-school age children. It is anticipated that this need will extend over a three-year period, with the universities assuming responsibility for the program at the end of the third year.

The Board proposes to establish two interactive television networks. The network centered at St. Cloud State University would create a two-way television system with direct linkage from the university to Willmar, Alexandria, Brainerd, Cambridge, and the metropolitan area. Funds for the network which will be centered at Southwest State University in Marshall would be used to develop quality interactive television courses, to hire staff to oversee the project, and to construct towers in Marshall and near Russell on Buffalo Ridge. This linkage will connect school districts participating in the project with Southwest State University and with each other.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Reallocation of existing resources, particularly the System's 1987-89 average cost funding adjustment, could provide funding for some or all of the above items.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: WOMEN'S INTERCOLLEGIATE ATHLETICS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 1,838.0	14.0	\$ 727.0	14.0
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -

Request requires statutory change:  Yes  No  
 Statutes Affected: Needs enabling legislation to award Talent Grants.

The purpose of this request is to provide equitable opportunities in intercollegiate athletic competition for women in the Minnesota State University System.

Athletic competition and the experience of working on a team are effective means by which young women can develop self-awareness and confidence, assertiveness, and leadership skills. Title IX of the Federal Education Act of 1972 requires that all instructional programs receiving federal funding provide men and women equal opportunity for participation. Although there is no federal subsidy to support that goal, the State University System has had a long standing commitment to Title IX compliance in intercollegiate athletics. Because of this commitment, substantial progress has been made in improving women's athletics in recent years. Despite this progress, discrepancies between the athletic offerings provided to men and women still exist as evidenced by consultant reports and financial audits of athletic programs.

The past decade has also seen an increase in the competition level in women's sports and a correspondingly greater need for recruitment and promotion. As a consequence, equality of opportunity in athletics for women has become more costly in money, time, energy, and commitment.

The goal of the program is to insure athletic equity for men and women. Specifically, the program requires the universities to increase the number of women's sports activities when necessary, to enhance the levels of competition for existing activities, and to promote the visibility of women's athletic programs. More female students will be able to participate in intercollegiate sports because the secondary, so-called "B-squads" will be re-instituted; these were eliminated during recent budget reductions. Funding will provide full-time, professional coaching and training services, equivalent to those now available to men. Modern and safe facilities, equipment, and supplies will be purchased to maximize student athletic efforts. Increased attention will be given to the administrative and clerical support services, to publicity provided for women's teams, and to the scheduling of events and practice times. Athletic scholarships will be made more widely available to talented female athletes.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. The System should consider meeting the above objectives through reallocation of state funds already provided for intercollegiate athletics and/or from user fees and other non-state funds.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: MATERIALS, SCIENCE AND ENGINEERING				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$ 83.5	1.5	\$ - 0 -	- 0 -
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

Winona State University proposes to develop an undergraduate baccalaureate degree program in Materials Science and Engineering with an emphasis in advanced composites. The program will be designed to meet the standards of the Accreditation Board for Engineering and Technology (ABET).

Surveys conducted by governmental agencies, engineering societies, and industrial organizations have identified materials science engineering as a critically important part of nearly all high technology fields including electrical engineering and electronics. The National Science Foundation has reported that because of the nation-wide shortage of materials science engineers, many of the electronics and electrical industries in the United States are being held back from new product development.

The Winona area has approximately eight relatively new companies that are heavily involved with advanced composite materials. Winona is known nationally as the Midwest center of advanced composite manufacturers. Because there is no materials science engineering program in Minnesota with an advanced composites emphasis, these companies must recruit their engineering staff from other states. University expertise is also not locally available to assist with applied research and product development which typically results in out-of-state contracting for engineering services. These same companies and others in the region are also in need of high technology continuing education for their employees.

Most schools of engineering in the Midwest stress metallurgy rather than advanced composites as the core component of their materials science engineering programs. The closest universities with materials science engineering degrees having an advanced composites emphasis are Iowa State University and the University of Wisconsin-Madison.

Materials science is the science of the structure, properties and behavior of metals, alloys, semiconductors, ceramics, polymers, and advanced composites. Advanced composites are those materials made from two or more components, usually a strong lightweight polymer fiber such as carbon (graphite) and some type of epoxy resin. When combined, such materials have a higher strength to weight ratio than conventional materials along with many other favorable physical and chemical attributes. Advanced composite materials have the potential to revolutionize the technologies associated with aerospace industries, transportation, consumer products, and industrial machinery.

Winona State University presently has a two-year pre-engineering program which will provide the needed base for the four-year baccalaureate engineering program. Engineering faculty will be added to teach the specialized engineering courses. The strong mathematics, computer science, chemistry and physics programs at WSU will provide necessary support courses.

Winona State University and the Winona AVTI are currently developing a joint two-year A.A.S. degree program in Composites Technology. This program will complement the four-year materials science and engineering degree, especially in terms of available staff resources and relations with regional industries.

GOVERNOR'S RECOMMENDATION:

This request is recommended by the Governor in the System's instructional budget.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: COMMUNITY COLLEGE PARTICIPATION IN PALS	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$692.4	2.0	\$ 386.6	1.5
Governor's Recommendation	\$ - 0 -	- 0 -	\$ - 0 -	- 0 -

Request requires statutory change:  Yes  No  
 Statutes Affected:

Many and varied information resources exist in the Community College Libraries. Through the Phase I process of implementing library automation in the Community College Libraries, a comprehensive indexing access now exists. This access will be improved by an online circulation system which facilitates the location and availability of needed materials, interlibrary sharing of materials, and cooperative acquisition of materials.

The cost of labor intensive, routine library operations is rising each year. This, together with the need for more personnel, equipment, and supplies to cope with increasing collections illustrate the value of investing in effective systems. The PALS automated library system provides cost avoidance in routine library operations and management information to improve library operations efficiency and effectiveness.

The funding provided by this request will permit expansion and development of an existing library automation system which has already achieved improvements in library services, as well as cost economies, for the Community College Libraries and which will increase inter-institutional and inter-system cooperation and sharing of higher education resources, consistent with the intent of MS 135A.06A.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. The State University and Community College systems should consider completion of PALS Phase II through reallocation of existing fiscal resources.

The State University System requests funds to expand the Minnesota State University System Project for Automated Library Systems (MSUS/PALS). These funds will be used to implement Phase II (online circulation system) of the addition of the 18 Community College Libraries to PALS.

MSUS/PALS, a library services cooperative of 35 academic libraries, provides automation of the labor intensive library operations of acquisitions, serials control, indexing access, and circulation and a base for sharing information resources among all participating libraries. This combination of sharing and automation provides economies by increasing the efficiency and effectiveness of library operations. At the same time students and faculty realize a significant improvement of access to, and utilization of, library information resources, resulting in a common or total library available to all participating institutions. The inclusion of the Community College Libraries in PALS (through funding provided for Phase I of Community College Library implementation) has added 450,000 items to the database and increased the possibilities for sharing library resources and avoiding the duplication of purchase of expensive, specialized library resources by individual libraries.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: INSTRUCTION/NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 4,441.0	- 0 -	\$ -0-	- 0 -
Governor's Recommendation				
Instruction	\$ 1,270.0	- 0 -	\$ 1,270.0	- 0 -
Non-Instruction	\$ 70.0	- 0 -	\$ 70.0	- 0 -
Total	\$ 1,340.0	- 0 -	\$ 1,340.0	- 0 -

Request requires statutory change:  Yes  No

Statutes Affected:

This request provides funding to increase the level of support for repair and replacement of the physical plant at each university. The request stems from, and is consistent with, the statewide initiative to preserve and maintain the state's investment in physical plant.

The Minnesota State University System has operated a Repair and Betterment (R&B) program since 1969. The Board has traditionally allocated approximately one half of the available funds for "preventive maintenance" and minor projects of less than five thousand dollars. The remainder of the funds are allocated to projects judged to be the most urgent of the projects identified by the universities. As a general statement, these projects are too large (costly) to be accomplished with existing plant staff and resources, yet too small to be included in the capital budget. Typically, this means the projects cost more than \$5,000 and less than \$50,000.

Under the Department of Finance initiative, repair and replacement projects would be defined as those projects "...intended to maintain buildings in terms of their existing use, capacity and level of comfort." This broader definition would include the existing R&B expenditures as well as many projects traditionally requested in the System's Capital Budget.

The following are projects which fall under the guidelines advanced by the Department of Finance for inclusion under the new definition of Repairs and Replacements. These projects constitute our General Fund request under this initiative. The projects have also been requested in the Capital Budget pending action on the Department of Finance's initiative.

<b>Bemidji</b>		
Replace Theatre Lighting in Bangsberg		\$ 90,000
Remodel Physical Education Locker Rooms		200,000
Install Mechanical Ash Removal System		200,000
Repair Central Maintenance Building		50,000
<b>Mankato</b>		
Improve Campus Drainage System		205,000
Resurface Campus Streets		320,000
Rehabilitate HVAC System - Nelson Hall		128,000
<b>Moorhead</b>		
Rehabilitate HVAC, Replace Windows - Hagan Hall		890,000
Sidewalk Replacement, Sitework		160,000
<b>St. Cloud</b>		
Restore Exterior of Business Building		208,000
Roof Replacements - Performing Arts, Maintenance, Brown, Centennial, and Kiehle		500,000
<b>Southwest</b>		
Roof Replacements - Science and Technology, Bellows Academic Center		520,000
Resurface Tennis Courts and Track		150,000
Waterproof Tunnels		300,000
Tuckpointing		220,000
<b>Winona</b>		
Roof Replacements - Memorial Hall and Maxwell		300,000

Each of these projects is described more fully in the Capital Request of the State Universities.

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity  
(Continuation)

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$2,680.0 for the biennium for repair and replacement projects. This recommendation recognizes the need to protect the state's physical plant investment and to compensate for repair and replacement cutbacks since 1980. The recommendation is derived from application of a formula developed by Dr. Harlan Briether (University of Illinois) for determining and funding higher education repair and replacement needs. This formula bases repair and replacement funding on estimates of physical plant replacement value and assumptions about building life expectancy (50 years) and the portion of the building not expected to deteriorate during its useful life (33%). Since limited resources and other spending priorities do not permit full funding of this formula, the Governor recommends F.Y. 1987-89 funding at 42.5 percent of the formula. The amount recommended above reflects funding at this level less any repair and replacement funding now included in the System's F.Y. 1987-89 base. Since approximately 95 percent of State University expenditures are for instructional programs, student tuition is expected to fund about one third of the recommended amount. The Governor also recommends continued study of repair and replacement needs and expenditures during the 1987-89 biennium. The purpose of this study would be to determine the adequacy of the building replacement formula and the adequacy of funding levels recommended in this budget.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE UNIVERSITY SYSTEM

Request Title: NON-ENERGY PEAT DEVELOPMENT

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$50.0	.5	\$50.0	.5
Governor's Recommendation	\$- 0 -	- 0 -	\$- 0 -	- 0 -

Request requires statutory change:  Yes  No  
Statutes Affected:

Through extensive review of the literature, visits to foreign laboratories, hosting of international symposia and original research, the Center for Environmental Studies (CES) at Bemidji State University (BSU) has identified a number of products and uses for peat that are complementary to extant peat energy development in Minnesota. The Center has not argued against development of a peat energy, but in favor of a broad array of options for utilizing our vast peat resources so that economic benefits, conservation of peat resources and environmental protection are maximized.

Since the mid-1970's, when Minnesota's Peat Development Program became highly focused on energy uses, the CES has investigated potential non-energy uses for peat: 1) extractable chemicals such as waxes, resins, sterols, terpenoids, humic acids and asphaltanes; 2) conversion of peat carbohydrates into proteins and starches; 3) speciality products for horticulture, agriculture, and land reclamation; and 4) media for purification of industrial effluents and contaminated water. Research has been jointly supported by the Department of Natural Resources (Minerals Division) and BSU, but funding was sharply curtailed in the last budget reduction. The research requires modest support over a period of years so that each option may be evaluated.

During the 1987-89 biennium, the Center proposes to focus research on peat products and uses that appear to have strong potential for development in Minnesota. These were selected on the basis of analysis of various peat deposits, preliminary demonstration of feasibility, and potential for significant economic benefits in the forms of new industry, employment and high

value products. Most of these product development concepts involve the treatment of peat to remove valuable constituents often in sequential fashion from the same peat feedstock, and result in peat residuals which are useful as fuels. The following specific tasks are proposed.

1. Complete the evaluation of peat waxes as commercial products. Recent research at BSU has shown that extraction of waxes from Minnesota peats is relatively simple. Coproduction of peat waxes and high BTU peat fuels is projected to be economical in Minnesota. Waxes produced by BSU have elicited some interest by a commercial wax company. Presently, the Center produces large quantities of waxes for testing by this company. If there is sufficient interest in these waxes, research will focus on extraction procedures, wax yields and quality, and utilization of peat residues (resins, fuels, horticultural and reclamation agents.)

2. Continue preliminary investigations of bioconversion schemes. Using various microorganisms BSU has demonstrated the feasibility of converting peat hemicelluloses into microbial proteins and cellulose and lignin into starches. Microbial protein from peat could be used as animal food supplements. The USSR produces about one million tons of microbial (peat) protein each year. Microbial starch from peat could be a very economical feedstock for alcohol production and other secondary bioconversion products.

3. Initiate studies of peat humic acids and their potential uses. The humic fraction constitutes a major portion of Minnesota peats and is thought to be stimulatory to plants and responsible for some of the beneficial effects of peat on plant growth. Thus, extracted humic fractions may prove to be valuable specialty products in horticulture and agriculture. Unique, high value products such as these could reverse the present situation wherein, despite our large peat reserves, much of the horticultural peat sold commercially is produced outside of Minnesota. The humic fraction of peat also could be utilized to produce binders for use in taconite pelleting and as media for use in purifying wastewaters and contaminated water. Peat humates are being used as viscosity modifiers in the USSR and China, principally as additives to drilling "muds" and concrete.

4. Continue studies of whole and extracted peats as taconite reclamation agents. Preliminary studies by the DNR (Hibbing) and BSU indicate that peat is a very effective agent promoting the vegetative reclamation of taconite spoils. Taconite tailings are very basic (pH 8) and low in nutrients and organic matter; the addition of peat to these soils provides a much improved environment for plant growth.

The Legislative Commission on Mineral Resources has recommended funding.

GOVERNOR'S RECOMMENDATION:

The Governor has recommended that LCMR funding be discontinued beginning July 1, 1987. As a result, there is no funding recommended for this project.

PROGRAM FISCAL SUMMARY - 1987-89 BIENNIAL BUDGET  
 \*\*\*DOLLARS IN THOUSANDS (137,522 = 137.5)\*\*\*

SYSTEM: State University System  
 PROGRAM: Non-Instruction

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL		ESTIMATED	FY 1988 REQUEST			FY 1989 REQUEST			GOVERNOR'S RECOMMENDATIONS	
	FY 1985	FY 1986	FY 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
-----											
EXPENDITURES BY ACTIVITY											
Separately Budgeted											
Research	167.7	180.3	186.3	186.8	1,661.0	1,847.8	186.8	1,577.5	1,764.3	1,691.4	2,396.3
Public Service	1,343.3	1,346.7	1,349.3	1,349.3	5,186.0	7,035.3	1,849.3	4,301.0	6,150.3	1,895.5	1,943.6
Intercollegiate											
Athletics	3,567.1	3,452.6	3,622.3	3,622.3	1,838.0	5,460.3	3,622.3	777.0	4,399.3	3,712.9	3,807.0
Repairs and											
Replacements	240.4	259.2	267.3	267.8	4,441.0	4,708.8	267.8	0.0	267.8	339.3	340.7
Financial Aid											
Match	2,580.1	2,773.1	2,869.8	2,869.3		2,869.8	2,869.8		2,869.8	2,941.5	3,016.2
CCB/PALS		500.0	500.0		692.4	692.4		386.6	386.6	0.0	0.0
TOTAL	7,904.1	9,017.4	9,296.0	8,796.0	13,818.4	22,614.4	8,796.0	7,042.1	15,838.1	10,530.6	11,503.8
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

EXPENDITURES

DIRECT	4,501.2	6,142.0	6,258.8	5,467.7	13,818.4	19,286.1	5,467.7	7,042.1	12,509.8	6,581.1	7,155.4
INDIRECT	3,302.9	2,875.4	3,037.2	3,328.3	0.0	3,328.3	3,328.3	0.0	3,328.3	3,999.5	4,348.4
TOTAL	7,904.1	9,017.4	9,296.0	8,796.0	13,818.4	22,614.4	8,796.0	7,042.1	15,838.1	10,530.6	11,503.8
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

1987-89 BIENNIAL BUDGET  
PROGRAM STRUCTURE

AGENCY: COMMUNITY COLLEGE SYSTEM

SECTION PAGE

6

PROGRAMS

ACTIVITIES

INSTRUCTION-----None

11

NON-INSTRUCTION-----None

19

COMMUNITY COLLEGE SYSTEM

<u>Position Reconciliation</u>		
	<u>Current</u>	<u>Requested 6/30/89</u>
General Fund		
Instruction	2,040.0	2,121.0
Non-Instruction	70.0	92.0
Total	<u>2,110.0</u>	<u>2,213.0</u>
Employees on 6/30/86 - 2,004		

Community College Board  
9 Members

Chancellor

Instruction-Direct	
Current Positions	1,077.0
New Positions	50.0
Total	<u>1,127.0</u>

Instruction-Support	
Current Positions	963.0
New Positions	31.0
Total	<u>994.0</u>

Non-Instruction	
Current Positions	70.0
New Positions	22.0
Total	<u>92.0</u>

In addition to the 18 colleges, the Cambridge Center operates under the auspices of Anoka-Ramsey Community College. The Center provides lower division courses, as well as coordination of offerings from other post-secondary institutions.

Neighborhood Centers, each operating under the administration of Inver Hills, Lakewood or Minneapolis Community College, provide instruction in inner city neighborhoods.

Cooperative efforts with other post-secondary systems involve programs and courses offered jointly. The Rochester Community College campus houses the Winona Center where students can participate in upper division courses offered by Winona State University. In addition, community colleges are paired with area vocational technical institutes in 23 locations and jointly offer programs leading to the Associate of Applied Science Degree.

Community colleges operate on a quarter system of fall, winter and spring quarters, plus two summer sessions.

CLIENTELE:

The Minnesota Community College System serves Minnesota and non-Minnesota residents. Approximately 80% of community college students are enrolled in transfer programs leading to the Associate Degree. The remaining 20% are enrolled in career programs in preparation for employment after one or two years of study. In addition, over 28,000 people participated in non-credit continuing education offerings in 1985-86.

The Minnesota Community College student profile in F.Y. 85 reveals 60% are women and 40% are men; 65% are part-time and 35% full-time; and 40% are over the age of 25. These statistics demonstrate a significant trend in recent years toward increasing enrollments of women, part-time students, and students older than the traditional college age span of 18 to 22.

Systemwide enrollment (FYE) for the period from 1980 to 1989 (projected) is:

1980	21,454 (actual)	1985	23,109 (actual)
1981	23,294 "	1986	24,237 "
1982	24,880 "	1987	25,337 (projected)
1983	24,624 "	1988	25,337 "
1984	24,439 "	1989	25,337 "

It should be noted that the total unduplicated headcount for credit courses in 1985-86 was 61,400.

ISSUES:

Several major issues are facing the Community College System in the next biennium. Some of these issues are directly related to the budget presentation while others are more indirect in terms of fiscal policies.

Quality Instruction and Access: The primary theme of this budget presentation is providing access to quality instruction. This theme represents a concentration of

AGENCY PURPOSE:

The Minnesota Community College System's purpose is to provide convenient access to appropriate, affordable, quality post-secondary educational opportunities for the citizens of Minnesota.

Quality instruction in the Community College System means maintaining excellence in teaching, focusing attention on individual learning styles, and providing support services which are responsive to individual student needs.

The System provides: 1) General Education; 2) Transfer Education in the Liberal Arts and Sciences; 3) Career Education; 4) Continuing Education; 5) Developmental Education; 6) Cooperative Programs and Services; 7) Articulation with secondary schools; 8) Student Support Services; 9) Student Activities; and 10) Community Services.

The System is dedicated to providing Minnesotans with opportunities for lifelong learning which will enable them to realize their potential and improve their lives. As equal opportunity institutions, community colleges serve people of varying interests, aspirations, and abilities, many of whom would not otherwise have the option to pursue higher education. The System maintains a policy of open admissions to state residents who are high school graduates.

Through cooperative relationships with other post-secondary education systems and school districts, the System is able to improve the educational opportunities it offers throughout the state.

The programs and services offered by the Community Colleges are designed to meet the needs of individuals, local communities, institutions and organizations, and the state as a whole. The colleges thus contribute to the development of well educated citizens so essential to a strong democracy and a vital economy.

CAMPUSES AND OPERATIONS:

The Minnesota Community College System has 18 colleges located throughout Minnesota. The colleges are organized under a single state governance structure, the State Board for Community Colleges, whose nine members are appointed by the Governor and confirmed by the State Senate.

Eight of the colleges are organized under regional administrative structures to retain academic quality and geographic access through the efficiencies of consolidation. The Arrowhead Community College Region includes the colleges at Ely (Vermilion), Grand Rapids (Itasca), Hibbing, International Falls (Rainy River), and Virginia (Mesabi). Included in the Clearwater Community College Region are the colleges at Brainerd, Fergus Falls, and Thief River Falls (Northland). The other 10 colleges are located in Austin, Worthington, Rochester, Willmar, Minneapolis, Inver Grove Heights (Inver Hills), Bloomington (Normandale), Brooklyn Park (North Hennepin), White Bear Lake (Lakewood), and Coon Rapids (Anoka-Ramsey).

effort on fulfilling a mission which stresses providing Minnesotans with educational opportunities which will enable them to develop personally and professionally.

Access to higher education is meaningful only if the community colleges are able to provide quality instruction. Quality instruction in a community college setting means excellence in teaching, imparting knowledge through attention to individual learning styles, and providing supportive services which are attentive to individual needs. The community college mission is achieved when quality instruction is available on an affordable, convenient basis.

Providing this kind of access to quality instruction is a major challenge in a society faced with rapid economic and technological change along with growing resource constraints. The community colleges accept this challenge because it is more and more apparent that Minnesota's future will depend upon a broadly-educated workforce which can adapt to a competitive world economy. In this complex new environment, universal access to a high school education will no longer be adequate for individual or collective well-being. It is incumbent upon the community colleges to contribute to the development of this new workforce for this new environment.

This budget request includes several initiatives designed to strengthen and enhance the ability of the Community College System to provide high quality instruction and to make it widely accessible to the citizens of Minnesota.

Economic Development and Higher Education: A barrage of reports from business, government, and education groups in recent years has stated that producing a literate labor force with the right skills is one of the chief challenges facing the country in the next two decades. As new technologies unfold and economic circumstances impact on business and industry, the labor demands of the marketplace will change. Minnesota's workforce must accommodate and keep pace with these changes. Post-secondary education must be responsive to the evolving labor demands of the marketplace.

With approximately 80% of the workforce in the year 2000 already in the workforce today, it is essential that education systems be capable of providing the retraining necessary to insure that today's workers can adapt to this changing world. Currently, only 17% of Minnesotans over the age of 25 have received a baccalaureate degree. The mechanisms must be in place to insure that today's Minnesotans, as well as the students of tomorrow, have convenient access to the quality educational resources they will need to make the transitions to the new career situations they will face in their lifetimes.

This budget includes a request for funding to improve the System's ability to serve the economic and, thus, community development needs of the State. Modest in comparison to the substantial initiatives undertaken in several other states, this request offers a new vision for how Minnesota will enrich its human capital in the years ahead.

Intersystem Cooperation: Cooperation fits well with the community college's role as a bridge to other educational opportunities and between academia and the rest of the world. The System's strategic plan identifies cooperation as one of six major goals, and it is a key theme in the System's Mission Statement.

Over the past two years, extending cooperative efforts has been a significant focus of attention for the Community College System. Much of that effort was devoted to developing a mission differentiation agreement with the AVTI system as a basis for partnership between the two systems in the offering of the Associate of Applied Science Degree for occupational programs. In addition, the System has joined with the other post-secondary systems and the Higher Education Coordinating Board in a joint effort to delineate missions.

Along with mission clarification, a transfer agreement was signed with the State University System which assures that the community colleges' Associate of Arts Degree will fulfill the general education distribution requirements for baccalaureate degrees granted by state universities. Another transfer agreement is pending between the University of Minnesota and Minneapolis Community College for University students seeking to complete associate degrees.

"Two Plus Two" programs were developed between three community colleges and baccalaureate institutions to give residents of certain areas of the state wider access to B.A. degrees. At Rochester, a model "2 + 2" campus is under development with the construction of a facility on the community college campus to be shared with Winona State University.

Another notable accomplishment with regard to cooperative efforts to expand access to education opportunities is the establishment of improved articulation in nursing education. The Itasca Nursing Education Consortium is one example of several in the State in which a career ladder was jointly established to provide nurses' training in northern Minnesota by local AVTIs, the Arrowhead community colleges, and Bemidji State University. Through cooperative efforts like these, the State can leverage its investment in higher education to more efficiently provide quality educational services.

Welfare Reform: Cooperation also extended to working with the new Office of Full Productivity and Opportunity and the Governor's Welfare Reform Commission to begin identifying the role of the community colleges in the State's efforts to coordinate human service, employment and training, and education agencies in helping public assistance recipients achieve self-sufficiency.

The Community College System Mission Statement stresses the goal of providing the benefits of higher education to those "...who otherwise would not have the option to pursue higher education," and "helping people realize their potential, further their ambitions, and improve their lives..." The Community College System has been pleased to participate in the process of identifying potential reforms in the human services systems which would make higher education more easily accessible to public assistance clients and improve their chances for meaningful careers and personal advancement out of the cycle of poverty.

Current federal, state, and local policies and practices too often discourage public assistance recipients from obtaining educational services. In particular, receipt of student financial aid by a public assistance client all too often penalizes the recipient through a reduction in benefits. Consequently, the recipient is discouraged from pursuing further education, the very avenue which could lead to the recipient's eventual self-sufficiency. Furthermore, human services agencies often place recipients in short-term skill training programs which lead to low-wage jobs with limited prospects for mobility, as opposed to longer-term collegiate programs which lead to careers and greater potential for advancement.

The Community College System looks forward to continued participation in the dialogue and search for resolutions to these complex issues.

TECHNICAL NOTES:

Allocation of Indirect Costs: Prior to Average Cost Funding, funds were requested on the basis of programs and activities. The programs contained in the chart "Allocation of Indirect Costs - F.Y. 1985" are the Community College System's program structure established in 1973. The basic "chart of accounts" has not changed and is currently used to record and report expenditures both internally and to other governmental units. All expenditures are coded into one of the programs, resulting in "Direct Costs" by program. The support program costs are then allocated to the primary programs based on the percentage of total expenditures each primary program contains, e.g., Community Service is allocated 6.84% of the support or indirect costs. The results of this process are termed "fully allocated costs" of each of the primary programs.

ALLOCATION OF INDIRECT COSTS - F.Y. 1985

Primary Programs			Support Programs				Total
Instructional	Community Service	Other General Fund	Academic Support	Student Support	Institutional Support	Physical Plant	
Direct Costs							
34,998,537	2,663,451	3,223,389	10,497,474	8,493,709	12,714,173	8,464,222	81,054,955
Allocation of Indirect Costs from Support Programs to Primary Programs							
36,089,092	2,747,600 ( 868,979)	509,882 823,004	( 718,027) ( 133,247) ( 215,075) (9,431,125)	( 580,970) ( 107,813) ( 174,021) (7,630,905)	( 869,650) ( 161,384) ( 260,491) (11,422,648)	( 578,953) ( 107,438) ( 173,417) (7,604,414)	Community Services Financial Aids Intercoll. Athletics Instruction Remove Off-Budget Receipts
71,087,629	4,542,072	4,556,275	-	-	-	-	80,185,976

Other Expenditures:

Long Term Leases	\$ 287,668	Intercollegiate Athletics	1,621,115
Flow-through Receipts	1,243,647	R & B Capitalized	119,020
Student Financial Aids	1,004,341	Basilica Move/Lease	280,484

TOTAL \$ 4,556,275

Reconciliation of F.Y. 1987: (See next page.) In order to adjust the funding level originally provided in the 1985 Legislative Session to reflect current fiscal conditions, three adjustments are necessary:

1. The appropriation reduction enacted by the 1986 Legislature must be subtracted.
2. The Governor's 1986 unallotments must be subtracted.
3. An adjustment to reflect an estimated F.Y. 1987 enrollment increase in terms of additional tuition must be added.

The result of these adjustments is a F.Y. 1987 "base" that provides a starting point (level of funding) for the F.Y. 1988-89 requests. Four adjustments are made to this "base" to reflect:

1. Restoration of the 1986 reductions.
2. A technical adjustment to correct the F.Y. 1985 enrollment estimate used in the original 1986-87 biennial budget.
3. Changing the enrollment used to provide funding from F.Y. 85 to F.Y. 86 (F.Y. 88 request), and from F.Y. 85 to F.Y. 87 (F.Y. 89 request). This adjustment "activates" the two-year lag.
4. A reduction in the F.Y. 89 Non-Instruction base for an item no longer required (rental of the Minneapolis Basilica).

The "Same" level now represents current average costs applied to the proper (lagged) enrollment.

INDEX	Agency Request 1987-89 Biennium	Governor's Recommendation 1987-89 Biennium	Page
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Reconciliation of F.Y. 87 to SAME Level	\$ 188,718.5	\$ 190,688.4	6
Agency-wide Change Repair & Replacement	\$ 4,250.0	\$ 1,702.8	10
Instructional Program Improving the Quality Expanding Access Funding for Operations Not in Base	\$ 9,800.0 6,460.0 390.0	\$ 2,986.0 -0- -0-	14 16 18
Subtotal	\$ 16,650.0	\$ 2,986.0	
Non-Instructional Program Economic & Community Development	1,500.0	-0-	21
Subtotal	\$ 1,500.0	\$ -0-	
AGENCY TOTAL	\$ 211,118.5	\$ 195,377.2	
	=====	=====	

POST-SECONDARY BIENNIAL BUDGET-1987/89  
 RECONCILIATION OF BASE/SAME

SYSTEM: COMMUNITY COLLEGES  
 APPROPRIATION(S): GENERAL FUND

ITEM	-----INSTRUCTION-----			-----NON-INSTRUCTION-----			-----TOTAL-----		
	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989
ORIGINAL LEGISLATIVE INTENT (1985)	76,613.1			10,677.3			87,290.4		
APPROPRIATION REDUCTIONS (1986)	(2,017.3)						(2,017.3)		
EXECUTIVE UNALLOTMENTS (1986)	(215.0)						(215.0)		
INTERNAL REALLOCATIONS									
FYE TUITION ADJUSTMENT	2,306.5						2306.5		
OTHER BASE ADJUSTMENTS									
<b>BASE SUBTOTAL</b>	<b>76,687.3</b>	<b>76,687.3</b>	<b>76,687.3</b>	<b>10,677.3</b>	<b>10,677.3</b>	<b>10,677.3</b>	<b>87,364.6</b>	<b>87,364.6</b>	<b>87,364.6</b>
RESTORE BASE REDUCTION		2,232.3	2,232.3				2,232.3	2,232.3	
ACF LAG ADJUSTMENT									
FYE ESTIMATION ADJUSTMENT		(513.7)	(513.7)				(513.7)	(513.7)	
ADJUST TO NEW ACF BASE		3,558.3	7,278.8				3,558.3	7,278.8	
NON-RECURRING APPROPRIATION						(285.0)			(285.0)
OTHER ADJUSTMENTS									
<b>TOTAL SAME LEVEL</b>	<b>76,687.3</b>	<b>81,964.2</b>	<b>85,684.7</b>	<b>10,677.3</b>	<b>10,677.3</b>	<b>10,392.3</b>	<b>87,364.6</b>	<b>92,641.5</b>	<b>96,077.0</b>
FY 1986 CARRYFORWARD									
TUITION SURCHARGE									
OTHER ADJUSTMENTS-TUITION	(399.0)						(399.0)		
<b>TOTAL ESTIMATED SPENDING</b>	<b>76,288.3</b>	<b>81,964.2</b>	<b>85,684.7</b>	<b>10,677.3</b>	<b>10,677.3</b>	<b>10,392.3</b>	<b>86,965.6</b>	<b>92,641.5</b>	<b>96,077.0</b>

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the success of the Community College System in achieving its basic mission of providing accessible, affordable, quality post-secondary education.

Funding for the substantial growth in enrollment is provided through the average cost funding formula. Additional funding is recommended to improve the quality of instruction in the areas of instructional equipment, staff and curriculum development, and quality assessment. The Governor also recommends increased funding for repair and replacement of college facilities to maintain the state's investment in physical plant.

The Governor's recommendations are expected to support a continuation and expansion of the programs of the Community Colleges that serve as a key avenue to providing post-secondary educational opportunities for many Minnesotans.

SYSTEM LEVEL FISCAL SUMMARY 1987-89 BIENNIAL BUDGET (DOLLARS IN THOUSANDS/\$137,522=137.5)

SYSTEM: COMMUNITY COLLEGES  
 APPROPRIATION: GENERAL FUND

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
-----											
FULLY ALLOCATED COSTS											
---INSTRUCTION	71,087.6	75,637.3	76,288.3	81,964.2	8,155.0	90,119.2	85,684.7	8,495.0	94,179.7	83,798.9	89,631.0
---NON-INSTRUCTION	9,000.9	10,114.6	10,677.3	10,677.3	2,875.0	13,552.3	10,392.3	2,875.0	13,267.3	10,999.9	10,947.4
---SYSTEMWIDE											
SYSTEM TOTAL	80,088.5	85,751.9	86,965.6	92,641.5	11,030.0	103,671.5	96,077.0	11,370.0	107,447.0	94,798.8	100,578.4
=====											
SUMMARY OF INCOME											
INSTRUCTIONAL INCOME											
GENERAL FUND/DIRECT	46,930.1	49,552.0	49,098.5	54,916.0	5,463.9	60,379.9	57,408.7	5,691.7	63,100.4	56,145.3	60,052.8
TUITION BASE	24,157.5	26,085.3	25,282.3	27,048.2	2,691.1	29,739.3	28,276.0	2,803.3	31,079.3	27,653.6	29,578.2
FYE TUITION ADJ			2,306.5								
OTHER TUITION ADJ			(399.0)								
INSTRUCTIONAL TOTAL	71,087.6	75,637.3	76,288.3	81,964.2	8,155.0	90,119.2	85,684.7	8,495.0	94,179.7	83,798.9	89,631.0
-----											
NON-INSTRUCTIONAL INCOME											
GENERAL FUND/DIRECT	7,757.3	8,895.4	9,500.5	9,500.5	2,875.0	12,375.5	9,215.5	2,875.0	12,090.5	9,823.1	9,770.6
OTHER INCOME	1,243.6	1,219.2	1,176.8	1,176.8		1,176.8	1,176.8		1,176.8	1,176.8	1,176.8
NON-INSTRUCTIONAL TOTAL	9,000.9	10,114.6	10,677.3	10,677.3	2,875.0	13,552.3	10,392.3	2,875.0	13,267.3	10,999.9	10,947.4
-----											
SYSTEM TOTAL	80,088.5	85,751.9	86,965.6	92,641.5	11,030.0	103,671.5	96,077.0	11,370.0	107,447.0	94,798.8	100,578.4
=====											

SYSTEM: COMMUNITY COLLEGES  
 APPROPRIATION: GENERAL FUND

SUMMARY OF FINANCING	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
DIRECT APPROPRIATION	54,687.4	58,447.4	58,599.0	64,416.5	8,338.9	72,755.4	66,624.2	8,566.7	75,190.9	65,968.4	69,823.4
DEDICATED RECEIPTS											
---TUITION	24,157.5	26,085.3	27,189.8	27,048.2	2,691.1	29,739.3	28,276.0	2,803.3	31,079.3	27,653.6	29,578.2
---OTHER	1,243.6	1,219.2	1,176.8	1,176.8	0.0	1,176.8	1,176.8	0.0	1,176.8	1,176.8	1,176.8
SYSTEM TOTAL	80,088.5	85,751.9	86,965.6	92,641.5	11,030.0	103,671.5	96,077.0	11,370.0	107,447.0	94,798.8	100,578.4
=====											
SUMMARY OF POSITIONS											
---ACADEMIC (FTE)	1,410.0	1,442.2	1,485.0	1,485.0	92.0	1,577.0	1,485.0	96.0	1,581.0	1,489.0	1,489.0
---CLASSIFIED (FTE)	611.2	625.0	625.0	625.0	7.0	632.0	625.0	7.0	632.0	625.0	625.0
SYSTEM TOTAL	2,021.2	2,067.2	2,110.0	2,110.0	99.0	2,209.0	2,110.0	103.0	2,213.0	2,114.0	2,114.0
=====											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

ACTIVITY:  
PROGRAM: NON-INSTRUCTION/INSTRUCTION  
AGENCY: COMMUNITY COLLEGE SYSTEM

The Governor recommends an additional \$1,702.8 for the biennium for repair and replacement projects. This recommendation recognizes the need to protect the state's physical plant investment and to compensate for repair and replacement cutbacks since 1980. The recommendation is derived from application of a formula developed by Dr. Harlan Briether (University of Illinois) for determining and funding system repair and replacement needs. This formula bases repair and replacement funding on estimates of physical plant replacement value and assumptions about building life expectancy (50 years) and the portion of the building not expected to deteriorate during its useful life (33%). Since limited resources and other spending priorities do not permit full funding of this formula, the Governor recommends F.Y. 1987-89 funding at 42.5 percent of formula. The amount recommended above reflects funding at this level less any repair and replacement funding now included in the system's F.Y. 1987-89 base. Since approximately 90 percent of Community College expenditures are for instructional programs, student tuition is expected to fund about one third of the recommended amount. The Governor also recommends continued study of repair and replacement needs and expenditures during the 1987-89 biennium. The purpose of this study would be to determine the adequacy of the building replacement formula and the adequacy of funding levels recommended in this budget.

Request Title: REPAIR AND REPLACEMENT	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 2,125.0	-0-	\$ 2,125.0	-0-
Governor's Recommendation				
General Fund	\$ 851.4	-0-	\$ 851.4	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST:

This request is for funding to maintain the state's investment in physical plant for the community colleges. Resources requested will be used to make necessary repairs on existing facilities and to replace building components that have deteriorated and are intended to maintain buildings at their existing level of use, capacity and comfort.

DESCRIPTION/BACKGROUND/RATIONALE:

Department of Finance guidelines directed state agencies to submit a change request for total funds needed to make repairs and replacements. From a complete list of campus projects totaling over \$6.7 million, the above request was determined to be necessary in the next biennium. Remaining projects will be requested in the following biennium.

Projects requested fall into the following categories:

	<u>Biennial Totals</u>
1. Moisture Penetration: Roof and wall repairs & replacements	\$ 1,830.0
2. Code Compliance: Fire alarms, Lakewood	35.0
3. Site Work: Parking lot resurfacing or replacement	1,406.0
4. Interior R & R: Mechanical-electric, gymnasium floors, floor covering	649.0
5. Energy: Window replacement	330.0

PROGRAM: INSTRUCTION  
Agency: COMMUNITY COLLEGE SYSTEM

1987-89 Biennial Budget

Accounting	English	Nursing
Agriculture	Foreign Languages	Pharmacy (Pre)
Anthropology	Forestry	Philosophy
Architecture	Geography	Physical Education
Art	Geology	Physical Therapy
Astronomy	History	Physics
Biology	Home Economics	Political Science
Business Administration	Journalism and Mass	Psychology
Chemistry	Communications	Public Health
Computer Science	Law (Pre)	Secondary Education
Dentistry (Pre)	Library Science	Social Work
Economics	Mathematics	Sociology
Elementary Education	Medicine (Pre)	Speech and Theater
Engineering	Music	Veterinary Medicine (Pre)

PROGRAM PURPOSE:

The primary purpose of this program is to offer quality instruction at the lower division (freshman and sophomore) level which is geographically and financially accessible to state residents who are high school graduates (holders of diplomas or equivalency certificates), responsive to the educational needs of students and the state, and conducive to students gaining and/or maintaining employment opportunities as well as opportunities for educational advancement beyond the lower division level.

Funding in this program includes the direct costs related to instruction, as well as applicable indirect costs. Indirect costs include such areas as academic support (e.g., libraries), student support (e.g., counseling), institutional support (e.g., general administration) and physical plant (e.g., maintenance).

DESCRIPTION/BACKGROUND:

Public junior colleges, today known as community colleges, have been part of post-secondary education in Minnesota since the first such institution was opened in 1914.

The community colleges' instructional programs permit students to pursue a number of different educational goals: transfer to baccalaureate-level institution, entry-level employment in an occupational field, continuing education to build and maintain competencies or to pursue advancement within an occupational field, or for personal enrichment.

Each college provides the liberal arts and science courses which comprise the freshman and sophomore years for students seeking bachelors or professional degrees. Those same courses are increasingly critical for students seeking occupational training below the baccalaureate level. Consequently, career programs in the community colleges build on this liberal arts and sciences core. Cooperative programs with AVTIs also lead to the Associate of Applied Science Degree.

High school students are also served by community colleges through various programs. In 1985-86, 1,787 high school juniors and seniors enrolled in community college courses under the Post-Secondary Education Options Program.

Each of the 18 community colleges offers lower division programs that will transfer toward a baccalaureate or professional degree in all or most of the following fields of study:

In addition to transfer programs, about 20% of community college students are enrolled in over 70 career programs. These programs prepare students for employment after one or two years of study. Career programs fall into the broad categories of Allied Health and Human Services, Business, Communications, Natural Resources, Agriculture, Public Safety, Technical, and Transportation.

Another area of community college program offerings worth noting in light of current interest is remedial and skills development courses. In general, such courses aim to strengthen a student's ability to perform at the college level by providing instruction in such subjects as reading, writing, mathematics, study skills, and the English language for which the student lacks adequate pre-college preparation. With an "open-door" admissions policy, community colleges accept the responsibility of offering such instruction. That responsibility has become increasingly evident with the influx of older, part-time students, many of whom have been away from the classroom for several years. Younger students who may not have pursued a college preparatory program in high school but who now confront an extremely competitive labor market may also require remedial and skills development courses.

ENROLLMENT:

Enrollment is measured in quarter credit hours and is converted to full-year equivalent (F.Y.E.). Forty-five quarter credit hours equals 1.0 F.Y.E. This is consistent with the Average Cost Funding Task Force Report. Actual end of quarter credit hours are used as the base to determine "actual" enrollments.

The following table includes academic year and summer session enrollment (F.Y.E.) for 1985 through 1989:

PROGRAM: INSTRUCTION  
 (Continuation)  
 Agency: COMMUNITY COLLEGE SYSTEM

1987-89 Biennial Budget

College/Region	F.Y. 1985 Actual	F.Y. 1986 Actual	F.Y. 1987 Estimated	F.Y. 1988 Projected	F.Y. 1989
Anoka-Ramsey	2,365	2,537	2,720		
Arrowhead	2,861	3,130	3,196		
Austin	652	603	614	Not Available	
Clearwater	1,388	1,708	1,897		
Inver Hills	1,879	1,981	2,069	By Campus	
Lakewood	2,177	2,210	2,351		
Minneapolis	1,788	1,916	2,035		
Normandale	4,031	3,989	4,252		
North Hennepin	2,578	2,710	2,810		
Rochester	2,149	2,088	2,033		
Willmar	800	835	860		
Worthington	441	530	500		
Total	23,109*	24,237	25,337	25,337	25,337
*F.Y. 85 Intent	23,265				

Fall Quarter - 10th Day

	1965	1970	1975	1980	1986
Number of Credits Per Student	14	13	11	10	9.3
Percent of Students Who Are Part-time	15	22	39	50	56
Percent of Students Who are Women	36	40	50	59	60

AVERAGE COST FUNDING MATRIX:

Based on a F.Y. 1985 cost-study, average instructional costs were identified for each of the Community Colleges' twenty-seven "Program Categories." The "programs" were arranged in order by average cost, from highest to lowest. The nine highest cost "programs" became the high cost "cell"; the next highest nine became the medium cost "cell"; and the nine lowest cost were placed in the low cost "cell." The average cost for the "cell" was determined by dividing the total enrollment (measured by student full-time equivalents) into the total instructional costs of the nine "programs."

The F.Y. 1985 average costs were adjusted according to the Average Cost Funding methodology. The results of this process are the F.Y. 1987 average costs displayed in the table "Average Instructional Cost Funding Matrix."

AVERAGE INSTRUCTIONAL COST  
 FUNDING MATRIX

	F.Y. 1987	F.Y. 1988			F.Y. 1989		
	Average Cost	Funding Average Cost	F.Y. 1986 F.Y.E Enrollment	Estimat. Instruct. Expendit.	Funding Average Cost	F.Y. 1987 F.Y.E Enrollment	Estimat. Instruct. Expendit.
High Cost	\$4,166	\$4,166	3,649	\$15,201.7	\$4,166	3,815	\$15,893.3
Med. Cost	3,393	3,393	10,612	36,006.5	3,393	11,094	37,641.9
Low Cost	3,083	3,083	9,976	30,756.0	3,083	10,428	32,149.5
Total			24,237	\$81,964.2		25,337	\$85,684.7

SUMMARY OF CHANGE REQUESTS FOR THIS PROGRAM:

	F.Y. 88	F.Y. 89	Type
Improving the Quality of Instruction	\$4,900.0	\$4,900.0	Program
Expanding Access	3,060.0	3,400.0	Program
Funding for Operations Not In The Base	195.0	195.0	Program

GOVERNOR'S RECOMMENDATION:

The Governor recommends the system's instructional same level request adjusted by 2.5% per year for inflation, with additional funding for enhancing the quality of instruction and increased formula based funding for repair and replacement. With this level of funding, the Governor feels that the system will be able to meet the needs of its changing clientele.

PROGRAM: INSTRUCTION

SYSTEM: COMMUNITY COLLEGES

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
EXPENDITURES BY ACTIVITY:											
INSTRUCTION	71,087.6	75,637.3	76,288.3	81,964.2	8,155.0	90,119.2	85,684.7	8,495.0	94,179.7	83,798.9	89,631.0
TOTAL	71,087.6	75,637.3	76,288.3	81,964.2	8,155.0	90,119.2	85,684.7	8,495.0	94,179.7	83,798.9	89,631.0
EXPENDITURES:											
DIRECT	34,998.5	37,289.2	37,610.1	40,408.4	4,077.5	44,485.9	42,260.8	4,247.5	46,508.3	41,312.9	44,188.1
INDIRECT	36,089.1	38,348.1	38,678.2	41,555.8	4,077.5	45,633.3	43,423.9	4,247.5	47,671.4	42,486.0	45,442.9
TOTAL	71,087.6	75,637.3	76,288.3	81,964.2	8,155.0	90,119.2	85,684.7	8,495.0	94,179.7	83,798.9	89,631.0

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

Request Title: IMPROVING THE QUALITY OF INSTRUCTION	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$4,900.0	6.0	\$4,900.0	6.0
Governor's Recommendation				
General Fund	\$1,493.0	4.0	\$1,493.0	4.0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST:

The State Board requests the above funds to improve the quality of instruction offered by the community colleges through the acquisition of instructional equipment, increased efforts in staff development and curriculum development, expansion of services to students, and improvements in the assessment of instructional quality and student outcomes.

DESCRIPTION/BACKGROUND/RATIONALE:

Providing "quality programs and services on an affordable, convenient basis" is at the heart of the Community College System mission. Quality instruction is dependent upon adequate classroom and laboratory equipment, staff members with up-to-date knowledge and skills, programs that are well designed and meet the needs of students and society, and information feedback that assesses the quality of the instructional effort and its impact on student-customers. In order to maintain and strengthen the value of the instructional product, additional funds are needed in each of these areas.

Instructional Equipment: New equipment is needed to replace worn out and obsolete equipment and to keep pace with rapid advances in technology. The technological advances make it imperative that students in academic disciplines and career programs be instructed using equipment that is now common to higher education, business and industry. High school students are coming to the colleges with a higher level of training in the use of computers, and those students must be challenged at the community

colleges, as well as being prepared for their upper division education. Faculty members are being trained to use computers in their teaching, not only in technical and science areas but in the humanities as well. Thus, computers have become necessary resources for faculty and students.

Computers are not the only need. Science, language and technical laboratory equipment is wearing out or becoming outmoded and must be replaced and expanded with equipment of a higher level of sophistication. Finally, additional audio-visual equipment (e.g., VCRs) and video production and telecommunication equipment are needed to keep pace with new instructional methods.

Complicating the ability to provide adequate instructional equipment is the high cost of maintenance of the equipment. Much of the sophisticated equipment which is needed for up-to-date instruction requires maintenance contracts in addition to the cost of acquisition. Maintenance costs are increasing rapidly as new "hi tech" equipment is acquired, thereby further limiting equipment budgets.

Staff Development: Quality instruction means quality teaching. Additional resources are necessary to provide the opportunity for retraining and upgrading of faculty in order that they may remain current in knowledge and skills and fresh in their instructional approach.

Most community college faculty members are now middle-aged, have accrued considerable seniority, hold advanced degrees, and are likely to remain with the System for the remainder of this century. Over 60% of all full-time faculty are at the top of the pay schedule, and the annual turnover rate is less than 1%. Opportunities and incentives for professional growth must be an integral part of the community college personnel system.

Curriculum Development: In providing high quality instruction, curriculum development goes hand-in-hand with staff development. Courses and programs must be evaluated and revised to insure that content and methods are up-to-date. New programs must be introduced to keep pace with the rapidly changing, highly competitive labor market which, in part due to the impact of new technologies, demands skilled workers faster than education can provide them.

In addition, recent efforts in mission delineation among the post-secondary systems will lead to changes in the types of offerings provided. Community college and AVTI cooperation in the development of joint programs leading to the Associate of Applied Science Degree is an example. Those options increase the opportunities for students who are seeking new careers which require a combination of cognitive and technical skills. Designing and implementing these new programs in a manner that most effectively provides students with the appropriate mix of general and technical education takes time and resources not currently available.

Quality Assessment: The assessment of quality in the Minnesota Community College System is currently measured in several ways: placement in employment of students completing career programs; grade point averages of students before and after transferring to senior institutions; and, where appropriate, passing rates of students on

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity  
(Continuation)

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

Quality Assessment: (Contd.)

professional licensure exams. A pilot study is underway at present with regard to student retention.

Most of the quality assessment measures are conducted and maintained at (and thus vary by) the individual colleges. In addition to what is stated above, examples of data collected at the colleges includes employer satisfaction with the performance of students completing career programs, local advisory committee assessment of career programs, student satisfaction with their educational experience at the college, student academic progress, suspension, retention, and the placement and progress of students in remedial and developmental studies. Student outcomes in terms of knowledge and skills are primarily measured at the classroom level. The colleges and appropriate career programs are accredited regionally and/or nationally. The accreditation process involves quality assessment.

A comprehensive Systemwide approach to developing a more complete database with regard to quality assessment measures has been limited by lack of funds. For such a comprehensive approach to succeed, assessment must be an integral part of the college instructional program. It would be futile to attempt that integration without the infusion of additional resources. Development of such a comprehensive database on quality assessment would require the funds requested for establishing and maintaining testing programs, additional faculty and administrative time, research personnel and capabilities, and workshops and consultants to facilitate staff training in the development of assessment techniques at the classroom, campus, and system level.

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$2,986.0 for the biennium in response to the system's request to improve the quality of instruction. This recommendation will provide funds to develop a systemwide database for quality assessment and will also partially fund the system's request for new instructional equipment and new staff and curriculum development efforts. A quality assessment plan is to be presented in the fall of 1987 and actual reporting of performance against the assessment plan will begin in the fall of 1988. Reports will be submitted both to the Department of Finance and the legislature.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

Request Title: EXPANDING ACCESS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$3,060.0	18.0	\$3,400.0	18.0
Governor's Recommendation				
General Fund	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST:

Community colleges serve as a key avenue providing access to post-secondary educational opportunities for many Minnesotans. The diversity of students attending community colleges is a distinguishing characteristic of the System. This request is for funding to insure that access is maintained and enhanced by providing quality child care services for students; new or expanded services for disadvantaged or underserved students, including Indians, Southeast Asians, and handicapped students; improved access to baccalaureate degree programs in the St. Paul area; and improved capability in the use of telecommunications technologies to distribute and share limited instructional resources to a broader audience.

DESCRIPTION/BACKGROUND/RATIONALE:

Expansion of access can take place on several fronts, described below, with the resources requested.

Child Care Services: As the student profile for the community colleges continues to shift toward increasingly older, female, part-time (so-called "non-traditional") students, the demand for convenient and affordable child care services has grown. The community colleges have recognized this need and have provided services within limited resources - both fiscal and physical - in an attempt to expand access to students with parenting responsibilities. The effect has been to divert resources from direct instruction into this support service.

In spite of limited internal allocations to the colleges for child care programs,

there is no guarantee that a student with responsibilities for young children can take part in college courses. This request is intended to expand the ability of the community colleges to make full child care services available, day and evening, on a sliding scale basis.

Indian Student Services: Using private foundation funds in 1981, a study in the Arrowhead Region determined the feasibility of developing a special program to serve Indian people. The Blandin Foundation followed up its initial study grant with implementation funds totaling \$250,000 for three years for a five campus regional network of services to Indians in the Arrowhead Region. The program was successful in expanding enrollment of Indian students, maintaining high retention rates and acceptable grade point averages, and increasing the number of graduating Indian students.

The Community College Board internally allocated a portion of the increased base funding provided by the 1985 Legislature to replace the expiring Blandin funds and to expand the program to the Clearwater Region Community Colleges and to Minneapolis and Anoka-Ramsey Community Colleges in the metro area. These funds totaled \$170,000 in F.Y. 86 and \$241,500 in F.Y. 87.

This request would build upon that base allocation and add \$275,000 per year for this very successful program. Funds will expand the outreach activities into the southern metro area and provide much needed support services for the existing programs. By working with the Indian communities, more Indians will enter and complete their lower division undergraduate education.

Southeast Asian Refugees: Minnesota has become the new home for a significant population of refugees from the political and economic turmoil in Southeast Asia. Many of these individuals are seeking to enter the American mainstream via community colleges. They bring special needs to the college classroom, however.

This request will provide the additional funding that exceeds the average level of resources generated under the average cost funding system. These extra dollars will be used for tutors and smaller, special classes necessary to overcome the language, cultural, and basic educational obstacles that Southeast Asian students face.

Southeast Asian students have predominantly enrolled at three colleges - Lakewood, Inver Hills and Rochester.

Handicapped Student Services: Handicapped accessibility has been an important public policy goal in the movement to alleviate barriers for the handicapped. But state funding has been insufficient to adequately provide the support services necessary to insure handicapped students the opportunity to benefit fully from their community college education.

A System task force on the handicapped estimated that there are over 1,000 students with physical or mental impairments which limit their ability to most effectively function in a regular college classroom setting. This request is intended to provide funding for the services which give these students the support they need to enhance their academic development and independence.

## CHANGE REQUEST

Agency    Program    Activity  
(Continuation)

## ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

1987-89 Biennial Budget

Handicapped Student Services: (Contd.)

The State Board initially intended to use \$750,000 of the monies appropriated as a base adjustment for the current biennium to offer many of these services. This allocation was reduced to \$400,000 in the budget reductions necessitated by the state's revenue shortfall. Funds were allocated on the basis of the actual number of students with various types of disabilities with funding levels tied to the specific type of service needed. For example, deaf students require signers; blind students need tutors and special equipment; learning disabled students receive special instruction and assistance. The allocation formula, prior to the budget cuts, was expected to provide one-half of the cost of the extra services, with the colleges internally providing the remaining half.

The costs for the next biennium are estimated at \$2 million. This will provide, on the average, \$1,000 per handicapped student for the extra educational expenses necessitated by his or her disability. This request assumes the System will continue to make the \$750,000 allocation from base resources, making the request for new funds \$625,000 per year.

St. Paul Center: Residents of the City of St. Paul do not have ready access to the same public higher education opportunities available to residents of Minneapolis or the metro area suburbs.

There is no state community college located in downtown St. Paul nor, for that matter, within the city limits. Two suburban community colleges, Inver Hills and Lakewood, offer selected developmental, lower division or pre-professional career programs from several neighborhood extension sites in the city. Metropolitan State University (MSU) has administrative offices in downtown St. Paul, but the MSU focus is on upper division, baccalaureate education accomplished through highly individualized, competency-based and decentralized means. The St. Paul Technical Vocational Institute provides vocational-technical education. The consequence is that citizens of St. Paul do have access to selected, decentralized, post-secondary services, but they do not have access to a comprehensive, full-service institution of public higher education.

This consequence is particularly unfortunate for inner city populations traditionally underserved by higher education -- low income people, older women, single parents and minorities. An urban higher education center is crucial to the success of this large part of the St. Paul population. For many of these students, an urban institution will offer the only opportunity for social and economic mobility.

The lack of higher education opportunities is similarly unfortunate for other groups of potential students. Downtown St. Paul is thriving as a center for commerce, services,

government, and the arts. Each of those sectors has education and training needs, not all of which are now being met by public institutions. For instance, the World Trade Center will present opportunities for international education, many of which could be met by a center for higher education located downtown with an established reputation for meeting the city's needs. Many comparable educational niches can be explored by the center -- state and federal government agencies, career ladders for people in secretarial positions, arts agencies, financial institutions, and so on. The issue of access to public undergraduate college programs is also a dimension of the "Commitment to Focus" plan for the University of Minnesota, which proposes a shift in the mission and future development of the University. In general, the Focus plan commits the University to emphasize its role as a major research institution and consequently reduces some of its traditional role in undergraduate education.

The University has announced a decision to phase out two-year degree and certificate programs from the General College, which will effectively leave that unit as a "junior college," specializing in preparing students to enter a degree program elsewhere in the University. One implication of this decision may be a net loss in availability of A.A., A.S. and special certificate programs. The Focus plan implies some new limits on the number of undergraduate majors the University will offer; in turn, that will affect the availability of traditional, comprehensive upper division opportunities for residents of the Twin Cities. This implication might affect the transfer plans of community college students and the availability of baccalaureate education.

The funding requested would bring together the four institutions currently serving St. Paul in a single center for higher education. This approach is a modest and cost effective means of insuring access to a significant population base by taking advantage of resources already in place.

Telecommunications Planning/Pilot Project: The State of Minnesota has invested nearly \$4 million in the past four years in the development and expansion of telecommunications applications by K-12 schools. These technologies can also be effective tools for expanding access to post-secondary education, as well as enhancing the quality of courses and programs.

This funding request will allow the Community College System to conduct a comprehensive planning program in the use of various telecommunications technologies which deliver education to off-campus sites. These technologies include cable, broadcast, and interactive microwave television, and satellite communication.

Careful planning in this area is critical to establish the appropriate direction prior to the purchase of major equipment systems.

Funding is also requested for a limited pilot project to provide further perspective and experience in the use of telecommunications in teaching. This pilot project will follow directly from the planning effort and will give additional direction in course development, the proper techniques in teaching using the technology, and the training needed by staff members.

GOVERNOR'S RECOMMENDATION: The Governor does not recommend this request. Budget constraints along with other spending priorities preclude additional funding for these items. The system, however, has the option of allocating other available resources to this project during the 1987-89 biennium.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

Request Title: FUNDING FOR OPERATIONS NOT IN THE BASE

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$195.0	3.5	\$195.0	3.5
Governor's Recommendation				
General Fund	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected:

STATEMENT OF REQUEST:

Base funding for the Community College System does not provide for two programs currently in operation. They are the Paulucci Space Theatre in Hibbing and the Project for an Automated Library System (PALS).

DESCRIPTION/BACKGROUND/RATIONALE:

Paulucci Space Theatre: The Paulucci Space Theatre, located on the Hibbing Campus of the Arrowhead Community College Region, presents a unique facility for education and public entertainment. Under the sound management of professionals trained in the planetarium field, it is a state of the art multi-media theater with 61 seats under a 40 foot tilted dome. One of the best equipped medium sized planetariums in the country, it currently utilizes 25 computer controlled slide projectors, a wide screen video projector, a 35mm hemispheric motion picture projector, interactive laser disk displays, and a Spitz 512 planetarium projector capable of showing the night sky at any time or place. The Space Theatre also has in-house multi-media production facilities, including a sound studio and professional slide production capabilities.

In the 1985-86 fiscal year, there were over 18,000 visitors, with more than 5,000 school students utilizing a K-9 curriculum developed by the Space Theatre and sponsored by the Blandin Foundation. College Astronomy 101 is taught in the unique learning environment of the Space Theatre. An "Earth Science Symposium, Opportunities in Science" was recently offered as an extension of the Science Museum of Minnesota for 25 area teachers.

The Space Theatre presents public programs weekly during the academic year and daily during the summer tourist season. These programs use the 35mm hemispheric motion picture projector to project movies over the surface of the entire dome. Shows also include planetarium sky lectures along with multi-media prologues which are either produced by the Space Theatre or purchased from other planetariums. The Space Theatre presents a unique facility to excite and motivate northern Minnesota students of all ages about science and related topics.

The Paulucci Space Theatre was proposed in 1974, constructed from 1977 to 1979, and dedicated in 1980. The building was funded by the Paulucci Family Foundation, the Upper Great Lakes Regional Commission, the U. S. Department of Commerce and Energy, and the Iron Range Resources and Rehabilitation Board (IRRRB). Preliminary equipment was funded by the IRRRB. It was first owned and operated by Hibbing Community College which became part of the Arrowhead Community College Region (ACCR). In 1984, it was turned over to the IRRRB to be incorporated into their program of tourism as an alternate industry. It was during this time that the new all-sky movie system was installed at a cost of approximately \$100,000, making it one of only 7 theaters in the nation capable of showing the available movies.

An Arthur D. Little study in 1985 recommended that the IRRRB divest itself of some satellite concerns and concentrate on economic development. This led to the return of the Space Theatre to the ACCR in 1986 with support from the Governor's office to ensure that it would remain a state supported project. With this in mind, the ACCR agreed to take over the operation of the facility in January 1986. A unified commitment of tourism funding from the IRRRB, a donation towards the operational budget from the Paulucci Family Foundation, and the support of the ACCR will carry the Space Theatre through June 1987, at which time the funding requested will be needed. As an educational service to northeastern Minnesota, this facility cannot be expected to be self-supporting.

Project for an Automated Library System (PALS): The 1985 Legislature appropriated funds to the State University System for expansion of the on-line cataloging portion of PALS. PALS is a computerized system for sharing library materials among participating institutions. The 1985 appropriation provided for the equipment, communications, and installation of the system. It did not include funds for the on-going operation of the system.

The State University System will be billing the Community College System for continuing operating costs of \$77,000 annually. In addition, the Community College System must dedicate \$23,000 in personnel costs annually to the operation of the system. In return, the implementation of the PALS system will greatly expand the available library materials to students in both systems and significantly reduce the duplication of expensive library acquisitions.

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend this request. Budget constraints along with other spending priorities preclude additional funding for these items. The system, however, has the option of allocating other available resources to this project during the 1987-89 biennium.

PROGRAM: NON-INSTRUCTION  
Agency: COMMUNITY COLLEGE SYSTEM

1987-89 Biennial Budget

SUMMARY OF CHANGE REQUESTS FOR THIS PROGRAM:

PROGRAM PURPOSE:

Under the Average Cost Funding (ACF) methodology, the Non-Instruction Program includes community services, intercollegiate athletics, financial aids, other miscellaneous items, and repair and replacement projects. The common element in these activities is that, under the methodology, spending authority for these areas is not used to determine assumptions about tuition revenues.

DESCRIPTION/BACKGROUND:

The various activities in this program are described briefly as follows:

Community Services: To provide quality non-credit instructional and cultural opportunities, and services to the citizens of Minnesota that are geographically and financially accessible, responsive to state and/or local needs, meet the appropriate continuing education requirements of various occupational groups, and foster community use of the facilities of the System's colleges.

Financial Aids: To provide needy students with the financial assistance necessary to attend college through two specific programs: college work-study and national direct student loans.

Intercollegiate Athletics: To provide a program of intercollegiate athletics which contributes to the educational experience of men and women in the following areas: basketball, football, wrestling, softball, golf, tennis, hockey, volleyball and track.

Other Miscellaneous: This "catch-all" includes "flow-through" funds, lease-purchase of buildings, rental of space at Minneapolis to accommodate on-going construction, and a portion of the Cambridge Center operating funds. (1) "Flow-through" funds include application and late fees paid by students and numerous other minor categories of receipts. The fees "flow-through" because, if not collected, the corresponding expenditure is not made. No state appropriation is involved. (2) Two colleges, Austin and Worthington, made final payments on 20-year lease-purchase of their facilities from their local school districts. Thus, the F.Y. 88-89 figures show a reduction of the equivalent amount. (3) Phase V construction at Minneapolis Community College will require the continuation of the rental agreement with the Basilica School for F.Y. 88. F.Y. 89 shows a decrease since construction is expected to be completed and rental no longer required. (4) The current biennial appropriation included dedicated funding for a portion of the operating costs for the Cambridge Center. Those funds remain in this base.

Repair and Replacement: This program includes a new category for those capital projects which will repair or replace existing facilities and maintain them in terms of their existing use, capacity and level of comfort. Many of these projects were formerly requested in the capital budget. Budget guidelines require the submission of a single change request for these projects.

	<u>F.Y. 88</u>	<u>F.Y. 89</u>	<u>Type</u>
Economic and Community Development	\$ 750.0	\$ 750.0	Program
Repair and Replacement	2,125.0	2,125.0	Systemwide

GOVERNOR'S RECOMMENDATION:

The Governor recommends the system's non-instructional same level request adjusted by 2.5% per year for inflation. In addition, the Governor recommends \$170.2 for non-instructional repair and replacement.

PROGRAM: NON-INSTRUCTION

SYSTEM: COMMUNITY COLLEGES

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
EXPENDITURES BY ACTIVITY:											
COMMUNITY SERVICES	4,542.1	5,076.9	5,611.8	5,611.8	750.0	6,361.8	5,611.8	750.0	6,361.8	5,752.1	5,898.0
CAPITALIZED R & B	119.0	0.0	0.0	0.0		0.0	0.0		0.0	0.0	0.0
INTERCOLLEGIATE ATH.	1,621.1	2,228.2	2,349.4	2,349.4		2,349.4	2,349.4		2,349.4	2,408.1	2,469.2
STUDENT FINANCIAL AID	906.7	961.4	1,142.4	1,142.4		1,142.4	1,142.4		1,142.4	1,171.0	1,200.7
OTHER	1,812.0	1,848.1	1,573.7	1,573.7		1,573.7	1,288.7		1,288.7	1,583.6	1,294.4
REPAIR & REPLACEMENT	0.0	0.0	0.0	0.0	2,125.0	2,125.0	0.0	2,125.0	2,125.0	85.1	85.1
TOTAL	9,000.9	10,114.6	10,677.3	10,677.3	2,875.0	13,552.3	10,392.3	2,875.0	13,267.3	10,999.9	10,947.4
EXPENDITURES:											
DIRECT	4,920.4	5,545.6	5,888.7	5,888.7	2,875.0	8,763.7	5,603.7	2,875.0	8,478.7	6,071.9	6,043.0
INDIRECT	4,080.5	4,569.0	4,788.6	4,788.6		4,788.6	4,788.6		4,788.6	4,928.0	4,904.4
TOTAL	9,000.9	10,114.6	10,677.3	10,677.3	2,875.0	13,552.3	10,392.3	2,875.0	13,267.3	10,999.9	10,947.4

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: COMMUNITY COLLEGE SYSTEM

Request Title: ECONOMIC AND COMMUNITY DEVELOPMENT	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$750.0	22.0	\$750.0	22.0
Governor's Recommendation				
General Fund	-0-	-0-	-0-	-0-
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST:

The future economic development of Minnesota is highly dependent upon a competent workforce. The funding requested above would strengthen the ability of the community colleges to provide critical training and technical assistance to employers and employees across the state.

DESCRIPTION/BACKGROUND/RATIONALE:

Changing economic and technological conditions are placing individuals, businesses, industries and communities under new pressures, especially in rural Minnesota. The labor demands of the marketplace are changing, and the work force must accommodate these changes. Post-secondary education, particularly community colleges and AVTIs, must be responsive to these evolving labor demands by offering educational/training programs which prepare individuals for the jobs of the future as well as the jobs of today; by providing retraining for individuals facing job dislocation; through customized job training designed to help workers adapt to a restructured workforce and accept new and different responsibilities within their organizations; and through entrepreneurship training which will facilitate the successful development of new businesses and the transfer of technology to the marketplace.

The continuing shift toward technology-intensive service industries necessitates a training and retraining system that stresses the process skills of comprehension and problem-solving in addition to technical know-how. And business leaders continue to call for a workforce with a solid grounding in the liberal arts, not just narrowly focused job skills.

Funding in this program will provide retraining of the existing workforce. Demographers have noted that employees already in the workforce will comprise about 85% of the total workforce by the year 2001. Technological change and economic restructuring will demand continuous and continuing education of these workers. What is needed is an educational network that assures workers that they will do a particular job for a period of years and then have available to them an orderly process where they can develop the new capacities that are required.

Minnesota's community colleges have significant experience in contributing to the state's economic and human resource development. Each of the campuses has created working relationships with businesses and organizations within its service area. The colleges served individuals in over 200 business, industrial and health and human service organizations last year. An additional 172 organizations responded to a recent survey requesting information or contact from the colleges in their areas.

While the colleges have the expertise to meet education and training needs identified by many businesses and industries, funding constraints have severely limited these initiatives. Lack of outreach personnel is frequently a restraining factor in widely publicizing and developing customized training services. Since most of these offerings are non-credit, they do not generate funding in the same manner as credit generating enrollment under average cost funding. Thus there is a clear disincentive to expand non-credit programs and a potentially unhealthy incentive to assign credit to programs where credit is not necessary.

Community colleges, along with other post-secondary systems, are in an excellent position to play a key role in the state's development of a competent workforce.

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend this request. Budget constraints along with other spending priorities preclude additional funding. The system, however, has the option of allocating other available resources to this project during the 1987-89 biennium.

1987-89 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY:	<u>VOCATIONAL TECHNICAL EDUCATION SYSTEM</u>	<u>SECTION</u> 7	<u>PAGE</u>
<u>PROGRAMS</u>	<u>ACTIVITIES</u>		
<u>INSTRUCTION</u>	None		13
<u>NON-INSTRUCTION</u>	<u>State Council on Vocational Technical Education</u>		33

VOCATIONAL TECHNICAL EDUCATION SYSTEM

ORGANIZATION CHART  
AT 1-1-87

STATE BOARD OF VOCATIONAL  
TECHNICAL EDUCATION  
  
11 - Member Citizens Board  
Appointed by Governor

STATE DIRECTORS OFFICE  
Joseph P. Graba, State Director

30 AREA VOCATIONAL TECHNICAL INSTITUTES

1. Albert Lea
2. Alexandria
3. Anoka
4. Austin
5. Bemidji
6. Brainerd
7. Dakota County
8. Detroit Lakes
9. Duluth
10. East Grand Forks
11. Eveleth

12. Faribault
13. Hennepin Technical Center
14. Hibbing
15. Hutchinson
16. Mankato
17. Minneapolis
18. Moorhead
19. Northeast Metro Tech
20. Pine City
21. Red Wing
22. Rochester

23. Saint Cloud
24. Saint Paul
25. Southwestern
  - o Canby Campus
  - o Granite Falls Campus
  - o Jackson Campus
  - o Pipestone Campus
26. Staples
27. Thief River Falls
28. Wadena
29. Willmar
30. Winona

1. Norma McKanna, President
2. Frank Adams
3. Patricia Allinder
4. F. B. Daniel
5. JoAnn Cardenas Enos
6. Donald Ingram
7. Douglas Knowlton
8. John O'Connor
9. Alan Olson
10. Jane Preston
11. Julia Templin

VOCATIONAL TECHNICAL EDUCATION SYSTEM

Listing of Institutes

1. ALBERT LEA  
Director David Sayre
2. ALEXANDRIA  
Director Frank Starke
3. ANOKA  
Director Nuri Hassumani
4. AUSTIN  
Director Marge Kirchhoff
5. BEMIDJI  
Director Melvin Salberg
6. BRAINERD  
Director Harry Nysather
7. DAKOTA COUNTY  
Director David Schroeder
8. DETROIT LAKES  
Director Dennis Hopman
9. DULUTH  
Director Cliff Wiklund
10. EAST GRAND FORKS  
Director Jerry Folstrom
11. EVELETH  
Director Edward Russ
12. FARIBAULT  
Director Viril Layton
13. HENNEPIN TECHNICAL CENTER  
Director Richard Pointer
14. HIBBING  
Director Bruce Perryman
15. HUTCHINSON  
Director Richard Lennes
16. MANKATO  
Director John Votca
17. MINNEAPOLIS  
Director Donovan Schwichtenberg
18. MOORHEAD  
Director Oscar Bergos
19. NORTHEAST METRO TECH  
Director Bill Warner
20. PINE CITY  
Director Eugene Biever
21. RED WING  
Director Hal Hoghaug
22. ROCHESTER  
Director Charles Harwood
23. SAINT CLOUD  
Director Donald Hamerlinck
24. SAINT PAUL  
Director Harlan Sheely
25. SOUTHWESTERN  
Director Marlin Wacholz
  - o CANBY CAMPUS  
Director Dewain Englund
  - o GRANITE FALLS CAMPUS  
Director Richard Pooley
  - o JACKSON CAMPUS  
Director Dennis Finstad
  - o PIPESTONE CAMPUS  
Director Ralph Knapp
26. STAPLES  
Director Stanley Edin
27. THIEF RIVER FALLS  
Director Orley Gunderson
28. WADENA  
Director Lowell Rasmussen
29. WILLMAR  
Director Ron Erpelding
30. WINONA  
Director William Hemsey

AGENCY PURPOSE: Minnesota maintains a post-secondary vocational system with 30 Area Vocational Technical Institutes (AVTIs) which together with adult extension programs in approximately 400 local school districts is designed to meet the current and future employment needs of business, industry, and agriculture. Programs are provided in approximately 200 occupational areas.

The following mission statement has been approved by the State Board of Vocational Education.

MISSION STATEMENT

Vocational technical education will facilitate the development of a competent technologically-modern, numerically adequate work force in Minnesota. It will also make a major contribution to life long career satisfaction for its citizens. Vocational technical education shall be provided in occupations in all fields and levels other than those requiring a baccalaureate degree. All Minnesota people who need, want, and can benefit shall be assured life long equal access to vocational technical education.

Vocational Technical programs shall provide a broad array of benefits to constituent organizations and groups which may be identified (in part) as follows:

1. Youth and adults are assisted in career choices, in developing marketable skills, in obtaining and keeping viable employment, in improving self-esteem and in balancing work and family life.
2. Agriculture, business, and industry benefit from a highly skilled workforce, which in turn, helps improve productivity.
3. Families are strengthened through improved interpersonal relationships, self-sufficiency, health, and safety.
4. Communities can achieve improved economic stability, steady growth, and improved tax base, to support community development.
5. The Minnesota labor force is the beneficiary of a higher incidence of employment, higher levels of employment at higher wages, mobility of employment, availability of training and retraining on an ongoing basis, and an improved quality of life.
6. Governments benefit from reduced cost of unemployment, improved tax revenues, a more sound and stable economy, and citizen satisfaction.
7. Volunteer and public service organizations have the advantage of direct services from vocational education programs, and the improved ability of citizens to contribute financial and personal time resources.

8. Taxpayers benefit from improved efficiency of industry and governments, as a result of having trained workers, from the reduction of costs of welfare and corrections, from the increased tax contributions of wage-earning new workers, and the general improvement of the economy.

Vocational technical instruction shall be designed to be effective, efficient, and technology-based. Instruction shall be adapted to the learning status of individual learners where appropriate and practical.

Achievement of the goals of vocational technical education will require the cooperative application of public and private resources, which may be available at the federal, state, or local level. The provision of vocational technical education programs and services shall be managed at local and state levels, to maximize return on the resources invested and to increase effectiveness and efficiency.

Cooperative efforts between higher education systems have received major emphasis in the last biennium. AVTIs and community colleges have increased effectiveness and efficiency, as duplication is eliminated and new cooperative degree programs combine strong technical and liberal arts education. Sharing of facilities, staff, and services will improve the quality of services available.

In addition to cooperation with the Community College System, each of the AVTIs located in the State University System locations have met with representatives for further discussion of cooperative associate degree course offerings.

OPERATION AND CLIENTELE: Post-secondary vocational programs at the 30 AVTIs and adult extension programs are conducted on a fiscal year budget cycle with classroom operations generally occurring on a school year basis, September to June. Approximately 35% of the programs are offered continuously throughout the year, while the remaining full-time programs have a summer recess of 1 to 3 months.

Governance of the day-to-day institute operation, employment decisions, budget management, and other local policy matters are the responsibility of locally-elected elementary/secondary or intermediate school board members. Instructors and administrators working in full-time and adult extension programs are covered by the terms of a locally negotiated employment contract through the Public Employee Labor Relations Act (PELRA) process. The same contract covers the elementary/secondary staff.

Actions of the 1985 legislature created another governance alternative for the AVTIs. A bill drafted by the State Board permitted one or more independent school districts which operated an AVTI to join forces and create a Joint Vocational Technical Education District. The new district would be governed by an elected or appointed board and would not be related to the former independent school district in any formal way. All staff in the AVTIs are transferred to the new board and become employees of the new district without loss of benefits.

OPERATION AND CLIENTELE: (Cont'd)

Four districts (Granite Falls, Jackson, Pipestone, and Canby) have passed a formal resolution, formed a joint vocational technical education board, and are operating a four-campus AVTI named Southwestern Vocational Technical Institute.

Prior to 1-1-84, all governance decisions affecting the state system were the responsibility of the State Board of Education/Board for Vocational Education. Management activities of the system were conducted by the Department of Education acting under the authority of the State Commissioner of Education. The Vocational Division of the Department of Education was responsible for administering the vocational programs.

Major governance changes in the AVTI and adult vocational system were adopted by the 1983 Legislature in Chapter 258, 1983 Session laws of the State of Minnesota. A separate State Board of Vocational Technical Education was created and the former Division of Vocational-Technical Education was removed from the Department of Education and placed under the supervision of a State Director, with separate state agency status.

Beginning 1-1-84, the new State Board of Vocational Technical Education was designated by state statute, the sole state agency with respect to receipt and disbursement of federal vocational funds.

Full-Time Programs

Revenue for full-time vocational programs is provided to the State Board through average cost funding the same as in all post-secondary systems. Each Area Vocational Technical Institute (AVTI) submits an annual budget request to the State Board for review and approval. The State Board utilizes a series of formulas and criteria to determine the allocation to each institute. Factors used to determine the allocation include: staff, supplies, and equipment in all program areas, plus categorical aids for student services, special needs funding, plant operation, administration, and a separate repair and betterment appropriation. Final recommendations are determined through a process conducted by the State Board.

Full-time programs vary in length from approximately 6 months to a maximum of 2 years (24 months). These programs operate for 6 hours per day for the equivalent of 175 instructional days per year. Each student who is a class member for 1,050 hours (175 days x 6 hours = 1,050 hours) generates 1 average daily member (ADM) in attendance. The number of ADMs represents the basic funding unit for budget computations. Table 7 provides an analysis of full-time continuous program enrollment as measured by ADM from fiscal year 1983 to 1987 in each AVTI. The count provided in Table 7 does not include part-time enrollment in extension programs. Table 8 indicates the number of student ADMs which are attending extension programs and provides the total system ADM.

Extension Programs

The State Board has established a high priority for training through part-time programs. A recent U.S. study estimated that 40 million Americans were in need of retraining in order to be more effective in their current jobs. Today's working society has caused us to re-examine the type of programs we offer, and the traditional times when courses are available, and to market our services to non-traditional students.

Extension programs are designed to provide learning opportunities for employed, unemployed, and underemployed adults who desire to gain skills and knowledge in specific subjects and attend courses on a part-time basis. These classes usually have the same curriculum content as continuous full-time classes, but are offered assuming the student already has the prerequisite skills for the program. Courses range in length from a 2 hour seminar to 30-60 hours of intensive training in specific skill areas. Programs which are designed to provide apprenticeship training are operated between 144-160 hours. Extension courses are generally, though not always, offered in the evening when students who are employed have time to attend.

In 1986, an estimated 260,000 Minnesotans participated in extension programs. The State Board of Vocational Technical Education is required by statute to provide related training for approximately 14,000 apprentices within various occupations. State law also requires the system to annually provide 30 class hours of training for approximately 10,000 nursing assistants.

Customized Training

A trained, highly-skilled workforce is vital to the economy of Minnesota, and the AVTIs have played a major role in providing this key ingredient. Each AVTI has been provided with funds to develop a customized training program for business and industry that needs skilled employees. Small and medium-sized businesses often do not have the necessary structure or skilled instructional staff to provide this type of training. As businesses adapt the latest technology to their operation, the need to train the employees will continue to grow. The State Board estimates that customized training services will be the largest future growth area offered by the system.

BUDGET ISSUES:

1. Average Cost Funding Base

Generally the State Board of Vocational Technical Education has considered the average cost funding methodology as a positive state response to funding post-secondary education. Flexibility afforded to the system in the management of financial affairs has increased significantly with average cost funding and also through the enabling law which created the State Board.

However, governance of the vocational technical system still creates an issue unique to all higher education. Only in the AVTIs are the revenues provided by the Legislature and State Board, but expenditures are controlled by 30 locally

BUDGET ISSUES: (Cont'd)

elected school boards. With the exception of the intermediate and joint vocational districts, the remaining 26 AVTIs are located in independent school districts. The majority of teachers employed by the local board are assigned to elementary/secondary positions, consequently, as most boards negotiate an expenditure budget, elementary/secondary funds tend to provide limits on the negotiations. If the revenues in elementary/secondary education are above those in vocational education, then the AVTI must make major funding and program adjustments to provide a balanced expenditure budget.

The State Board addressed the governance issue in the 1985-87 biennium by introducing legislation to create a local board structure similar to a joint vocational technical education board. This legislation was unsuccessful in the bid to improve services and quality, and the legislature provided an adjustment to the average cost funding base for AVTIs in recognition of the governance issue.

2. Handicapped Services

A second major budget issue is a growing need to provide occupational training programs for handicapped students. As more graduates of state and federal programs in secondary schools undergo the transition from school to work and community living, the AVTIs will be called on to provide special programs. Recent federal legislation provides limited funds for these services, but there will need to be many more programs in order to satisfy the demand. Numerous organizations are working on development of a statewide response to transition of special students. The State Board is currently funding several research projects to determine how to effectively respond to the need.

Average cost funding has not provided enough resources for this initiative because the cost of providing special instruction and programs for handicapped is significantly above that of a traditional student.

3. Customized Training

Cooperation between business, industry, labor, and education to provide customized training services has been a major initiative of the State Board during the current biennium.

As industry is forced to make changes to remain competitive in the world market, the latest technology must be incorporated into their operations. The vocational system provides training in over 200 occupations and has extended this curriculum to numerous industries on a part-time basis. AVTIs work cooperatively with the business to assess the training needs when new equipment is purchased or an employer utilizes a new technology in the workplace.

To better coordinate the customized training effort, the vocational system will propose the establishment of a regional marketing and local delivery system for customized training. The specific goal of each region would be to link business and industry needs with the appropriate educational training in that area. This

linkage and resulting training program is a vital part of the economic development plan for Minnesota.

4. Teachers Retirement Funds

Estimates utilized in the 1985-87 biennium for Teachers Retirement (TRA) and Federal (FICA) have proven to be in error. Prior to the 1986 fiscal year, there had not been a need to distinguish between TRA/FICA payments for those employees assigned to the AVTI compared to those with elementary/secondary assignments, because the state paid the entire share through an open appropriation to the Commissioner of Finance.

Having therefore, estimated the amount of TRA/FICA for the first time in F.Y. 1986, the legislature was advised of a potential shortfall in revenue. Final data indicates a shortfall of \$1,895.0 for the current biennium, and the system will be requesting a deficiency appropriation.

OVERVIEW OF BUDGET REQUEST: The request submitted here combines the administrative requirements of system management together with funds available for programs in the system, which is the same format used by all higher education systems.

The State Board of Vocational Technical Education has carefully managed the state and federal resources to provide quality programs with access to over 200 occupations. Quality has been assured by implementing numerous reporting and monitoring systems which provide uniform management data on each program.

The following requests of the Governor and legislature will assist in the maintenance of high quality programs, and will provide support in several new initiatives for the system.

TECHNICAL NOTE: Table 1 "Allocation of Indirect Costs 1986", was prepared through a cost study of each program operated by the vocational technical system in F.Y. 1986. Support costs are displayed in accordance with the methodology approved in the Average Cost Funding Task Force Report. The process of allocating costs to primary programs in relation to support programs has not been utilized by the legislature in allocation of funds to the system. All non-instructional components are assumed to not have support costs by the definition of each activity.

Table 2, entitled Reconciliation of F.Y. 1987 to Request Same Levels, shows the adjustments made to the F.Y. 1987 estimated expenditures to determine a same level for F.Y. 1988 and F.Y. 1989.

The estimation adjustment is due to the funded enrollment for the base year F.Y. 1987. The actual ADMs for F.Y. 1987 were 774 lower than the ADMs used for funding that year.

Another adjustment was made within the calculation of the average cost funding matrix. This was labeled as the "drift" factor and recognizes the movement of students among the programs in the cells.

TECHNICAL NOTE

TABLE 1  
ALLOCATION OF INDIRECT COSTS FY '85

	Primary Programs		Support Programs				Total
	Instruction	Non Instruction	Academic Support	Student Support	Institutional Support	Physical Plant	
Direct Costs	\$ 98,385.3	\$ 18,501.7	\$10,642.2	\$ 8,737.8	\$18,191.3	\$22,296.5	\$176,754.8
Support Cost Allocations							
Physical Plant	\$ 16,134.9	\$ .0	\$ 1,745.3	\$ 1,433.0	\$ 2,983.3	(22,965.5)	.0
Subtotal	\$114,520.2	\$ 18,501.7	\$12,387.5	\$10,170.8	\$21,174.6	\$ 0.0	\$176,754.8
Instructional Support	\$ 17,690.1	\$ 0.0	\$ 1,913.5	\$ 1,571.0	(21,174.6)	\$ 0.0	0.0
Subtotal	\$132,210.3	\$ 18,501.7	\$14,301.5	\$11,741.8	0.0	\$ 0.0	\$176,754.8
Student Support	\$ 10,595.7	\$ 0.0	\$ 1,146.1	(11,741.8)	\$ 0.0	\$ 0.0	\$ 0.0
Subtotal	\$142,806.0	\$ 18,501.7	\$15,447.1	\$ 0.0	\$ 0.0	\$ 0.0	\$176,754.8
Academic Support	\$ 15,447.1	\$ 0.0	(15,447.1)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
Subtotal	\$158,253.1	\$ 18,501.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$176,754.8

POST-SECONDARY BIENNIAL BUDGET-1987/89  
 RECONCILIATION OF BASE/SAME

SYSTEM: STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION  
 APPROPRIATION(S): GENERAL FUND

ITEM	-----INSTRUCTION-----			-----NON-INSTRUCTION-----			TOTAL		
	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989	FY 1987	FY 1988	FY 1989
ORIGINAL LEGISLATIVE INTENT (1985)	184,296.1			6,764.1			191,060.2		
APPROPRIATION REDUCTIONS (1986)	(3,118.8)						(3,118.8)		
EXECUTIVE UNALLOTMENTS (1986)	(723.8)						(723.8)		
INTERNAL REALLOCATIONS	69.9	(69.9)	(69.9)	(69.9)	69.9	69.9	0.0		
FYE TUITION ADJUSTMENT	306.2						306.2		
OTHER BASE ADJUSTMENTS									
<b>BASE SUBTOTAL</b>	<b>180,829.6</b>	<b>181,420.0</b>	<b>181,420.0</b>	<b>6,694.2</b>	<b>6,764.1</b>	<b>6,764.1</b>	<b>187,523.8</b>	<b>188,184.1</b>	<b>188,184.1</b>
RESTORE BASE REDUCTION		3,842.6	3,842.6				3,842.6	3,842.6	
FYE ESTIMATION ADJUSTMENT		(3,002.3)	(3,002.3)				(3,002.3)	(3,002.3)	
ADJUST TO NEW ACF BASE		2,501.7	4,341.6				2,501.7	4,341.6	
NON-RECURRING APPROPRIATION									
OTHER ADJUSTMENTS									
Mgmt Programs (Ag Bill)	660.3						660.3		
TRA/FICA Adj		1,895.0	1,895.0					1,895.0	1,895.0
<b>TOTAL SAME LEVEL</b>	<b>181,489.9</b>	<b>186,657.0</b>	<b>188,496.9</b>	<b>6,694.2</b>	<b>6,764.1</b>	<b>6,764.1</b>	<b>188,184.1</b>	<b>193,421.1</b>	<b>195,261.0</b>
FY 1986 CARRYFORWARD	815.8						815.8		
OTHER ADJUSTMENTS-TUITION									
Addt'l Local Revenue	523.8						523.8		
Addt'l Tuition	146.5						146.5		
<b>TOTAL ESTIMATED SPENDING</b>	<b>182,976.0</b>	<b>186,657.0</b>	<b>188,496.9</b>	<b>6,694.2</b>	<b>6,764.1</b>	<b>6,764.1</b>	<b>189,670.2</b>	<b>193,421.1</b>	<b>195,261.0</b>

APPROPRIATION COMPUTATION: The vocational technical system is funded by an appropriation schedule which provides only 85% of a current year's expenditures in the year they occur. State law provides for 11 equal monthly payments commencing in July through May, with no payment in June. The remaining funds are provided on July 1st, but the accounting treatment through UFARS causes the funding to be applied to the previous fiscal year when the expenditures were incurred.

The appropriations must then relate to this 85-15% payment schedule in order to provide the F.Y. 1987 final payment and the 1988 and 1989 current payment. The final F.Y. 1989 payment then becomes an obligation of the 1990 fiscal year.

The system is further complicated because not all the activities are paid on the 85-15% payment schedule. Non-instructional activities and the state agency funding are computed on a 100% payment schedule. Table 3 provides the appropriation amount necessary to accommodate to 85-15% payment schedule.

Cash flow in the system has become a serious problem as budget reductions have been implemented. AVTIs have often had to incur interest expenses to cash flow the last few months of a fiscal year. These interest expenses require funds which could otherwise be providing student instruction. None of the other post-secondary systems have been placed on the 85-15% payment schedule.

TABLE 3  
AVTI APPROPRIATION REQUEST (85-15% PAYMENT)

<u>Instructional</u>	<u>FY88 Same</u>	<u>FY88 Change</u>	<u>FY88 Total</u>	<u>FY89 Same</u>	<u>FY89 Change</u>	<u>FY89 Total</u>
100% Current	\$ 6,230.4	\$	\$ 6,230.4	\$ 6,254.2	\$	\$ 6,254.2
Current Year 85%	114,115.1	6,952.4	121,067.5	115,171.6	4,555.7	119,727.3
Prior Year Clean Up	20,175.8		20,175.8	20,138.0	1,226.9	21,364.9
Subtotal	<u>\$140,521.3</u>	<u>\$6,952.4</u>	<u>\$147,473.7</u>	<u>\$141,563.8</u>	<u>\$ 5,782.6</u>	<u>\$147,346.4</u>
Non-Instructional	\$ 6,764.1	\$8,695.4	\$ 15,459.5	\$ 6,764.1	\$ 9,149.3	\$ 15,913.4
Total	<u>\$147,285.4</u>	<u>\$15,647.8</u>	<u>\$162,933.2</u>	<u>\$148,327.9</u>	<u>\$14,931.9</u>	<u>\$163,259.8</u>

STATE APPROPRIATION

Biennial TOTAL: \$326,193.0

<u>Index</u>	<u>Agency Request 1987-89 Biennium General Funds</u>	<u>Governor's Recommendation 1987-89 Biennium General Funds</u>	<u>Page</u>
Reconciliation of F.Y. 1987 to SAME level	\$388,682.0	\$402,296.1	
<b>INSTRUCTION</b>			
1. Equipment/Telecom	\$ 7,050.8	\$ 7,050.8	19
2. Customized Training	\$ 4,010.5	\$ 4,000.0	20
3. Instructor Technical Updating	\$ 1,990.5	\$ 1,990.5	21
4. Base Adjustment	\$ 5,000.0	\$ 5,400.0	22
5. Repair and Replacement	\$ 0.0	\$ 3,131.2	23
Subtotal	<u>\$ 18,051.8</u>	<u>\$ 21,572.5</u>	
<b>NON-INSTRUCTION</b>			
1. Handicapped Services	\$ 5,000.0	\$ 0.0	27
2. Child Care Services	\$ 5,200.0	\$ 0.0	28
3. Repair and Replacement	\$ 9,525.0	\$ 0.0	23
4. State Council on Vocational Technical Education	\$ 153.8	\$ 0.0	36
5. Debt Service	\$ (1,954.4)	\$ (1,954.4)	29
6. Vets Ag	\$ ( 79.7)	\$ ( 79.7)	30
7. Agricultural Crisis Assistance	\$ 0.0	\$ 577.8	31
8. Career Assessment and Referral Centers	\$ 0.0	\$ 1,020.0	32
Subtotal	<u>\$ 17,844.7</u>	<u>\$ ( 436.3)</u>	
AGENCY TOTAL	\$424,578.5	\$423,432.3	

GOVERNOR'S RECOMMENDATION:

The Governor recognizes the success of the Vocational Technical Education System in achieving its basic mission of developing a competent, technologically modern workforce for the State of Minnesota.

Additional funding is recommended to help respond to the needs of the system for repair and replacement, the updating of the instructors, curriculum and equipment to allow the students access to the most technologically modern training possible. Funding is provided to the system to enhance its evaluation process to determine that the students are receiving a high quality education.

Specific funding is being recommended for customized training, career assessment and referral centers, and the agricultural crisis assistance program.

The Governor also recommends that the percent of instructional costs supported by state appropriation be reduced from 75% to 74%.

SYSTEM LEVEL FISCAL SUMMARY 1987-89 BIENNIAL BUDGET (DOLLARS IN THOUSANDS)

SYSTEM: STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION  
 APPROPRIATION: GENERAL FUND

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
FULLY ALLOCATED COSTS											
---INSTRUCTION	158,253.0	180,108.0	182,976.0	186,657.0	10,905.7	197,562.7	188,496.8	7,146.1	195,642.9	201,176.2	209,110.5
---NON-INSTRUCTION	19,689.3	19,947.6	21,119.4	21,189.3	8,695.4	29,884.7	21,189.3	9,149.3	30,338.6	21,326.4	20,669.6
SYSTEM TOTAL	177,942.3	200,055.6	204,095.4	207,846.3	19,601.1	227,447.4	209,686.1	16,295.4	225,981.5	222,502.6	229,780.1

SUMMARY OF INCOME

INSTRUCTIONAL INCOME											
GENERAL FUND/ENTITLEMENT	106,143.1	134,883.3	134,540.7	140,473.9	8,216.0	148,689.9	141,736.9	5,377.5	147,114.4	149,427.5	155,178.7
TRA/FICA	11,401.4										
TUITION BASE	37,945.4	40,774.6	45,182.7	45,190.2	2,689.7	47,879.9	45,767.0	1,768.6	47,535.6	50,755.8	52,938.9
FYE TUITION ADJ			306.2								
OTHER TUITION ADJ			146.5								
OTHER:											
Mgmt Prog (Ag Bill)			660.3								
Other Local Income	2,763.1	3,825.2	1,323.8	992.9		992.9	992.9		992.9	992.9	992.9
Carry Forward		624.9	815.8								
INSTRUCTIONAL TOTAL	158,253.0	180,108.0	182,976.0	186,657.0	10,905.7	197,562.7	188,496.8	7,146.1	195,642.9	201,176.2	209,110.5
NON-INSTRUCTIONAL INCOME											
GENERAL FUND/ENTITLEMENT	7,511.3	7,094.9	6,694.2	6,764.1	8,695.4	15,459.5	6,764.1	9,149.3	15,913.4	6,901.2	6,244.4
OTHER INCOME: FEDERAL	12,178.0	12,852.7	14,425.2	14,425.2		14,425.2	14,425.2		14,425.2	14,425.2	14,425.2
NON-INSTRUCTIONAL TOTAL	19,689.3	19,947.6	21,119.4	21,189.3	8,695.4	29,884.7	21,189.3	9,149.3	30,338.6	21,326.4	20,669.6
SYSTEM TOTAL	177,942.3	200,055.6	204,095.4	207,846.3	19,601.1	227,447.4	209,686.1	16,295.4	225,981.5	222,502.6	229,780.1

SYSTEM LEVEL FISCAL SUMMARY 1987-89 BIENNIAL BUDGET (DOLLARS IN THOUSANDS)

SYSTEM: STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION  
 APPROPRIATION: GENERAL FUND

SUMMARY OF FINANCING	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
ENTITLEMENT	125,055.8	141,978.2	141,895.2	147,238.0	16,911.4	164,149.4	148,501.0	14,526.8	163,027.8	156,328.7	161,423.1
DEDICATED RECEIPTS											
---TUITION	37,945.4	40,774.6	45,635.4	45,190.2	2,689.7	47,879.9	45,767.0	1,768.6	47,535.6	50,755.8	52,938.9
---FEDERAL	12,178.0	12,852.7	14,425.2	14,425.2	0.0	14,425.2	14,425.2	0.0	14,425.2	14,425.2	14,425.2
---OTHER	2,763.1	4,450.1	2,139.6	992.9		992.9	992.9		992.9	992.9	992.9
SYSTEM TOTAL	177,942.3	200,055.6	204,095.4	207,846.3	19,601.1	227,447.4	209,686.1	16,295.4	225,981.5	222,502.6	229,780.1
=====											
EXPENDITURES BY CATEGORY											
---PERSONNEL	115,441.4	142,580.8	142,857.5	145,453.5	9,114.6	154,568.1	146,770.2	6,416.1	153,186.3	153,870.7	159,555.4
---OTHER	62,500.9	57,474.8	61,237.9	62,392.8	10,486.5	72,879.3	62,915.9	9,879.3	72,795.2	68,631.9	70,224.7
SYSTEM TOTAL	177,942.3	200,055.6	204,095.4	207,846.3	19,601.1	227,447.4	209,686.1	16,295.4	225,981.5	222,502.6	229,780.1
=====											
SUMMARY OF POSITIONS											
---GENERAL	4,187.4	4,289.6	4,145.9	4,145.9		4,145.9	4,116.4		4,116.4	4,145.9	4,116.4
---FEDERAL	29.5	29.5	29.5	29.5		29.5	29.5		29.5	29.5	29.5
SYSTEM TOTAL	4,216.9	4,319.1	4,175.4	4,175.4	0.0	4,175.4	4,145.9	0.0	4,145.9	4,175.4	4,145.9
=====											

PROGRAM DESCRIPTION: The purpose of the instructional program is to provide basic classroom and laboratory instruction to students in over 700 programs within the 34 campus system. These funds are for continuous programs which range in length from 9 months to 24 months, as well as extension programs which range in length from a several hour seminar to 360 clock hours.

The instructional program also contains necessary administrative expenditures attributable to state programs. Most administrative functions of the system, such as payroll, accounting, and personnel, are provided directly by State Board staff, however, there are several services provided through contracts with the Department of Education.

OBJECTIVE: Vocational programs offered through the post-secondary and adult extension systems are designed to efficiently train students and place them in related occupations or to enhance existing skills in order to advance in their work. Youth and adults are assisted in career choices, in development of marketable skills in obtaining and keeping viable employment, in improving self-esteem and in balancing work and family life.

EFFECTIVENESS MEASURES: The vocational technical system has designed an extensive and effective set of 18 quality assurance systems which are designed to provide management data on programs. Through these procedures, each of the 700 programs is monitored annually so that the local AVTI administration, as well as state administrators, can make informed management decisions. Uniform data is collected on each program so that accurate comparisons can be drawn.

Three traditional input provide an initial assurance of quality for the system. They are State Board program approval, staff licensure requirements, and an extensive 5-year on-site evaluation of each AVTI. However, these input measures alone have not been sufficient to fully monitor the effectiveness of each program.

The State Board has adopted 13 additional "Management Indicators", which are designed to provide administrators with data on program quality. The key to these management indicators is the uniformity of data and the ability to quantify or rank the performance of each instructional program. Administrators have an excellent tool for which instructor evaluations, performance goals and quality can be judged. The management indicators are located in Table 4.

1. Local Citizen Advisory Committee for Each Program - To insure that professionals from the field review the curriculum and make program modifications where appropriate.
2. Student Satisfaction - The extent students would choose the same training program again at the AVTI.
3. Special Needs Students Served - Overall satisfaction with student services is defined as the students perception of the adequacy of support services.
4. Geographic Accessibility - Distance from the home of the student to the program of choice.
5. Students Completing Program - The percentage of students which complete the program.
6. Employer is Satisfied - The percentage of employers who complete a survey form indicating satisfaction with the skills of AVTI graduates.
7. Related Placement - The percentage of graduates and program completors in occupations related to training.
8. Utilization of Instructional Staff - The ratio of licensed instructional staff to student Average Daily Membership (ADM).
9. Ratio of Instructional Cost Per ADM - The ratio of actual expenditures reported by program by AVTI per student ADM.
10. Ratio of Instructional Cost Per Completor - The ratio of actual expenditures reported by program by AVTI per student completor.
11. Financial and Procedural Audit System - Each year 6 AVTIs are randomly audited to assist in uniform reporting of financial data.
12. Data Standards Committee - The State Board has developed a data standards committee whose purpose is to both define data elements and reporting requirements as well as reduce the number of data reporting requirements imposed on local AVTIs.
13. UFARS Accounting System - State law requires each local district to report financial data on a uniform accounting structure and this includes all AVTI data. Therefore, financial comparisons can be made using uniform data.

After reviewing traditional input measures and the program management indicators, the State Board has adopted two "minimum program standards" for each program. The first minimum standard is the student staff ratio. All programs are required to maintain a student to staff ratio of 14 ADM per full-time faculty member. Programs in health occupations are permitted to maintain a 10:1 ratio due to both extensive laboratory experience, plus licensure and accreditation requirements. Programs which fail to meet this standard are placed on monitored status, and after two consecutive years are suspended.

The second minimum standard is the student placement ratio. Programs which fail to place 51% of their graduates in a related occupation within one year of graduation are also placed on monitored status and are suspended.

These minimum standards have been implemented throughout the system since 1983, and have resulted in suspension of 71 programs between 1983 and 1986, as shown in Table 5.

PROGRAM: **INSTRUCTION**  
(Continuation)

1987-89 Biennial Budget

Agency: **VOCATIONAL TECHNICAL EDUCATION SYSTEM**

TABLE 5  
NUMBER OF PROGRAMS BELOW STATE BOARD MINIMUM STANDARDS  
1983-86

Criteria and Recommended Action	Program Review			
	1983	1984	1985	1986
ADM/FTE ratio*	81	70	35	27
Suspended	23	23	9	16
Staff reduction	20	16	18	5
Monitored	21	12	8	
Maintained (variances)	17	31	8	6
Related placement	13	2	0	0
Suspended	8	2	0	0
Staff reduction	0	0	0	0
Monitored	2	0	0	0
Maintained (variances)	3	0	0	0

\*Also includes programs below criterion on both measures

Vocational Accreditation

A final effectiveness measure for the vocational technical education system is the accreditation of each AVTI by the State Board as part of a 5-year evaluation process. Federal law permits the State Board to become the accrediting agency for vocational programs. This accreditation allows students which enroll to be eligible to receive grants and loans.

Vocational programs are evaluated once each 5 years by a citizens evaluation team who is knowledgeable and experienced in all aspects of vocational administration and programs. Each instructional program is evaluated to determine if the curriculum content, placement of graduates, equipment, and numerous other criteria are satisfactory. The evaluation also is conducted in the areas of administration, business practices, student services, placement, follow-up, student assistance and health, financial aids, library, audio visual equipment, related instruction, vocational equity, programs for the disadvantaged and handicapped, adult extension programs and minority recruiting programs. Throughout the year the system utilizes approximately 400 private evaluators and they are reimbursed for expenses for hotel, meals, and travel. The complete evaluation is done at the site of the vocational institute and requires approximately 3 days to complete.

Results of the evaluations are provided to the State Board who in turn determine whether to reaccredit the institution. Each school responds to the evaluation and is required to provide an annual update to the State Board when recommendations are suggested.

The evaluation process is accepted by the North Central Association of Colleges and Schools as the equivalent of their on-site examination.

PROGRAM STATISTICS: Numerous data elements are available from the Minnesota Vocational Follow-Up System. This system has been in operation since 1971 thus longitudinal data for comparison is available from the Board. Several data elements are listed in Table 6.

TABLE 6 - VOCATIONAL FOLLOW-UP STATISTICS

Category	F.Y. 1982	F.Y. 1983	F.Y. 1984	F.Y. 1985
1. Percent employed within 1 year after leaving AVTI.	93.31	90.41	93.06	93.97
2. Percent employed in related first job.	84.39	81.90	79.15	81.55
3. Percent would choose same program.	72.54	88.78	89.48	89.23
4. Age of new enrollees:				
18 and under	35.45	32.44	28.94	26.51
19 - 25	42.97	43.63	43.26	44.94
26 - older	21.49	23.84	27.84	28.47
5. Percent Female	44.71	43.69	43.11	43.88
6. Non-High School	7.70	6.96	6.22	6.21
7. Previous Education:				
13 years	8.29	8.52	9.08	9.50
14 years	4.99	5.46	6.18	6.02
15 years	1.28	1.51	1.57	1.55
16 years and over	2.21	2.64	2.89	2.78

ENROLLMENT: Enrollment in the vocational system has fluctuated during the last several years due to several factors. The number of high school graduates has declined steadily, as predicted, over the last several biennia. Second, improving economic conditions have significantly effected enrollment in the last two years. Research indicates that economic conditions are highly correlated with enrollment in AVTIs. Thus, a third enrollment issue is the change in enrollment between full-time and part-time programs. Students are less able to enroll 6 hours per day in an AVTI due to economic and family commitments, and have enrolled on a part-time basis or in customized training programs. Enrollment in full-time programs has decreased in the last two years, while enrollment in extension programs has increased significantly, as shown in Tables 7 and 8.

(Continuation)

Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

TABLE 7  
AVTI ENROLLMENT - CONTINUOUS PROGRAMS  
AVERAGE DAILY MEMBERSHIP

AVTI	FY86	FY87	FY88	FY89
Albert Lea	616.59	613.23	611.26	612.73
Alexandria	1,600.70	1,589.60	1,567.60	1,564.70
Anoka	1,536.30	1,584.90	1,577.60	1,583.40
Austin	636.79	666.35	665.81	669.26
Bemidji	407.07	410.87	408.47	406.27
Brainerd	730.03	736.38	733.31	736.22
Dakota County	1,849.10	1,849.50	1,844.10	1,850.40
Detroit Lakes	654.32	671.64	667.19	665.97
Duluth	1,152.30	1,187.30	1,159.70	1,143.40
East Grand Forks	633.87	662.28	655.51	653.49
Eveleth	329.54	326.76	322.96	318.36
Faribault	406.06	399.78	398.51	397.85
Hibbing	561.48	526.25	513.38	503.73
Hutchinson	626.62	627.62	619.58	619.03
Mankato	1,277.90	1,258.10	1,229.20	1,213.60
Minneapolis	2,293.10	2,423.30	2,425.30	2,435.90
Moorhead	1,051.80	1,089.40	1,073.40	1,066.40
916	2,026.80	2,169.50	2,168.50	2,183.30
Pine City	345.59	373.01	378.90	387.89
Red Wing	435.45	500.00	499.86	500.45
Rochester	835.86	856.10	853.45	848.94
St. Cloud	1,561.40	1,584.10	1,581.20	1,603.20
St. Paul	2,288.20	2,351.10	2,343.60	2,348.40
SVTI	1,648.80	1,717.80	1,684.30	1,673.90
Staples	798.12	796.61	793.24	795.94
HTC	3,228.50	3,300.70	3,294.90	3,310.60
Thief River Falls	559.98	549.14	544.35	541.68
Wadena	574.70	567.03	563.50	564.54
Willmar	1,359.90	1,333.60	1,310.10	1,309.00
Winona	579.36	593.04	592.09	589.26
	32,606.23	33,314.99	33,080.87	33,097.81

Source of System Projection:  
Higher Education Coordinating Board

TABLE 8  
CONTINUOUS AND EXTENSION  
AVERAGE DAILY MEMBERSHIP (ADM)

Fiscal Year	Full-Time Program ADM	Adult Extension ADM	Total ADM
1978	31,400	4,045	35,445
1979	31,003	4,682	35,685
1980	31,713	5,058	36,771
1981	34,363	6,186	40,549
1982	34,977	5,396	40,373
1983	35,455	5,904	41,359
1984	35,174	6,268	41,442
1985	32,893	6,036	38,929
1986	32,164	7,345	39,509
1987	31,522	8,445	39,967
1988	31,085	9,139	40,224
1989	30,621	9,927	40,548

TUITION: Tuition at AVTI's in Minnesota had been free to those students under 21 years of age until the 1978-79 school year. Legislative decisions in 1976 and 1977 had adopted a tuition requirement for those students who were residents and a non-resident rate for out-of-state students not covered by interstate reciprocity agreements. The first legislatively required rates were \$2.00 per day for residents and \$5.00 per day for non-residents, as shown in Table 9. The State Board of Vocational Education was later provided with the responsibility to establish a tuition rate and the dollar amounts are not placed in statute. This authority was also transferred to the new State Board in the enabling law 1-1-84. A second policy change was to increase the percentage of instructional costs provided by tuition to the recommended 25% level. This policy has resulted in tuition increases substantially above inflation rates as the system has increased to the required level.

During the current biennium, tuition has increased by 9% each year, bringing the total tuition for a full-time equivalent student to \$1166.00.

Legislation in 1985 and 1986 has provided tuition funds for farmers enrolled in Farm Business Management programs, small business management programs, logging and sheep management. These funds have allowed the State Board to lower tuition costs. Special legislation in 1986 permitted the AVTIs which offer firefighter training programs to receive a fifty cent per instructional hour tuition support payment from the State Board to offset training costs.

Veterans who served in the Vietnam theatre will be permitted to enroll tuition free into any continuous program offered at an AVTI. Each of these tuition support payments have been budgeted into the same level appropriation to the State Board.

PROGRAM: INSTRUCTION  
(Continuation)

1987-89 Biennial Budget

Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

TABLE 9  
AVTI TUITION HISTORY

Year	Resident Rate	Non-Resident Rate	Resident % Increase	Total
F.Y. 1979	\$2.00/day \$120/quarter \$360/nine months	\$5.00/day \$300/quarter \$900/nine months	NA	\$11,357.6
F.Y. 1980	\$2.13/day \$128/quarter \$384/nine months	\$5.30/day \$318/quarter \$954/nine months	6.5%	\$11,712.5
F.Y. 1981	\$2.13/day \$128/quarter \$384/nine months	\$5.30/day \$318/quarter \$954/nine months	0.0%	\$12,769.8
F.Y. 1982	\$2.50/day \$150/quarter \$450/nine months	\$6.25/day \$375/quarter \$1,125/nine months	17.3%	\$15,461.1
F.Y. 1983	\$3.20/day \$192/quarter \$576/nine months	\$8.00/day \$480/quarter \$1,440/nine months	28.0%	\$19,066.2
F.Y. 1984	\$4.44/day \$266.40/quarter \$777/academic year	\$8.88/day \$532.80/quarter	38.8%	\$25,436.1 \$1,554/academic year
F.Y. 1985	\$5.60/day \$336/quarter \$980/academic year	\$11.20/day \$672/quarter	26.1%	\$37,945.4 \$1,960/academic year
F.Y. 1986	\$6.11/day \$366.60/quarter \$1,070/nine months	\$12.22/day \$733.20/quarter	9.0%	\$40,774.6 \$2,140/nine months
F.Y. 1987	\$6.66/day \$399.60/quarter \$1,166/nine months	\$13.32/day \$799.20/quarter	9.0%	\$45,635.4 (Estimate) \$2,332/nine months

AVERAGE COST FUNDING MATRIX: Legislative policies adopted in 1983 have provided the procedure for determining the agency request for instructional programs in all post-secondary education systems. The vocational technical education system has utilized this procedure and has combined adult extension programs into the overall funding system rather than to request a specific amount for those programs. The request also incorporates funding for state administration, State Board, and repair and replacement.

There are approximately 200 different instructional programs in the vocational system which have been grouped into high, medium, and low cost cells according to the F.Y. actual instructional costs reported through the Uniform Financial Accounting and Reporting System (UFARS).

PROGRAM: **INSTRUCTION**  
 (Continuation)  
 Agency: **VOCATIONAL TECHNICAL EDUCATION SYSTEM**

1987-89 Biennial Budget

AVERAGE COST FUNDING MATRIX: (Cont'd)

TABLE 10  
 AVERAGE COST FUNDING MATRIX

Cell	F.Y. 1987			F.Y. 1988			F.Y. 1989	
	Average Cost	Funded Average Cost	F.Y.'86 ADM	Estimated Instructional Expenditures	Funded Average Cost	F.Y.'87 Est. ADM	Estimated Instructional Expenditures	
HI	\$ 6,018	\$6,089	9,222	\$ 56,154,889	\$6,089	9,222	\$56,152,758	
MED	\$ 4,767	\$4,863	17,381	\$ 84,522,928	\$4,863	17,541	\$85,303,342	
LO	\$ 3,763	\$3,563	12,906	\$ 45,984,078	\$3,563	13,204	\$47,044,783	
TOTAL	\$14,548	\$14,515	39,509	\$186,661,895	\$14,515	39,967	\$188,500,883	

Table 10 provides the cell values and ADM counts used in the budget process. The average cost cells are derived through utilizing adjustments for enrollment as described in the average cost funding methodology. To determine the cell values, the expenditures for each program were divided by the ADM in each program.

After computing the average program cost, the average support cost was added to each ADM to derive a total instructional cost. Each cell contains approximately 67 programs.

State level administrative costs to the system have been included as part of the support cost to each program. These expenditures had previously been funded in the Department of Education budget. These costs include all contracted services where the State Board utilizes the Department of Education for specific assignments or data processing.

Prior to F.Y. 1986, funds for teachers retirement were provided by a direct state appropriation to the Commissioner of Finance. During the 1985 legislative session, these funds were provided to the State Board and incorporated into the average cost funding base. Expenditures for TRA have been added to each cell value to be consistent with the funding policy.

Federal funds for the system has been provided through various programs since 1917. Because the average cost funding methodology only applies to state funding, and federal expenditures were deducted from the cells and reported separately as a non-instructional expenditure.

EXPLANATION OF BUDGET REQUEST:

1. Equipment and Telecommunications - The State Board is requesting a change in base funding for equipment acquisition in the AVTIs. Rapidly changing technology in each of the 200 occupations has caused an urgent need to update and replace equipment. Programs which traditionally had been low cost in equipment now require significant expenditures to provide programs which are relevant. Additionally, the system would benefit from a telecommunications interconnect network to transfer instructional programs between campuses.
2. Customized Training Services - The State Board is requesting funds to develop a system which will deliver specific business and industry training services throughout Minnesota. These funds would be used to assess training needs, design appropriate curriculum, deliver instruction, and evaluate the training. The need for training services has been well documented and represents a major growth area for the system.
3. Instructor Technical Updating - Funds for instructor retraining and technical upgrading are necessary to maintain program quality. These funds are being requested to permit instructors to return to their profession for necessary training and updating opportunities.
4. Base Adjustment - The State Board is requesting funds to adjust the 1985-87 biennial budget base to adjust for differences between local district AVTI funds and local elementary/secondary funds. Expenditure decisions in local districts are greatly influenced by the amount of elementary/secondary funding and the base adjustment will correct for the difference in resources.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the system's instructional same level request adjusted by 2.5% per year for inflation, along with \$21,572.5 in additional change level funding to support the system's requests for this program. In addition, the Governor recommends that the percent of instructional costs supported by state appropriation be reduced from 75% to 74% and that repair and replacement funding be considered as part of instructional costs.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

PROGRAM: INSTRUCTION

SYSTEM: STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
EXPENDITURES BY ACTIVITY:											
INSTRUCTION	158,253.0	180,108.0	182,976.0	186,657.0	10,905.7	197,562.7	188,496.8	7,146.1	195,642.9	201,176.2	209,110.5
TOTAL	158,253.0	180,108.0	182,976.0	186,657.0	10,905.7	197,562.7	188,496.8	7,146.1	195,642.9	201,176.2	209,110.5
EXPENDITURES:											
DIRECT	98,385.2	117,070.2	118,934.4	121,327.1	10,905.7	132,232.8	122,522.9	7,146.1	129,669.0	130,764.5	135,921.8
INDIRECT	59,867.8	63,037.8	64,041.6	65,330.0		65,330.0	65,973.9		65,973.9	70,411.7	73,188.7
TOTAL	158,253.0	180,108.0	182,976.0	186,657.0	10,905.7	197,562.7	188,496.8	7,146.1	195,642.9	201,176.2	209,110.5

## CHANGE REQUEST

 Agency  Program  Activity

1987-89 Biennial Budget

## ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: EQUIPMENT AND TELECOMMUNICATIONS

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
GENERAL FUND	\$3,450.7	0	\$3,600.1	0
Governor's Recommendation				
GENERAL FUND	\$3,450.7	0	\$3,600.1	0

Request requires statutory change:  Yes  No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The State Board is requesting the change in funding for improving the quality of equipment utilized in instructional programs throughout the vocational technical system. Additionally, the system would benefit from a telecommunications interconnect system to link all 34 campus locations into a network to deliver instruction through up-link and down-link capability.

DESCRIPTION/BACKGROUND:

The adequacy and quality of vocational education is greatly dependent upon the system's ability to provide training on modern, state of the art equipment. The vocational system also needs to develop a telecommunications up-link and down-link capability as well as institutional interconnects to deliver instruction in the 34 campus system. This request provides funds to programs and will allow the system to begin systematically upgrading programs to a minimum equipment standards.

RATIONALE:

Vocational education, necessitates an equipment intensive delivery system. Funds are requested to attempt to keep pace with technological changes impacting nearly every program in the system. Programs which traditionally did not require extensive equipment expenditures have rapidly changed and now require substantial investments in equipment to provide relevant training.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

## CHANGE REQUEST

 Agency  Program  Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$4,000.0 for the biennium in support of the system's request for customized training services. The Governor strongly believes that the training programs provided for business and industry with these funds will significantly strengthen Minnesota's economic development.

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: CUSTOMIZED TRAINING SERVICES	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
GENERAL FUND	\$1,500.0	0	\$2,510.5	0
Governor's Recommendation				
GENERAL FUND	\$1,500.0	0	\$2,500.0	0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Funds to provide specific training programs for business and industry are requested by the State Board through this proposal. The proposal would establish the capability to assess training needs, design appropriate curriculum and deliver instruction to business and industry throughout the state utilizing the 34 campus system.

DESCRIPTION/BACKGROUND:

Delivery of customized training services for business and industry have proven to be successful and need to be expanded with the development of a regional support structure. Each AVTI has developed a relationship with area businesses and is assisting with training needs for the industry. Research shows that a team of trained specialists working in an area in cooperation with the AVTI provide the most effective delivery of customized training services.

RATIONALE:

Training services for business and industry are a vital component in the state effort to support economic development. Partnerships between business, industry and vocational technical education will strengthen the state economy and help keep Minnesota competitive in national and international markets. Current research shows business and industry are increasing their priority for training and retraining to incorporate the latest technology into their workforce. The AVTI system is in a unique position to provide service to meet this critical need.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: INSTRUCTOR TECHNICAL UPDATING				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$955.0	0	\$1,035.5	0
Governor's Recommendation				
GENERAL FUND	\$955.0	0	\$1,035.5	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The need for instructor retraining and technical upgrading in the vocational technical system becomes critical as technology is incorporated into the 200 different career occupations provided by the State Board. The above request will provide the beginning of a systematic approach to technical retraining needs.

DESCRIPTION/BACKGROUND:

This special initiative would permit approximately 20% of the instructional staff each year to participate in business and industry technical updating. Funds would be available to reimburse expenses and to pay for substitute instruction during updating.

RATIONALE:

Minnesota's businesses and industries have experienced a great amount of technological changes in the past 5 years. Approximately 80% of the vocational instructors have been teaching longer than five years. Every occupation in the system is undergoing a tremendous technological revolution. In order to maintain a high level of placement and have employer satisfaction with graduates, it is necessary to invest resources in the updating of instructional staff.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's request to achieve the 1987-89 objectives.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

After review of this request, the Governor recommends funding of \$2,700.0 per year, and directs the system to do: a) expand and refine its current evaluation process to develop a systemwide database for the assessment of the quality of its educational program and b) partially fund the above stated needs of the system. A quality assessment plan is to be presented in the fall of 1987 and actual reporting of performance against the assessment plan will begin in the fall of 1988. Reports will be submitted to both the Department of Finance and the legislature.

ACTIVITY:  
PROGRAM: INSTRUCTION  
AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Request Title: BASE ADJUSTMENT				
Agency Request				
GENERAL FUND	\$5,000.0	0	\$ 0	0
Governor's Recommendation				
GENERAL FUND	\$2,700.0	0	\$2,700.0	0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Board is requesting the above funding to correct for the difference between allocations available to the elementary/secondary state budget and to the vocational technical educational system during the 1985-87 biennium.

DESCRIPTION/BACKGROUND:

Expenditures in the vocational technical education system are in most districts dependent upon the revenues in the elementary secondary system. Expenditures in the 370 districts with contracts settled amounted to 13.4% over two years, which is approximately 3.5% greater than resources available to the vocational technical system. Financing this difference resulted in a reduction in equipment, supplies and staff development of approximately \$5.5 million during the current biennium.

RATIONALE:

Expenditures in the vocational technical system are generally dependent on revenues available to the elementary/secondary budgets. If the 1987-89 budget for elementary/secondary operations increases above the level anticipated in the vocational budget then the size of this change level request should be adjusted accordingly.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

RATIONALE:

Generally large capital repairs are funded in a bonding bill authorized by specific legislature action. Funding these repairs and replacements in the non-instruction category will provide a stable source of funding.

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$3,131.2 for the biennium for repair and replacement projects. This recommendation recognizes the need to protect the state's physical plant investment and to compensate for repair and replacement cutbacks since 1980. The recommendation is derived from application of a formula developed by Dr. Harlan Briether (University of Illinois) for determining and funding system repair and replacement needs. This formula bases repair and replacement funding on estimates of physical plant replacement value and assumptions about building life expectancy (50 years) and the portion of the building not expected to deteriorate during its useful life (33%). Since limited resources and other spending priorities do not permit full funding of this formula, the Governor recommends F.Y. 1987-89 funding at 42.5 percent of formula. The amount recommended above reflects funding at this level less any repair and replacement funding now included in the system's F.Y. 1987-89 base. Since almost all of the Vocational Technical System's expenditures are for instructional programs, student tuition is expected to fund 26 percent of the recommended amount. The Governor also recommends continued study of repair and replacement needs and expenditures during the 1987-89 biennium. The purpose of this study would be to determine the adequacy of the building replacement formula and the adequacy of funding levels recommended in this budget.

Request Title:	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
REPAIR AND REPLACEMENT				
Agency Request				
GENERAL FUND	\$5,250.0	0	\$4,275.0	0
Governor's Recommendation				
GENERAL FUND	\$1,565.6	0	\$1,565.6	0
Request requires statutory change:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Board is requesting funds to complete significant capital repairs and avoid deferral of necessary maintenance in the 34 campus vocational technical education system. These funds are necessary catch-up on maintenance which has not been funded in the system. Other post-secondary systems have been funded because the buildings are owned and maintained by the State of Minnesota rather than by local independent school districts.

The State Board will also be requesting that funds for Repair and Replacement be allocated on a 100% current funding basis rather than the present 85:15 payment schedule. Expenditures for building repairs are through private contractors which necessitate a 100% payment upon completion. Requiring the AVTIs to wait for the remaining 15% payment causes significant cash flow problems.

DESCRIPTION/BACKGROUND:

Significant capital repairs and maintenance such as parking lots and roof replacements are included both in this request and in the bonding proposal to be reviewed in the capital budget process. The department of finance is requesting that post-secondary systems prepare their requests for repairs and replacements as a way to provide a stable support for repair and betterment needs. These funds are to be placed in the non-instructional category.

PROGRAM: NON-INSTRUCTION  
 Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

1987-89 Biennial Budget

PROGRAM PURPOSE: The non-instructional program contains the system resources not provided for in the instructional program. According to the average cost funding methodology these resources are not computed in the instructional base allocation and therefore do not require a tuition support from students.

OPERATION: This program encompasses the following operations:

1. Debt Service

OBJECTIVE: To retire the debt service bonds issued before 1-1-79, according to the Legislature payment schedule.

DESCRIPTION: State funds are needed to provide debt services payments to local school districts for area vocational technical institute (AVTI) buildings financed with local district bonds issued before 1-1-79. These funds support the state share of bond payments. For construction occurring after 1979, all AVTIs are required to levy for 15% of the total of the construction costs, with the state assuming the remaining 85% of costs. Debt service aid cannot be claimed for bonds issued after 1-1-79, and consequently will eventually phase out in 1999.

The amount of debt service aid remaining to be paid is listed in Table 11.

TABLE 11  
 AVTI DEBT SERVICE SCHEDULE

Fiscal Year	Total	Local Share	State Aid	Number Districts
1986	8,712,922	2,324,654	6,388,268	29
1987	8,123,289	2,196,210	5,927,079	27
1988	7,374,301	2,002,626	5,371,675	24
1989	6,443,440	1,738,745	4,704,695	21
1990	3,550,978	1,000,838	2,550,140	13
1991	4,471,104	1,253,968	3,217,136	10
1992	1,412,846	368,843	1,044,003	5
1993	655,264	157,163	498,101	4
1994	578,057	150,629	427,428	4
1995	533,299	137,731	395,568	3
1996	401,030	111,158	298,872	2
1997	105,925	30,411	75,514	1
1998	100,462	28,843	71,619	1
1999	97,731	28,059	69,672	Final Payment

OPERATION: (Contd.)

2. Financial Aids (Work Study)

OBJECTIVE: This activity exists to provide qualified students with the opportunity to earn additional financial resources while attending a post-secondary program.

DESCRIPTION: Students are able to work in area vocational technical institute (AVTI) supervised work study jobs. Federal and state funds are available for the program under a matching requirement formula. State funds are requested for the system share. Each AVTI submits a request for their total program costs. System funds are requested for 20% of the total, and federal and state funds are available for the additional 80% of the total. If a student worker is employed in an off-campus position, the non-profit organization employer must contribute the matching 20%.

3. F.I.R.E. Research Center

OBJECTIVE: This activity exists to improve the level of fire protection for all citizens by working with fire departments, local and state officials, educators, industry, and citizens groups.

DESCRIPTION: The 1985 legislature transferred the F.I.R.E. Center (Fire, Information, Research, and Education) from the University of Minnesota to the State Board effective July 1, 1986. The fire center's activities include research functions, maintenance of the state library, formulation of a 5-year training plan, and coordination of fire service communications. AVTIs provide training for fire service personnel throughout Minnesota and the F.I.R.E. Center adds the research component to the program.

4. Veteran Farmer Cooperative Program

OBJECTIVE: Minnesota provides farm business management programs designed for students with G.I. bill benefits. These programs are similar to regular farm business management programs and provide instruction in agricultural financial planning, farming practices, and recordkeeping.

DESCRIPTION: Farm management programs are provided for veterans who are involved in farming and eligible for the G.I. bill benefits. These programs have been reducing in number the last several years due to a reduced number of eligible veterans. State aid to the program is computed at 75% of the salary costs of the instructor and 50% of the instructors' travel. The balance of the program costs are paid in the form of tuition by the veteran.

PROGRAM: NON-INSTRUCTION  
(Continuation)

1987-89 Biennial Budget

Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

5. Federal Funding:

OBJECTIVE: The State Board has received funds authorized by the Carl D. Perkins Act of 1984 to conduct vocational technical programs and services. These resources have enhanced the services available throughout the system and the Board will continue to apply for all available federal funds.

DESCRIPTION: There are several Federal programs for which Minnesota receives funds. These resources are distributed according to the regulations prescribed in each specific program. These regulations have become prescriptive in the last several years and the amount of State Board flexibility has decreased. The Carl D. Perkins Act prescribes the following categorical areas and the percent of funds to be authorized in each area.

1.	Handicapped	10.0%
2.	Disadvantaged	22.0%
3.	Sex Equity	3.5%
4.	General Adult	12.0%
5.	Single Parent	8.5%
6.	Incarcerated	1.0%
7.	Improvement	43.0%
		100.0%

Federal funding activities may include, but are not limited to guidance and counseling, vocational student follow-up, staff development, curriculum development, and research priorities.

A second source of federal funds available to the State Board are through the Job Training Partnership Act (P.L. 97-300). This program provides for job training opportunities in vocational programs throughout Minnesota. The Vocational Technical Education System qualifies for funds by offering educational services to students who are defined as economically disadvantaged. Secondary programs and other post-secondary systems, including private sector institutions, are also eligible to receive federal funds under this law. Use of funds is determined by the Governor's Job Training Council, which coordinates their decisions with the State Job Training Office.

The amount of funds received through the Carl D. Perkins Act in F.Y. 1987 were \$12,976.6. These funds have been decreasing due to cutbacks at the federal level and may cause the reduction of services in Minnesota if the amount continues to decline.

6. State Council on Vocational Technical Education:

OBJECTIVE: The State Council on Vocational Technical Education is an independent state council created by special legislation and attached to this budget request. The State Board acts as the fiscal agent for the Council, but does not approve or review their work plans or expenditures.

DESCRIPTION: Federal law requires the establishment of an independent gubernatorially appointed council to review vocational state plans and make recommendations on vocational technical programs both at elementary/secondary and post-secondary levels. The budget request for the State Council will be presented by the State Council. The budget request for the State Council on Vocational Technical Education is presented as a separate activity following this program.

EXPLANATION OF BUDGET REQUEST: Five change level requests are presented for this program. They represent necessary state initiatives to improve vocational technical education in Minnesota.

1. Services for Handicapped Students - The State Board is requesting additional resources to offer vocational technical education programs to those handicapped students who can benefit from post-secondary education. These non-instruction funds are to provide for the excess costs of instruction involved in modifying a traditional program or to establish a specific training program for handicapped students.
2. Child Care Services - The State Board is requesting funds to increase access to post-secondary programs for those students who need child care. The lack of affordable child care has become a severe barrier for those students who can benefit from the opportunity to attend an educational program.
3. Repair and Replacement - Significant capital maintenance in the 34 campus vocational technical system has traditionally been funded through specific legislature requests in the state bonding process. This change level request will provide funds for an accumulation of deferred maintenance needs in the system. The amount requested is in addition to the amount of annualized repair and replacement funding which is in the instruction program.
4. Debt Service - The amount of debt service funding can be reduced to accommodate the declining bond payment schedule.
5. Veteran Farmer Cooperative Program - A reduction in funds for veteran farmer cooperative programs will be requested to accommodate fewer eligible veterans enrolled in programs.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the system's non-instructional same level, adjusted for the 2 negative change requests, and then inflated by 2.5% per year. In addition, the Governor's biennial recommendation is \$1,597.8 for development of statewide career assessment and referral centers and the integration of the agricultural crisis assistance program into the Vocational Technical System. Both of these new activities will be done in cooperation with other post-secondary systems as well as appropriate state agencies.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

PROGRAM: NON-INSTRUCTION

SYSTEM: STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL FY 1985	ACTUAL FY 1986	ESTIMATED FY 1987	FY 1988 REQUESTED LEVELS			FY 1989 REQUESTED LEVELS			GOVERNOR'S RECOMMENDATION	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	FY 1988	FY 1989
EXPENDITURES BY ACTIVITY:											
DEBT SERVICE	6,740.3	6,388.3	5,927.1	6,015.4	(643.7)	5,371.7	6,015.4	(1,310.7)	4,704.7	5371.7	4704.7
VET'S AG	281.0	162.2	67.0	90.6	(35.9)	54.7	90.6	(43.8)	46.8	56.1	49.1
WORK STUDY	490.0	506.9	562.6	520.6	0.0	520.6	520.6	0.0	520.6	533.6	547.2
FIRE CENTER	0.0	0.0	100.0	100.0	0.0	100.0	100.0	0.0	100.0	102.5	105.1
STATE COUNCIL	0.0	37.5	37.5	37.5	75.0	112.5	37.5	78.8	116.3	38.4	39.4
HANDICAPPED	0.0	0.0	0.0	0.0	1,500.0	1,500.0	0.0	3,500.0	3,500.0	0.0	0.0
CHILD CARE	0.0	0.0	0.0	0.0	2,550.0	2,550.0	0.0	2,650.0	2,650.0	0.0	0.0
REPAIR & REPL	0.0	0.0	0.0	0.0	5,250.0	5,250.0	0.0	4,275.0	4,275.0	0.0	0.0
AG CRISIS ASSISTANCE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	288.9	288.9
CAREER ASSESSMENT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	510.0	510.0
FEDERAL											
POST SECONDARY	10,990.4	11,517.2	13,308.7	13,308.7		13,308.7	13,308.7		13,308.7	13,308.7	13,308.7
SECONDARY	1,187.6	1,335.5	1,116.5	1,116.5		1,116.5	1,116.5		1,116.5	1,116.5	1,116.5
TOTAL	19,689.3	19,947.6	21,119.4	21,189.3	8,695.4	29,884.7	21,189.3	9,149.3	30,338.6	21,326.4	20,669.6
EXPENDITURES:											
DIRECT	19,689.3	19,947.6	21,119.4	21,189.3	8,695.4	29,884.7	21,189.3	9,149.3	30,338.6	21,326.4	20,669.6
INDIRECT											
TOTAL	19,689.3	19,947.6	21,119.4	21,189.3	8,695.4	29,884.7	21,189.3	9,149.3	30,338.6	21,326.4	20,669.6

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend this request. Budget constraints along with other spending priorities preclude additional funding. The system, however, has the option of allocating other available resources to this project during the 1987-89 biennium.

Request Title: SERVICES FOR HANDICAPPED STUDENTS				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$1,500.0	0	\$3,500.0	0
Governor's Recommendation				
GENERAL FUND	\$ 0	0	\$ 0	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Board is requesting funds to support the excess costs of instruction associated with providing programs to handicapped students. These costs include career assessment, specialized curriculum, equipment and often intensive support services.

DESCRIPTION/BACKGROUND:

A greater number of students with special needs would be served in the vocational technical education system through implementation of a five year full service plan. The plan would finance necessary support services for students with mild to moderate disabilities at the campus where the student is in attendance. These services include several levels of assessment services, remedial/specialized curriculum adaptation and equipment modifications. The plan also provides for special comprehensive and intensive support services to be provided at AVTIs with selected vocational programs and accommodations for students with moderate, several, and profound educational/vocational disabilities.

RATIONALE:

Minnesota elementary/secondary special education programs have been doing an excellent job of providing services to handicapped students. As more students complete their secondary training, they are increasingly directed to the vocational technical system for expanded services in both existing and specialized programs. Expanding services for the handicapped is clearly a high priority for Minnesota and one that will require a significant commitment of resources beyond those in average cost funding.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend this request. He has recommended in the budget of the Higher Education Coordinating Board that the state grant and scholarship program be modified to recognize child care costs as part of a student's budget.

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: CHILD CARE SERVICES				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$2,550.0	0	\$2,650.0	0
Governor's Recommendation				
GENERAL FUND	\$ 0	0	\$ 0	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Board is requesting funding to provide child care services for students that need assistance in order to further their educational goals in post-secondary education. Often child care needs present a major barrier to attendance at an AVTI. These funds would remove the barrier and expand the career alternatives to these students in need.

DESCRIPTION/BACKGROUND:

Access to vocational technical programs may be severely limited if a potential student has children who are in need of child care services. Child care expenses are prohibitive for a large number of AVTI students or potential students, and facilities are often limited as well. Providing child care services either at a campus location or through appropriate community-based child care providers would increase the opportunity of Minnesotans to attend an AVTI.

RATIONALE:

Economic opportunity for students who need child care would greatly increase if all AVTIs could provide services. Vocational technical institutes provide relatively short-term education programs with excellent placement. Minnesota would greatly benefit from investing in child care programs as a cost effective way to promote economic development and reduce long-term state obligation for economic assistance.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: DEBT SERVICE

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
GENERAL FUND	( \$643.7)	0	( \$1,310.7)	0
Governor's Recommendation				
GENERAL FUND	( \$643.7)	0	( \$1,310.7)	0

Request requires statutory change:  Yes  No

Statutes Affected:

STATEMENT OF REQUEST/OBJECTIVE:

The State Board will be requesting a reduction in funds which are necessary to require the debt service bonds issued before 1-1-79.

The payments are declining because a significant number of AVTIs are completing their repayment schedule.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: STATE VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: VETERAN FARMER COOPERATIVE PROGRAM				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	(\$35.9)	0	(\$43.8)	0
Governor's Recommendation				
GENERAL FUND	(\$35.9)	0	(\$43.8)	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Board will be requesting a reduction in funds which provide programs for veterans enrolled in Farmer Cooperative Programs. The number of veterans who are eligible for G.I. bill benefits and who are enrolled in programs is declining, and the reduction will provided sufficient funding for those remaining programs.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request to achieve the 1987-89 objectives.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
GENERAL FUND	\$ 0	0	\$ 0	0
Governor's Recommendation				
GENERAL FUND	\$288.9	0	\$288.9	0

Request Title: AGRICULTURAL CRISIS ASSISTANCE PROGRAM

Request requires statutory change:  Yes  No

Statutes Affected:

Additionally, the AVTIs have provided counseling and educational services by hosting agricultural information centers in several parts of the state. These agricultural information centers have become a focal point for educational resources and provide a referral service to appropriate agencies and organizations who can assist with programs. Ten AVTIs have expressed a desire to establish centers and are able to create them on a cost effective basis by utilizing the resources and location at the local AVTI campus. Operation of the centers will be through a partnership of AVTI resources, community resources, state grants, and private donations all joining forces to help with the economic crisis in agriculture.

RATIONALE:

The central purpose of the Agricultural Crisis Assistance program is to create a location where information and resources available to farm families can be brought together in an educational setting; so that individuals may be offered a comprehensive set of alternatives. The AVTIs represent a statewide network of 34 campuses which can manage the assessment and referral process efficiently and effectively. Instructional services at the AVTIs have provided vital assistance for those who wish to stay in agriculture, while offering quality programs for those who wish to seek alternative careers. The vocational system is able to access other governmental services, such as student loans, career counseling, and planning services and is able to provide referral services into Community Colleges, State Universities and other appropriate programs. This service should be continued and is more cost effective if operated by the AVTIs than by individual state agencies.

GOVERNOR'S RECOMMENDATION:

The Governor recommends the State Board of Vocational Technical Education assume the leadership and management responsibility for the Agricultural Crisis Assistance program. This program has provided counseling and educational programs for farm families in need of assistance. The State Board currently manages a number of programs designed to provide assistance to farm families and incorporating the Agricultural Crisis Assistance Program into the Board's responsibility will increase coordination and capitalize on the educational resources and services offered throughout the 34 campus vocational technical education system.

DESCRIPTION/BACKGROUND:

Minnesota agriculture, farm families and related industry have undergone a tremendous economic restructuring in the last several years. The state vocational technical education system has provided assistance to the rural economy throughout this period through the State Farm Crisis Intervention Act of 1985, which provided a free economic analysis to 9,987 farm families. Additionally, vocational education instructors assisted 442 farmers with mandatory mediation, and provided FHA loan reviews for approximately 500 farms. Agricultural programs designed to improve a farmer's chances of success have assisted over 4,000 Minnesota farm families.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: NON-INSTRUCTION

AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: CAREER ASSESSMENT AND REFERRAL CENTERS				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
GENERAL FUND	\$ 0	0	\$ 0	0
Governor's Recommendation				
GENERAL FUND	\$510.0	0	\$510.0	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

GOVERNOR'S RECOMMENDATION:

The Governor recommends allocating funds to the State Board of Vocational Technical Education to establish a system of career assessment and referral centers. These centers shall provide career assessment and referral services to citizens at various locations throughout the state. Career assessment centers will utilize the services and staff at Community Colleges, Department of Jobs and Training, and other appropriate state agencies to avoid duplication and maximize cooperation.

DESCRIPTION/BACKGROUND:

Major changes in the demographic, economic and social conditions have created the need for thousands of Minnesotans to obtain retraining in order to maintain employment or caused the need to seek alternative careers through out Minnesota.

For many of them, the ability to obtain an assessment of an individuals career alternatives and/or a referral to an appropriate educational program or employment option is very limited.

Many of these individuals need substantial assistance in career assessment and planning but do not have access to or know how to obtain a comprehensive or coordinated program which provides direction.

The centers funded by this appropriation would have the capability to perform or arrange for the provision of an assessment and to refer individuals to the appropriate educational, training or employment program or other services which meet their needs.

A key assessment resource which is available is the Minnesota Career Information System (MCIS), a computer based assessment and information tool. The MCIS program would be enhanced to incorporate additional information and research capability used assessment and referral.

RATIONALE:

The ability to obtain a comprehensive career assessment service for the general population is not a priority or major function of a public agency and is not readily available in Minnesota. It's noted, however, that some specialized agencies do have assessment resources for persons who meet their eligibility requirements.

Career assessment for the general public utilizing a neutral assessment and referral resource and the combined efforts of vocational technical education, community colleges and other agencies will result in a coordinated approach in helping overcome the extreme plight of many Minnesotans' adverse employment and economic situation.



ACTIVITY: STATE COUNCIL ON VOCATIONAL TECHNICAL EDUCATION      1987-89 Biennial Budget  
Program: NON-INSTRUCTION  
Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

ACTIVITY PURPOSE: The Council is a focal point for the collaboration of the state's private and public sectors to advance the efficiency, effectiveness, and quality of vocational education in Minnesota's high schools, secondary cooperative centers, and AVTIs.

The State Council on Vocational Technical Education was initially established in 1969, as a state's requirement of the federal Vocational Education Amendments of 1968. On 1-1-85, the Legislature established the Council as a state agency. Its purpose is to carry out the duties of state councils as prescribed by the Perkins Act and "such other purposes as may be necessary to improve vocational technical education." At the same time, the Legislature directed the State Board of Vocational Technical Education to serve as the Council's fiscal agent.

The Council has thirteen members appointed by the Governor to four-year terms. Persons representative of the private-sector interests of agriculture, business, industry, and labor constitute the majority of the membership and hold seven of the thirteen seats. The other six seats are held by persons representative of secondary and post-secondary vocational institutions, career guidance and counseling, special populations, and special education. The Council elects its President from the private sector representatives and appoints an Executive Director.

OPERATION AND CLIENTELE: Clientele include the Governor; the Legislature; the State Board of Vocational Technical Education; the State Board of Education; the Governor's Job Training Council; private sector interests of agriculture, business, industry and labor; the school boards, general and program advisory committee members, staff, teachers and students involved in vocational programs at Minnesota's high schools, secondary cooperative centers, and AVTIs; and the U.S. Secretaries of Education and Labor.

1. Policies the state should pursue to strengthen vocational education, with particular attention to programs for the handicapped, and
2. Initiatives and methods the private sector should undertake to assist in the modernization of vocational education programs.
3. Evaluation of the vocational education programs assisted under the Carl D. Perkins Vocational Education Act and the Job Training Partnership Act (JTPA) in terms of their adequacy and effectiveness in achieving their respective purposes.
4. Participation in the development of the plan for the expenditure of federal vocational funds.
5. Provide assistance on AVTI program evaluations.

6. Consultation on the establishment and operation of state technical committees which advise the Council and Boards on the development of programs to meet Minnesota's labor market needs.
7. Reports on the extent to which special populations are provided with equal access to quality vocational education programs.
8. Recommendations on procedures to ensure the participation of local employers, local labor organizations, and other community members in the provision of vocational technical programs.
9. Conducting at least one meeting each year at which the public is provided the opportunity to express views concerning vocational education.

ACTIVITY SUMMARY: The Council completed numerous activities during the 1985-87 biennium, including reports and recommendations on:

1. State policy regarding secondary vocational education programs;
2. AVTI governance;
3. AVTI program evaluation process;
4. AVTI institutional research and planning capabilities;
5. AVTI Community College mission delineation;
6. The annual state plans for the expenditure of federal vocational funds;
7. Established operational criteria for state technical committees which advise the Board and the Council;
8. Quarterly reports to clientele through the Council's newsletter;
9. Public meetings were held in Hibbing and Anoka to provide an opportunity to express concerns regarding vocational education;
10. Designed and testing an evaluation instrument on operation of AVTI advisory committees;
11. Development of a handbook for local advisory committees;
12. Preparation of a report on entrepreneurial AVTI graduates;
13. Evaluation of the coordination between Federal vocational programs and Federal job training programs (first biennial report).

ACTIVITY: STATE COUNCIL ON VOCATIONAL TECHNICAL EDUCATION 1987-89 Biennial Budget  
(Continuation)  
Program: NON-INSTRUCTION  
Agency: VOCATIONAL TECHNICAL EDUCATION SYSTEM

ACTIVITY PRIORITIES: The Council's primary objective, in meeting its federal and state mandates for the 1987-89 biennium, is to design and execute activities that address vocational education policy in Minnesota. The Council's priorities include reports, recommendations, and other activities on:

1. Policies and rules regarding the operation of secondary and post-secondary program advisory committees;
2. Equity and access of special populations to quality programs;
3. Policies to strengthen programs, with particular attention to serving the handicapped;
4. Initiatives the private sector should undertake to enhance program modernization;
5. Distribution of vocational funds and availability of programs, services, and activities;

CHANGE REQUEST:

State Council on Vocational-Technical Education. The Council is requesting additional funds to accomplish priority goals and comply with state and federal mandates to improve vocational technical education.

BUDGET ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET

BUDGET ACTIVITY: CNCL ON VO-TECH EDUCATION

PROGRAM: CNCL ON VO-TECH EDUCATION

AGENCY: CNCL ON VO-TECH EDUC

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS		111.3	146.6	138.5	75.0	213.5	139.4	138.5	78.8	217.3	140.4
LOCAL ASSISTANCE		14.7	21.4	20.1		20.1	20.1	20.1		20.1	20.1
AIDS TO INDS.											
TOTAL EXPENDITURES		126.0	168.0	158.6	75.0	233.6	159.5	158.6	78.8	237.4	160.5
STATE OPERATIONS - DETAIL:											
PERSONAL SERVICES		64.2	75.4	75.4	68.0	143.4	75.4	75.4	68.0	143.4	75.4
EXPENSES & CONTRAC. SERV		40.9	57.0	51.9	4.0	55.9	52.8	51.9	7.8	59.7	53.7
SUPPLIES & MATERIALS		4.9	4.2	4.2		4.2	4.2	4.2		4.2	4.2
EQUIPMENT		1.3	10.0	7.0	3.0	10.0	7.0	7.0	3.0	10.0	7.1
OTHER EXPENSE ITEMS											
TOTAL STATE OPERATIONS		111.3	146.6	138.5	75.0	213.5	139.4	138.5	78.8	217.3	140.4
SOURCES OF FINANCING											
DIRECT APPROPRIATIONS:											
GENERAL		26.3	46.9	37.5	75.0	112.5	38.4	37.5	78.8	116.3	39.4
DEDICATED APPROPRIATIONS:											
SPECIAL REVENUE		1.9									
FEDERAL		97.8	121.1	121.1		121.1	121.1	121.1		121.1	121.1
TOTAL FINANCING		126.0	168.0	158.6	75.0	233.6	159.5	158.6	78.8	237.4	160.5
POSITIONS BY FUND											
GENERAL											
FEDERAL		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL POSITIONS		2.0	2.0	2.0	2.0	4.0	2.0	2.0	2.0	4.0	2.0

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: STATE COUNCIL ON VOCATIONAL TECHNICAL EDUCATION  
 PROGRAM: NON-INSTRUCTION  
 AGENCY: VOCATIONAL TECHNICAL EDUCATION SYSTEM

Request Title: RESEARCH AND SERVICE SUPPORT				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
GENERAL FUND	\$75.0	0	\$78.8	0
Governor's Recommendation				
GENERAL FUND	\$ 0	0	\$ 0	0
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

The State Council will be requesting an increase in funds to carry out the responsibilities in both state and federal statute.

DESCRIPTION/BACKGROUND:

Funds for the Council have been provided through a federal formula based on population, and have not been sufficient to provide adequate support. The 1985 legislature has provided additional resources to accommodate state initiatives, provide adequate office space and equipment.

RATIONALE:

The Council provides a unique opportunity for a state agency to serve as a coordinator between post-secondary and secondary vocational interests. The Council also is in the position to develop materials and provide services that benefit both secondary and post-secondary programs and avoid duplication of effort and costs.

GOVERNOR'S RECOMMENDATION:

The Governor does not recommend this change request. Budget constraints along with other spending priorities preclude additional funding. The Governor does recommend the council's same level of funding adjusted for inflation for the 1987-89 biennium.

P R O P O S E D P R O G R A M S T R U C T U R E  
 UNIVERSITY OF MINNESOTA  
 1987-89 BIENNIAL BUDGET

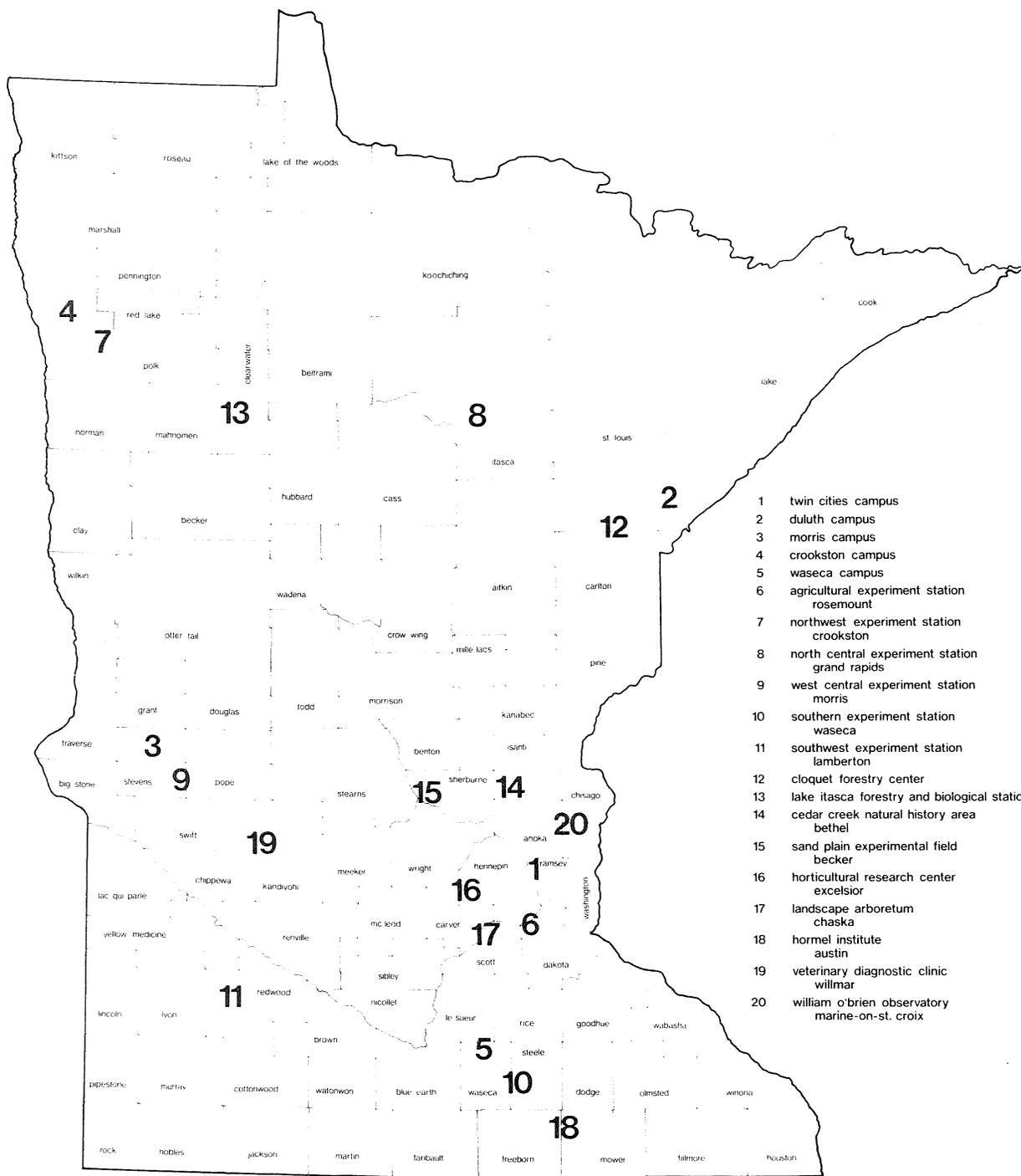
AGENCY: UNIVERSITY OF MINNESOTA

PAGE

PROGRAMS

ACTIVITIES

Instruction and Departmental Research _____		43
Non Instruction _____		53
State Special Appropriations _____		55
	Agricultural Research	59
	Biomedical Ethics Center	65
	China Center	69
	Coleman Leukemia Research	71
	Indigent Patients	73
	Fellowships for Minority & Disadvantaged Graduate Students	76
	General Research	78
	Hormel Institute	82
	Industrial Relations Education	85
	Institute for Advanced Studies in Biological Process Technology	87
	Institute for Human Genetics	90
	Intercollegiate Athletics	92
	Lake Superior Basin Studies	94
	Medical Research	97
	Microelectronic and Information Sciences Center	100
	Mineral Resources Research Center	103
	Minnesota Extension Service	107
	Minnesota Geological Survey	116
	Minnesota Supercomputer Institute	119
	Natural Resources Research Institute	121
	Plant Biomass Energy Research	123
	Productivity Center	126
	Rural Physician Associate Program	129
	Sea Grant College Program	131
	Special Hospitals, Services and Educational Offset	133
	St. Anthony Falls Hydraulics Lab	135
	Student Loans Matching Funds	138
	Talented Youth Mathematics	141
	UMD Center for American Indian and Minority Health	144
	Underground Space Center	147
	Veterinary Diagnostic Laboratory	149



- 1 twin cities campus
- 2 duluth campus
- 3 morris campus
- 4 crookston campus
- 5 waseca campus
- 6 agricultural experiment station  
rosemount
- 7 northwest experiment station  
crookston
- 8 north central experiment station  
grand rapids
- 9 west central experiment station  
morris
- 10 southern experiment station  
waseca
- 11 southwest experiment station  
lamberton
- 12 cloquet forestry center
- 13 lake itasca forestry and biological station
- 14 cedar creek natural history area  
bethel
- 15 sand plain experimental field  
becker
- 16 horticultural research center  
excelsior
- 17 landscape arboretum  
chaska
- 18 hormel institute  
austin
- 19 veterinary diagnostic clinic  
willmar
- 20 william o'brien observatory  
marine-on-st. croix



**educational and research facilities  
university of minnesota**



SERVICE:

In the Land-Grant tradition, the University seeks to extend teaching and research beyond the campus, wherever it can appropriately address an identified need. Public Service is provided through instruction and research, but there are additional service activities which draw upon the University's unique or specialized capabilities. Examples of specific extension services of the University are Minnesota Extension, Radio and television, Center for Urban and Regional Affairs, Bell Museum of Natural History, University Gallery and Minnesota Geological Survey.

OPERATION AND CLIENTELE:

To a major extent, the instructional mission is determined by the relationship of societal and student needs, faculty resources, and institutional capabilities. The research mission evolves from this same relationship, and from the priorities established by funding sources. The service mission results from public demand and resource availability. Therefore, the University's goals and objectives change as these relationships change and will not fit neatly into a structured outline. The clientele of the three basic missions range from readily identifiable day students to the less visible beneficiaries of research, public service, and extension programs. Minnesota residents are the primary clientele, but the University's role as a regional, national, and international resource affects a much wider clientele.

DISCUSSION OF ISSUES:

Commitment to Focus: The recently completed 1985-86 year has marked a turning point in the development and planning of the University. Commitment to Focus (CTF) -- President Keller's personal proposal on recommended directions for the University -- has been and continues to be the focal point of the University's planning and resource allocation decisions. As a result, in no single year has the Board of Regents considered a more extensive set of issues related to the academic programs of the University. Each college singled out in CTF has developed a response and most University-wide committees on CTF have finished their work. Over the next 5 years the University will be moving to implement these approved plans.

Overall, Commitment to Focus is both a statement of educational philosophy and a proposed set of specific actions which the University might take. CTF rests on the assumption that it is both practical and appropriate for the University to become one of this nation's top public institutions. It is practical because the declining college age population gives the State and the University the opportunity to increase the level of resources available for each student by serving a smaller number of students with approximately the same amount of resources. Thus, without substantial increase in State investment, the University could enrich its quality.

AGENCY PURPOSE:

"The mission of the University is to serve the people of the state, wherever they may be, through teaching, research, and public service. It also has an additional obligation to contribute as fully as resources permit to the meeting of national and international needs." Mission and Policy Statement for the University of Minnesota, July 11, 1980.

INSTRUCTION:

Broadly defined, the teaching mission of the University addresses people of all ages. Instruction provided directly by the University ranges from experimental early childhood and nursery school programs to regular and extension programs for the senior citizens. In addition, the University plays an important role in the state's total educational system by conducting research and training activities related to all levels of instruction.

Geographically, the instructional mission is statewide. The regular day programs at the Twin Cities Campus and the 4 Coordinate Campuses are supplemented by formal and informal extension programs throughout the state.

Regular day-school instruction is available in the entire range of entry-level, general education, advanced standing, general and specialized upper division, graduate professional, and post-doctoral programs. At both the undergraduate and graduate/professional levels, the University is frequently the only Minnesota institution offering certain specialized programs.

RESEARCH:

Basic and applied research is fundamental to both the teaching and service missions of the University. Individual scholarly research is integral to University instruction; hence it is part of a faculty member's instructional assignment. Special centers and institutes commonly combine research, teaching and service within particular subject areas. Sponsored research (funded by government agencies, foundations and private sources) may be basic or applied.

Proposals for such research are commonly negotiated between the sponsor and the University to yield research results of interest to the sponsor, to provide support for faculty members' scholarly activities, and to provide equipment and support without which graduate education would not be possible in many areas. State-funded research concentrates on the specific concerns of state agencies as well as providing seed money for sponsored research.

It is also appropriate for the University to make this move. Perhaps as never before, the challenges facing the State and indeed our country are those which demand that people have the highest quality education attainable and that universities produce the highest quality research of which they are capable. Only if these challenges are met, can our State continue to respond to the economic development challenges which it faces. Without making choices to focus its programs, the University risks mediocrity that results from resources too thinly spread. Quality more than quantity is the essential building block of the University. Thus, we must continue the process of program choice, ensuring that we "do better those things which we do best."

The University will continue to emphasize graduate education and research as its primary focus. Yet as the flagship institution of the public systems, the University must rededicate itself to excellence in undergraduate education as well. This has already begun to happen. For example, enhanced honors programs are in place and a program is available for undergraduates who wish to work in research labs with faculty. In turn, we have asked that students meet a threshold level of preparation by specifically defining the preparation requirements we expect of each entering student. These enhanced preparation requirements are intended to signal that the University is striving for undergraduate programs of the highest quality and that students who enroll in these programs should expect to be held to rigorous academic standards.

Yet, all of this would be a hollow promise if we did not protect access. Thus, we have focused the energies of General College on its skill development programs, in order to reemphasize its primary mission as a port of entry to baccalaureate education on the Twin Cities Campus. Individuals lacking in preparation requirements will have an opportunity to enroll in the University through General College.

Today the University of Minnesota is seriously out of balance. Given our level of resources, the University is enrolling too many undergraduates to provide the high quality education demanded by students and required by society. As a result, both the quality of graduate and undergraduate education has eroded.

Based on our State's changing demography, it is best to allow our undergraduate enrollments to decrease as the size of the high school graduation classes diminish. If this does not happen through attrition, then the University must consider direct action to decrease undergraduate enrollment.

Overall, the University is striving, through Commitment to Focus, to improve significantly undergraduate education while continuing to emphasize the importance of graduate education and research. When viewed in total, the outcomes of Commitment to Focus will leave their impact on the mission of the University, although they will alter it at the margin rather than fundamentally reorient it.

Commitment to Focus also rests on the assumption that the health of Minnesota's systems of higher education will depend upon the thoughtful coordination of their missions. Over the past 16 months, progress has been made through HECB and the development of a mission differentiation statement approved by HEAC.

If Commitment to Focus is to be implemented, it calls for specific responses by the State decision makers. Most importantly, the University is asking the State to recognize, through increased appropriations, that we cannot achieve our CTF goals without an increase in our basic appropriation.

Funding Rank Adjustment: In the 1985 session there was a discussion of data indicating that the U of M, TC campus, level of instructional funding was below the median of the eight public universities in the Big Ten which participated in the study. The UM funding goal was stated to be an improvement to a tie for third/fourth place in the foregoing peer group, translating to an annual base increase of approximately \$19 millions at that time, which would have increased the possibility of progress to an academic goal of joining the top 5 public universities in the country.

The 1985-87 appropriation for the Operations and Maintenance Fund included \$8 million for funding rank adjustment and \$5 million as a general base adjustment. Offsetting this resource of \$13 million were unfunded necessities of \$4.4 millions for operation of new space, \$3.3 millions for fuel and utilities price increases, \$1 million debt service on the heating plant, \$1.5 millions for price increases beyond appropriations on library materials/skilled trades/solid and hazardous wastes, \$3.2 millions retrenched and \$2.9 millions of debt service from borrowing to meet the unallotment - for an offsetting total of \$16.3 millions. Consequently it is not likely that we have made any progress in comparative funding with peer institutions and are not likely to do so as long as major unavoidable costs in physical plant remain unfunded.

#### GOVERNOR'S RECOMMENDATION:

The Governor's 1987-89 funding recommendations for the University of Minnesota provide fiscal support for achievement of Commitment to Focus (CTF) objectives and emphasize the role of University of Minnesota as the state's premier research and postgraduate institution. Support for the CTF program includes \$24.0 million above the average cost funding formula for augmentation of CTF priority program areas (e.g. Computer and Information Science, Life Science, etc.); additional funding for instructional equipment and supplies and library services; and special funding for instructional improvement and quality assessment. Overall, the Governor proposes an increase of 18.1 percent in the system's direct state appropriations (1987-89 over 1985-87).

The Governor firmly believes that the University's proposed Commitment to Focus plan will make the University of Minnesota one of world's best research

AGENCY: UNIVERSITY OF MINNESOTA  
(Continuation)

1987-89 Biennial Budget

universities, and will, consequently, strengthen Minnesota's future economic well-being. Therefore, the Governor believes that \$24 million of the recommended increase should be contingent on action by the Board of Regents to formally:

1. accept the Commitment to Focus plan and direct the University administration to implement it; and
2. adopt enrollment targets that will result in a reduction in headcount enrollment of 8,000 students between Fall, 1987 and Fall, 1992; and direct the University administration to implement these targets.

If the Board of Regents takes these actions, the Governor also recommends that:

1. The University of Minnesota be exempted from the enrollment adjustment component of the Average Cost Funding system until F. Y. 1994;
2. if enrollments in a given year exceed the targets by more than 2%, the state appropriation should be reduced by the amount of the excess tuition collected.

In addition, on the basis of comparative data available in the future, the University may seek such further adjustments as would enable it to achieve as rapidly as possible the goals of its strategic plan.

Other major components of the Governor's recommendation include augmented funding for repair and replacement projects, additional funding for physical plant operations (including fuel and utilities and cost of operating new research space); replacing of the current indirect cost recovery offset (\$8,000.0 per year) with direct state appropriations; and support for the farmer-lender mediation program in the University of Minnesota extension activity.

AGENCY: UNIVERSITY OF MINNESOTA  
(Continuation)

1987-89 Biennial Budget

INDEX TO REQUESTS -----	Biennium Request	Governor's Recommendation	page	Changes, Special Appropriations:	Biennium Request	Governor's Recommendation	page
-----	-----	-----	-----		-----	-----	-----
Same Level	982,215.7	999,616.8					
Changes, O & M Appropriation:							
Deficits and Unavoidables							
Liability and Property Catastrophe							
Insurance	1,510.9	-0-	13	Agricultural Research	4,720.0	-0-	61, 63
Grid ICES Debt Service	2,635.2	2,635.2	14	Biomedical Ethics Center	452.8	-0-	67
Fuel and Utilities	10,767.9	5,900.0	15	Indigent Patients	( 700.0)	( 700.0)	75
Solid and Hazardous Wastes	4,792.7	1,000.0	16	Hormel Institute	( 400.0)	( 400.0)	84
Disabled Student Services	449.0	-0-	17	Institute for Advanced Studies in			
Formula Increases				Biological Process Technology	500.0	-0-	89
Academic Salary Request	14,370.6	-0-	18	Lake Superior Basin Studies	( 290.0)	( 290.0)	96
Repair, Replacement and Remodeling	19,596.0	12,540.0	20	Medical Research (Health Services)	282.2	-0-	99
Commitment to Focus				Micro-electronics and Information			
Fellowships, Health Science Fellow				Science Center	1,200.0	-0-	102
Specialists	1,173.2	-0-	21	Mineral Resources Research Center	319.0	-0-	105
Funding Rank Adjustment	24,042.0	24,000.0	22	Minnesota Extension	2,785.0	1,031.0	110-115
Libraries and Supplies				Minnesota Geological Survey	100.0	-0-	118
Library Staff and Aquisitions	2,758.9	2,750.0	24	Plant Biomass Energy Research	( 286.4)	( 286.4)	125
Supplies, Expense and Equipment	4,724.4	4,000.0	26	Productivity Center	381.0	-0-	128
Services				St. Anthony Falls Hydraulics			
Operating Costs, New Space	4,409.5	2,000.0	27	Laboratory	1,050.0	-0-	137
Transit Service Funding	1,187.3	-0-	28	Student Loans Matching	( 100.0)	( 100.0)	140
Quality of Student Experience				Talented Youth Math	28.4	-0-	143
Student Recruitment, Retention,				UMD Center for American Indian and			
and Honors	2,000.0	-0-	29	Minority Health	300.9	-0-	146
Graduate School Fellowships	1,080.0	-0-	30	Veterinary Diagnostic Laboratory	530.0	-0-	151
Graduate and Professional Tuition							
Scholarships	1,000.0	-0-	31	Subtotal, Specials	10,873.1	( 745.4)	
Scholarships for Minority and							
Disadvantaged Health Science				Total, Gross Appropriations	1,098,696.5	1,055,946.6	
Students	246.5	-0-	33		=====	=====	
International Education	400.0	-0-	34	Changes, Income Offsets:			
Other Requests				Professional Colleges Tuition Offset			
Comparable Worth, Civil Service	5,581.5	-0-	35	Reduction	7,291.2	-0-	40
Skilled Trades Pay Increases	872.5	-0-	36	Reciprocity Tuition Offset	-0-	1,970.0	158
Medical Benefits for Academic Retirees	1,309.6	-0-	37	Eliminate Indirect Cost Recovery			
Financial Aid Services	200.0	-0-	38	Offset	16,000.0	16,000.0	42
Child Care	500.0	250.0	39				
Instructional Quality Development	-0-	2,000.0	157	Total, Income Offset Changes	23,291.2	17,970.0	
					=====	=====	
Subtotal, O & M Fund	105,607.7	57,075.2					

RECONCILIATION OF F.Y. 1987 TO SAME LEVEL

		Same Level	
		F.Y. 1988	F.Y. 1989
Instruction:			
Appropriation - O & M			
Additional Income	69.0		
Additional Tuition	3,677.5		
		319,483.8	
			3,746.5
Rebudgeting - O & M			
Family Practice Stipends (1)	( 2,563.0)		
Indirect Cost Allocations	1,964.8		
		( 598.2)	
O & M Instruction			322,632.1
Appropriation - Specials		8,316.0	
Rebudgeting - Specials			
Fellows to Non Instruction(2)	( 3,742.2)		
		( 3,742.2)	
Specials Instruction			4,573.8
F.Y. 1987 Instruction		327,205.9	327,205.9
Same Level Changes - O & M			
Average Cost Funding			
Adjustment		364.6	3,029.1
Formula Tuition per			
1986 Session		6,803.3	6,803.3
Excess Tuition deduction		( 3,677.5)	( 3,677.5)
Transfer Instruction from Hospital Special (2)		4,573.8	4,573.8
Transfer Instruction to O & M (2)		( 4,573.8)	( 4,573.8)
Same Level Instruction		330,696.3	333,360.8
Non Instruction F.Y. 1987			
Appropriation - O & M			
Additional Income	475.0		
		97,609.3	
			475.0
Rebudgeting - O & M			
Agricultural Research	(10,394.7)		
Family Practice Stipends (1)	2,563.0		
Indirect Allocations	( 1,964.8)		
		( 9,796.5)	
O & M Non Instruction			88,287.8
Appropriation - Specials		55,832.0	
1986 Session Approp.	1,615.0		
Appropriation Reductions	( 850.0)		
			765.0
Rebudgeting - Specials			
Transfers from O & M	10,394.7		
Fellows to Non Instruction(2)	3,742.2		
		14,136.9	
Specials Non Instruction			70,733.9
F.Y. 1987 Non Instruction		159,021.7	159,021.7
Same Level Changes - O & M			
Income Reductions		( 976.5)	( 976.5)
Academic Salary Adjustments		669.2)	669.0)
Same Level Changes - Specials			
Appropriations Restored		850.0	850.0
Annualizations		184.1	184.1
Academic Salary Adjustments		669.2	669.0
Same Level Non Instruction		159,079.3	159,079.3
Same Level Total		489,775.6	492,440.1

(1) To properly state instructional costs according to ACF guidelines.  
(2) Based on the ACF Task Force's recommended treatment of instructional costs supported by the UMHC special appropriation.

AVERAGE COST FUNDING MATRIX  
1987-1989 BIENNIAL BUDGET  
UNIVERSITY OF MINNESOTA

	F.Y. 1985 Expenditures	Actual F.Y. 1985 FYE	Actual F.Y. 1986 FYE	Estimated F.Y. 1987 FYE	Budgeted Spending Plan F.Y. 1987	Additional Tuition Deduction	(1) Estimation Adjustment	Add: Formula Tuition	Allowable Spending Plan per Formula	Adjusted Cell Values	Instructional Funding (based on two year lagged FYE)	
											F.Y. 1988	F.Y. 1989
Lower Division												
Low Range	47,980.2	15,640	16,268	16,534	54,118.1	( 608.2)	( 511.7)	1,125.2	54,123.4	3,460.6	56,297.0	57,217.6
Mid Range	27,130.8	6,030	5,925	5,995	29,995.4	( 337.1)	( 282.6)	623.7	29,999.4	4,975.0	29,476.9	29,825.1
High Range	9,282.7	1,345	1,294	1,270	9,789.7	( 110.0)	( 92.7)	203.5	9,790.5	7,279.2	9,419.3	9,244.6
Upper Division												
Low Range	63,469.0	14,609	14,534	14,877	71,010.4	( 798.1)	( 981.0)	1,476.5	70,707.8	4,840.0	70,344.6	72,004.7
Mid Range	24,068.5	3,928	3,872	3,907	27,224.1	( 306.0)	( 378.4)	566.0	27,105.8	6,900.7	26,719.5	26,961.0
High Range	11,770.3	1,207	1,087	1,044	12,662.7	( 142.3)	( 173.9)	263.3	12,609.8	10,447.2	11,356.1	10,906.9
Graduate												
Low Range	22,092.5	4,024	4,204	4,333	24,485.1	( 275.2)	2,342.5	509.1	27,061.5	6,725.0	28,271.9	29,139.4
Mid Range	8,955.6	1,327	1,451	1,463	10,579.6	( 118.9)	1,011.5	220.0	11,692.2	8,811.0	12,784.8	12,890.5
High Range	3,446.1	404	407	422	4,015.5	( 45.1)	388.4	83.5	4,442.2	10,995.6	4,475.2	4,640.1
Professional												
Low Range	33,132.5	4,604	4,405	4,395	34,814.9	( 391.3)	120.0	723.9	35,267.6	7,660.2	33,743.2	33,666.6
Mid Range	28,040.2	1,996	1,879	1,871	32,308.8	( 363.1)	112.4	671.8	32,729.9	16,397.7	30,811.3	30,680.1
High Range	14,081.1	768	795	757	16,201.6	( 182.1)	62.8	336.9	16,419.2	21,379.1	16,996.4	16,184.0
Totals	293,449.4	55,882	56,121	56,868	327,205.9	(3,677.5)	1,617.5	6,803.3	331,949.3			

(1) Correction of F.Y. 1985 FYE estimate used for funding 1985-1987 biennial budget.

Same Level instruction per reconciliation	330,696.3	333,360.8
F.Y. 1987 instructional base	(327,205.9)	(327,205.9)
Additional Tuition F.Y. 1987	3,677.5	3,677.5
Formula Tuition per 1986 session	( 6,803.3)	( 6,803.3)
Average Cost Funding Adjustment	364.6	3,029.1

ALLOCATION OF SUPPORT EXPENDITURES TO PRIMARY PROGRAMS  
 1987-1989 BIENNIAL BUDGET  
 F.Y. 1985 BUDGET  
 (All State Funds)  
 \$(000)

UNIVERSITY OF MINNESOTA									
Campus	Primary Programs				Support Programs				Total
	Instruction	Research	Public Service	Other	Academic Support	Student Support	Institutional Support	Physical Plant	
Twin Cities	166,938.6	44,924.4	31,317.0	2,336.4	25,181.1	5,388.6	8,697.4	49,705.9	334,489.4
Duluth	18,728.1	3,006.2	.7	730.2	2,879.9	1,575.0	1,586.1	6,254.6	34,760.8
Morris	3,542.3	.2		225.1	1,017.9	1,167.8	791.0	1,595.1	8,339.3
Crookston	2,533.5			162.2	347.5	539.5	704.4	1,239.0	5,526.1
Waseca	2,126.4			6.2	740.0	760.3	639.1	1,148.8	5,420.9
Systemwide				11,542.6	2,107.1	7,018.1	19,751.1		40,419.0
<b>Total</b>	<b>193,868.9</b>	<b>47,930.9</b>	<b>31,317.7</b>	<b>15,002.8</b>	<b>32,273.5</b>	<b>16,449.3</b>	<b>32,169.0</b>	<b>59,943.4</b>	<b>428,955.5</b>
Physical Plant	26,225.9	12,372.3	4,858.1	3,494.5	6,069.7	3,827.8	3,095.2	( 59,943.4)	
Institutional Support (1)	15,239.9	9,375.0	8,725.7	50.5	1,020.5	852.5	( 35,264.2)		
Student Support	20,600.1	529.4				( 21,129.6)			
Academic Support (1)	37,514.7	799.6	1,009.4	40.0	( 39,363.7)				
<b>Total</b>	<b>293,449.4</b>	<b>71,007.2</b>	<b>45,910.9</b>	<b>18,587.9</b>					<b>428,955.5</b>

(1) Allocated to programs on the basis of expenditures from all funds.

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

AGENCY: UNIVERSITY OF MINNESOTA

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL			F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	ESTIMATED F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Fully Allocated Costs											
Instruction	288,512.6	302,616.4	322,632.1	330,696.3	29,707.2	360,403.5	333,360.8	43,537.8	376,898.6	352,491.0	368,657.2
Non Instruction	85,841.9	79,334.0	88,287.8	86,642.1	18,479.2	105,121.3	86,642.1	13,883.5	100,525.6	98,049.8	97,136.3
Special Appropriations	54,601.0	70,159.6	75,307.7	72,437.2	5,221.1	77,658.3	72,437.2	5,652.0	78,089.2	68,818.2	70,794.1
Agency Total	428,955.5	452,110.0	486,227.6	489,775.6	53,407.5	543,183.1	492,440.1	63,073.3	555,513.4	519,359.0	536,587.6
Expenditures by Category											
Personal Services											
Unclassified	170,342.8	181,651.6	196,397.5	196,397.5	7,628.9	204,026.3	196,397.5	13,161.0	209,558.4	200,736.3	207,126.8
Classified	99,027.6	104,861.9	105,461.8	105,461.8	3,481.9	108,943.7	105,461.8	5,611.2	111,073.0	106,397.0	109,784.2
Fringe Benefits	52,341.4	52,849.5	62,300.3	62,300.3	1,228.6	63,529.0	62,300.3	3,579.5	65,879.9	63,106.4	65,115.4
Total Personal Services	321,711.8	339,362.9	364,159.6	364,159.6	12,339.4	376,499.0	364,159.6	22,351.7	386,511.3	370,239.7	382,026.4
Supplies, Expense and Equipment	107,243.7	112,747.1	122,068.0	125,616.0	41,068.1	166,684.1	128,280.5	40,721.6	169,002.1	149,119.3	154,561.2
Total Expenditures	428,955.5	452,110.0	486,227.6	489,775.6	53,407.5	543,183.1	492,440.1	63,073.3	555,513.4	519,359.0	536,587.6
Positions											
Unclassified	5,024.7	5,141.9	5,139.0	5,139.0	93.2	5,232.2	5,139.0	96.2	5,235.2	5,141.7	5,141.7
Classified	4,619.5	4,843.1	4,805.2	4,805.2	88.5	4,893.8	4,805.2	106.8	4,912.1	4,826.2	4,826.2
Total	9,644.2	9,985.0	9,944.2	9,944.2	181.7	10,126.0	9,944.2	203.0	10,147.3	9,967.9	9,967.9

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

AGENCY: UNIVERSITY OF MINNESOTA

INCOME REPORT				F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Operations and Maintenance Funds											
Instructional											
Appropriations (net)	184,368.6	188,883.9	211,471.7	222,354.5	23,549.4	245,903.9	224,139.8	32,816.0	256,955.7	236,957.0	247,788.3
Permanent University Fund	4,007.9	4,412.4								-0-	-0-
Tuition	99,852.6	108,848.4	110,866.4	108,047.8	6,157.8	114,205.5	108,927.0	10,721.9	119,648.9	115,240.0	120,574.9
Course Fees	150.1	167.9	194.0	194.0		194.0	194.0		194.0	194.0	194.0
Laboratory Fees	133.4	303.8	100.0	100.0		100.0	100.0		100.0	100.0	100.0
Subtotal Instructional	288,512.6	302,616.4	322,632.1	330,696.3	29,707.2	360,403.5	333,360.8	43,537.8	376,898.6	352,491.0	368,657.2
Non-Instructional											
Appropriations	64,765.9	66,089.6	76,607.3	75,938.1	26,479.2	102,417.3	75,938.1	21,883.5	97,821.6	94,744.3	93,830.8
Temporary Investments	4,218.0	3,468.0	2,930.5	1,954.0		1,954.0	1,954.0		1,954.0	2,555.5	2,555.5
Student Application Fees	749.5	776.4	750.0	750.0		750.0	750.0		750.0	750.0	750.0
Indirect Cost Recovery	16,108.5	9,000.0	8,000.0	8,000.0	(8,000.0)		8,000.0	(8,000.0)		-0-	-0-
Subtotal Non-Instructional	85,841.9	79,334.0	88,287.8	86,642.1	18,479.2	105,121.3	86,642.1	13,883.5	100,525.6	98,049.8	97,136.3
Total O & M	374,354.5	381,950.4	410,919.9	417,338.4	48,186.4	465,524.8	420,002.9	57,421.3	477,424.2	450,540.8	465,793.5
Special Appropriations											
Appropriations (net)	54,601.0	70,159.6	75,307.7	72,437.2	5,221.1	77,658.3	72,437.2	5,652.0	78,089.2	68,818.2	70,794.1
Supplements											
Total Specials	54,601.0	70,159.6	75,307.7	72,437.2	5,221.1	77,658.3	72,437.2	5,652.0	78,089.2	68,818.2	70,794.1
Gross Total Appropriations	428,955.5	452,110.0	486,227.6	489,775.6	53,407.5	543,183.1	492,440.1	63,073.3	555,513.4	519,359.0	536,587.6

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: RISK, LIABILITY AND PROPERTY CATASTROPHE INSURANCE  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Risk, Liability and Property Catastrophe Insurance	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,011.6	-0-	\$499.3	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To fund a present, unanticipated deficit and increased costs of risk liability and property catastrophe insurance premiums in the 1987-89 biennium.

DESCRIPTION/BACKGROUND:

For approximately 2 years, the world wide commercial marketplace of property and liability insurance has experienced extreme financial difficulty causing enormous and disruptive premium increases and the loss of favorable terms and conditions for the commercial insurance buyer. In this environment the University has chosen to rely on lesser limits of liability in some insurance lines in order to offset very large premium increases while retaining broad coverage. Despite this policy, however, property insurance costs remain very severe in the current market and for the foreseeable future.

RATIONALE:

The University has often attempted to control major increases in insurance premiums by seeking coverage which offers more limited liability for occurrence or per person. For example, in F.Y. 1986 the University's catastrophe property insurance program generally provided total limits of liability of \$250,000,000 per occurrence at \$5,000 deductible per occurrence and \$100,000 annual aggregate

deductible. In F.Y. 1987 the limits of liability had been generally decreased to \$25,000,000 per occurrence at \$5,000 deductible per occurrence and \$100,000 annual aggregate deductible. A premium, however, of approximately \$940,000 was paid in each year.

The University has not been able to control costs in this fashion for all its insurance coverage. Thus, a nonrecurring deficit of \$472,300 in funding is anticipated in F.Y. 1987 and increased costs of \$459,277 in each year of the 1987-89 biennium are expected because of increases in liability and property catastrophe insurance premiums. This request provides funding to meet these costs. In addition, funding is sought to cover a nonrecurring deficit of \$40,000 in risk insurance premium costs for F.Y. 1987 and to offset premium increases of \$40,000 in both F.Y. 1988 and F.Y. 1989.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M	\$1,160.6			
Special				
Federal				
Private				
Income				
Total	\$1,160.6			
Academic				
Civil Service				
Fringe Benefits				
Expense/Service	\$1,011.6		\$499.3	
Supplies/Materials				
Equipment				
Total	\$1,011.6		\$499.3	

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instructional Cost -

Deficits (\$512.3) 0%  
 Remainder 42%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to permit meeting the above needs through internal reallocation.

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity

ACTIVITY: GRID-ICES (HEATING PLANT CONVERSION) DEBT SERVICE  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

RATIONALE:

The un-reimbursed payments from January 1983 to June 1986 and projected for F.Y. 1987 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Prior years	\$1,182.8	\$ 987.4	\$2,170.2
F.Y. 87 projected	315.4	149.6	465.0
Totals	<u>\$1,498.2</u>	<u>\$1,137.0</u>	<u>\$2,635.2</u>

The principal balance at June 30, 1986 was \$2,548.2 and will be \$2,232.8 at June 30, 1987.

Request Title: Grid-ICES (Heating Plant Conversion) Debt Service	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
	Agency Request			
General Fund	\$2,635.2	-0-	-0-	-0-
Governor's Recommendation	\$2,635.2	-0-	-0-	-0-

Request requires statutory change:    Yes    No  
 Statutes Affected: None

<u>Increase over F.Y. 1987</u>			
<u>F.Y. 1988</u>	<u>F.Y. 1989</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
<u>\$</u>	<u>Pos.</u>	<u>\$</u>	<u>Pos.</u>

Academic		
Civil Service		
Fringe Benefits		
Expense/Service	\$2,635.2	-0-
Supplies/Materials		
Equipment		
Total	<u>\$2,635.2</u>	<u>-0-</u>

STATEMENT OF REQUEST OBJECTIVES:

To cover Grid-ICES debt service deficits and scheduled payments through F.Y. 1987.

DESCRIPTION/BACKGROUND:

In a letter dated July 1, 1981 the Chairmen of the House and Senate Appropriations Committees recommended that the University borrow \$4,731,000 for the next step in heating plant conversion in order to save an estimated \$2.7 million cost of a year's delay. They stated an intent to reimburse the University for debt service costs or to pay off the loan with a subsequent capital appropriation. In the F.Y. 1984 session, a capital appropriation of \$1 million was made, reducing the principal balance of the loan.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request as stated above.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: FUEL AND UTILITIES  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Fuel and Utilities				
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$6,684.0	-0-	\$4,083.9	-0-
Governor's Recommendation	\$2,950.0	-0-	\$2,950.0	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:None				

<u>F.Y. 1987 Base</u>		<u>Increase over F.Y. 1987</u>			
		<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
		<u>\$</u>	<u>Pos.</u>	<u>\$</u>	<u>Pos.</u>
Twin Cities	\$19,212.4				
Duluth	2,273.5				
Morris	447.8	Deficits	\$3,453.4	\$	-0-
Crookston	356.4				
Waseca	261.6	Supplies/Materials	3,230.6		4,083.9
Total	\$22,551.7	Total	\$6,684.0		\$4,083.9

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction  
 Deficits \$(3,453.4) 0%  
 Remainder 58%

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$5,900.0 for the 1987-89 beinnium for the system's on-going fuel and utility needs. This level of funding is deemed sufficient to meet those energy costs which exceed the general price level adjustments recommended elsewhere in this budget.

STATEMENT OF REQUEST OBJECTIVES:

To cover increase in fuel and utility cost and deficits from prior years.

DESCRIPTION/BACKGROUND:

This item encompasses all fuels, electricity, water and sewer service for the Twin Cities Campus and Coordinate Campuses. Projected expenditures are based on anticipated inflationary increases beyond the University's control; no volume increases are included in this request. All fuel and utility increases requested relate to the Twin Cities Campus. No increases are requested for non-Twin Cities areas because their budgets are adequate for projected costs. The deficits consist of \$1,335,600 from prior years and \$2,117,800 projected for F.Y. 1987.

RATIONALE:

Increase in energy costs for F.Y. 1988 and F.Y. 1989 are projected using the Department of Energy and Economic Development Energy Price Forecast. It is estimated that F.Y. 1988 expenditures will increase 3% and F.Y. 1989 expenditures will increase 4% over the previous fiscal year. Because past allotments have not kept up with increasing costs on the Twin Cities Campus, there is a difference of \$2,117,800 between the Twin Cities F.Y. 1987 budget base of \$19,212,400 and the F.Y. 1987 projected expenditure of \$21,330,200.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SOLID AND HAZARDOUS WASTES  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Solid and Hazardous Wastes	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$2,610.8	-0-	\$2,181.9	-0-
Governor's Recommendation	\$ 500.0	-0-	\$ 500.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To cover projected expenditures over current budget base and deficits incurred to properly dispose of solid and hazardous wastes from state supported buildings.

DESCRIPTION/BACKGROUND:

The University generates a variety of wastes that must be collected, transported and disposed of in accordance with federal, state, and local regulations. These wastes include solid wastes which are generated in classrooms and offices; chemical, hazardous and low-level radioactive wastes from laboratories; animal wastes from the Veterinary School and animal research facilities; and miscellaneous wastes.

A central waste abatement effort has been established to reduce the volume of these wastes through recycling of waste chemicals and evaluation of chemical waste treatment schemes. Expenses required in continuing this effort will become part of the on-going program expenditures.

RATIONALE:

In spite of waste abatement efforts, significant increases in waste disposal costs, which are beyond the control of the University, are anticipated. Costs of waste disposal have increased since F.Y. 1984 at the rate of 30% to 33.5% per year. During F.Y. 1987 landfill charges increased 72% on composted material and 74% on loose material. Funding is requested to establish budgets that will meet current needs. Expenses in excess of budgets have occurred in the amounts of \$261,100 for F.Y. 1986 and \$895,100 projected for F.Y. 1987.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
0 & M \$ 969.7				
	Deficits	\$1,156.2	\$ -0-	
	Supplies/Materials	1,454.6	2,181.9	
	Total	\$2,610.8	\$2,181.9	

DISTRIBUTION (ESTIMATED BY PROGRAM):

Instructional Cost -

Deficits \$(1,156.2) 0%  
 Remainder 58%

GOVERNOR'S RECOMMENDATION:

The Governor recommends \$1,000.0 for the 1987-89 biennium for the non-instructional portion of the above request. Price level adjustments and other increases recommended in the system's instructional budget are deemed sufficient to meet any remaining needs.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: DISABLED STUDENT SERVICES

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Disabled Student Services	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$224.5	6.4	\$224.5	6.4
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

RATIONALE:

The University has a long-standing commitment to providing program access and essential support services to disabled students, and projections indicate that the disabled student population will continue to rise. It is critical that state funding increase proportionately to the population. Other than a graduate student, the Office for Students with Disabilities has no counselor to serve approximately 50 blind/visually impaired students, nor does OSD have adequate funding for tutors, notetakers, readers, library aides, laboratory aides, etc., needed to serve this and other disabled populations. Increased funding for the 1987-89 biennium will allow the University to add essential professional and support staff and supplies to serve these populations.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M				
Special	\$146.3			
Federal				
Private				
Income				
Total	\$146.3			
Academic				
Civil Service	\$193.2	6.4	\$193.2	6.4
Fringe Benefits				
Expense/Service				
Supplies/Materials	31.3		31.3	
Equipment			\$	
Total	\$224.5	6.4	\$224.5	6.4

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 100%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to permit meeting the above needs through internal reallocation.

STATEMENT OF REQUEST OBJECTIVES:

To fund services for the growing number of disabled students attending the University of Minnesota. Additional funding will allow program budgets to rise proportionately with increases in the number of students who are learning disabled, hearing impaired, visually impaired, psychologically disabled, and mobility impaired.

DESCRIPTION/BACKGROUND:

The number of disabled students continues to rise on all 5 University campuses. Learning disabled students are the fastest growing disability group and accommodating them requires a great deal of staff time. Furthermore their population is expected to increase in the future. Deaf students, whose population at the University exceeds that of any other Big Ten school, require a large amount of money per student to provide adequate services throughout the University's broad array of academic programs. Visually impaired students require sophisticated training for computer equipment that the University recently obtained for their use. Currently, the Office for Students with Disabilities (OSD) is serving many disabled students without adequate professional staff or appropriate training for existing employees.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: ACADEMIC SALARY REQUEST  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Date	Salary Level
Fall 1984	88% of Fall 1972 level
Fall 1986	92% of Fall 1972 level
Fall 1988	96% of Fall 1972 level
Fall 1990	100% of Fall 1972 level

Request Title: Academic Salary Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$4,758.5	-0-	\$9,612.1	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

The Legislature has responded to this plan, appropriating about 5% in each year of the 1983-85 biennium and about 5.5% in each year of the 1985-87 biennium. The University has augmented this through internal retrenchment and reallocation sufficiently to deliver average increases of about 7.7%, 7% and 8% in F.Y.'s 1984-85-86 respectively. Although not yet known, the amount for F.Y. 1987 will likely exceed 5.5%. It is likely that the 92% goal for Fall, 1986 has been achieved. During the present biennium, the University of Minnesota has also been disadvantaged relative to its public competitors in the Big 10. Legislatively appropriated faculty increases for those schools averaged 7% in each year compared with about 5.5% in each year for the University. This suggests that it will require at least 5% in each of the next two years to retain a competitive position. At the same time, after 4 years of augmentation of legislative appropriations through internal retrenchment and reallocation, the ability to continue that policy is quite limited.

STATEMENT OF REQUEST OBJECTIVES:

The University of Minnesota is asking the state to continue to assist in the program to restore the purchasing power of faculty salaries begun in the 1983-85 biennium. In order to do this the University is asking for a general faculty salary increase of 2% beyond formula in each year of the next biennium. It is apparent that at least 5% in total in each year will be required to continue planned progress in purchasing power restoration while, at the same time, keeping pace with increases at competing Big 10 universities.

DESCRIPTION/BACKGROUND:

In May, 1982, the University adopted as its top planning priority the restoration of academic salaries to their F.Y. 1973 level of purchasing power. With salaries in F.Y. 1983 at only 83% of their purchasing power 10 years earlier, the University recognized that it could not expect to retain its best scholars or recruit top quality faculty if the erosion were not reversed. Available data also showed that, while everyone suffered from the inflation of the previous decade, faculty had been harder hit than other employment groups. A plan was developed to ask the state's cooperation in providing increases that would exceed the inflation rate by a small amount each year with the object of meeting the following schedule:

RATIONALE:

The restoration of purchasing power for faculty and other academic professionals and the maintenance of a competitive position within its peer group is critical to the future of the University. The salary restoration program has made significant strides in rebuilding faculty morale. Coupled with the University's aggressive program to reward merit and retain individuals who have offers from other institutions, funds for which are contained in the Funding Rank Adjustment change item, the state and University are demonstrating their commitment to building a more excellent University. That can only result in more and better teaching, research, and service contributing to the living quality and fiscal health of the State.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity  
(Continuation)

ACTIVITY: **ACADEMIC SALARY REQUEST**  
PROGRAM:  
AGENCY: UNIVERSITY OF MINNESOTA

F.Y. 1987 Base		Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M	\$174,529.6	O&M	\$ 4,118.9	\$ 8,320.2	
Special	27,099.3	Special	639.6	1,291.9	
Total	\$201,628.9	Total	\$ 4,758.5	\$ 9,612.1	

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 96%

GOVERNOR'S RECOMMENDATION:

Recommended general price level adjustments of 2.5 percent per year provide approximately \$15.0 million for faculty salary increases in the 1987-89 biennium. Remaining amounts required to bring system salaries to the levels suggested above could be provided through internal reallocations and/or by targeting available funds to areas of greatest need.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: REPAIR, REPLACEMENT AND REMODELING

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Repair, Replacement and Remodeling	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$10,048.0	-0-	\$ 9,548.0	-0-
Governor's Recommendation	\$ 6,270.0	-0-	\$ 6,270.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To reduce the backlog of major repairs projects on state-supported buildings, supplement existing funding for currently needed repairs and replacement projects, and provide remodeling funds for facilities used by faculty assuming professional chairs supported by the Permanent University Fund.

BACKGROUND/RATIONALE:

Repairs and Replacement, Backlog:

A detailed survey by campus and stations physical plant managers in the summer of 1984 revealed a backlog of major repair projects amounting to \$16,460.4 that was divided over a 4 year period and requested in the F.Y. 1985-87 Biennial Budget at \$4,115.1 per year. Funding was not received and the listing has been increased by an additional \$4,275.0 for the heating plants. The total \$20,735.4 backlog funding is now being requested over 4 years, \$5,183.9 per year.

Repairs and Replacement, Annual Supplement:

An additional survey of physical plant managers addressed the rates of major repair expenditures historically and the annual supplements needed to prevent the future deferral of needed repairs. The specific estimates, when converted to cost per gross square foot (GSF) building space, ranged from \$.15 to \$.40.

Study of the submissions supports a request for supplemental funding at \$.20 per GSF of building space which is state supported on all campuses and stations. This

excludes all space supported by income such as housing, food service, hospitals, student unions and other auxillary services. The calculation is 16,820,534 GSF x \$.20 = \$3,364.1 per year.

Program Accommodation Remodeling:

Given the existence of 344 major buildings and over 16 millions of square feet of maintained space, excluding self-supported space, the need for remodeling funds can be considered in the context of extensive facilities which are serving a changing array of programs. The increase requested is for remodeling associated with the filling of Permanent University Fund chairs including the professor's office and laboratory, secretary and graduate assistants' space, moving and remodeling for those displaced. This totals \$1,500.0 for 11 filled chairs in F.Y. 1988 and \$1,000.0 for additions.

F.Y. 1987 O & M Base

		Increase over F.Y. 1987	
		F.Y. 1988	F.Y. 1989
		\$	Pos.
Major Repair	\$ 999.6		
Deferred Maint.	500.0		
Remodeling	1,284.2		
Total	\$2,783.8		
R & R Backlog		\$ 5,183.9	\$ 5,183.9
R & R Supplement		3,364.1	3,364.1
Remodeling		1,500.0	1,000.0
		\$10,048.0	\$ 9,548.0

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 58%

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$12,540.0 for the biennium for repair and replacement projects. This recommendation recognizes the need to protect the state's physical plant investment and to compensate for repair and replacement cutbacks since 1980. The above recommendation is derived through application of a formula developed by Dr. Harlan Briether at the University of Illinois for determining and funding post-secondary repair and replacement needs. This formula bases repair and replacement funding on estimates of physical plant replacement value and assumptions about building life expectancy (50 years) and the portion of the building not expected to deteriorate during its useful life (33%). Since limited resources and other spending priorities do not permit full funding of this formula, the Governor recommends F.Y. 1987-89 funding at 42.5 percent of formula. The amount recommended above reflects funding at this level less any repair and replacement funding now included in the system's F.Y. 1987-89 base. Since approximately 68 percent of the University's expenditures are for instructional programs, student tuition is expected to fund about one fourth of the recommended amount. The Governor also recommends continued study of repair and replacement needs and expenditures during the 1987-89 biennium. Purpose of this study would be to determine adequacy of the building replacement and the adequacy of funding levels recommended in this budget.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: FELLOWSHIPS FOR MEDICAL AND DENTAL FELLOW SPECIALISTS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Fellowships for Medical and Dental Fellow Specialists	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$586.6	-0-	\$586.6	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

The University requests these student aid funds in order to ensure continuance of the existing program of post-professional degree training of Medical and Dental Fellow Specialists in its own and other Minnesota teaching hospitals. The objective of this program is continued in-state education of Medical and Dental Fellow Specialists to ensure a strong supply of these highly trained specialists in Minnesota.

EFFECTIVENESS MEASURES:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Medical & Dental Fellows Fall Quarters	1,393	978	1,048	1,065	1,065

DESCRIPTION/BACKGROUND:

Prior to the 1983 legislative session, the University received a gross appropriation in support of the educational cost of Medical and Dental Fellow Specialists, against which was offset the actual amount of tuition paid by these students, \$484 per year, about 3% of their instructional costs. With the adoption of Average Cost Funding, the offset became 31% in F.Y. 1984 and 32% in F.Y. 1985.

RATIONALE:

The University of Minnesota is one of the few remaining institutions in the nation that charge any tuition to house staff. The Average Cost Funding Task Force has recommended that expenditures supported by the special appropriation for Special Hospitals, Service and Education and attributable to Medical and Dental Fellows not be considered instruction. These expenditures are largely stipend payments to students and by definition should not be treated as instruction. A similar reclassification on the O & M fund for Graduate Family Practice Residents coupled with the Task Force's recommendation resulted in significantly reduced instructional costs and tuition requirements.

F.Y. 1988 Cell Multiplier will be \$2,127/FYE  
 F.Y. 1989 Cell Multiplier will be \$2,127/FYE

1,050 Fellows generate 1,570 FYE  
 Each Fellow pays tuition of \$484/year

For F.Y. 1988 and F.Y. 1989

1,570 FYE x \$2,127	=	\$3,339,600
		x .33
Tuition Offset	=	1,102,060
Actual Tuition 1,065 x 484	=	(515,460)
Needed Fellowships	=	\$ 586,600

The performance indicators used to evaluate this item should be the continuation of approximately 1,050 Fellows in training generating about 1,570 Full Year Equivalents.

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic				
Civil Service				
Fringe Benefits				
Expense/Service	\$586.6		\$586.6	
Supplies/Materials				
Equipment				
Total	\$586.6		\$586.6	

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to allow the above needs to be met through internal budget reallocations.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: FUNDING RANK ADJUSTMENT  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Funding Rank Adjustment	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
Governor's Recommendation	\$9,814.0	-0-	\$14,228.0	-0-
	\$10,000.0	-0-	\$14,000.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

additional public Association of American Universities (AAU) institutions have been added because of a lack of comparison points in the Big 10. For Duluth a detailed departmental level study was done with a group of 10 peer institutions. Morris was compared with 10 peers at the campus level and Crookston and Waseca with 5 similar campuses. All comparisons reflect F.Y. 1985 data. While it is recognized that funding level is not the only contributor to high academic ranking, without funding comparable to the best schools there is little chance of excelling.

RATIONALE:

In 1985, the University of Minnesota presented a goal of moving its instructional funding level to a tie for third and fourth places among comparable institutions, principally in the Big 10. At that time, based on F.Y. 1983 data, it was calculated that \$23.6 million annually would be needed to do this for the doctoral (Twin Cities) campus. A similar study using F.Y. 1985 data and expanded to include the Coordinate Campuses, produces the following statement of necessary funding changes:

University of Minnesota  
 Direct Cost Funding Charges  
 Based on Peer Group Comparisons  
 F.Y. 1985

STATEMENT OF REQUEST OBJECTIVES:

To increase University of Minnesota (UM) instructional Funding per Full Year Equivalent (FYE) student to a level equivalent to a tie for 3rd and 4th rank among peer universities and colleges, thereby enabling the University to progress toward an academic goal of joining the 5 foremost public universities in the country.

EFFECTIVENESS MEASURES:

The primary measures will be the changes in academic rating and rankings by authoritative review groups such as the Conference Board of Associated Research Councils. Other measures will also be monitored such as the abilities of students attracted to University programs, retention and graduation rates, section sizes and the like.

DESCRIPTION/BACKGROUND:

In recent years comparative expenditure data has become available for doctoral campuses of research universities which allows direct comparisons by similar groupings of academic programs. Peer institution studies for the Coordinate Campuses have also been developed. The comparison group for the Twin Cities campus is, in general, the Big 10 public institutions. In the cases of Dentistry, Pharmacy, Public Health, Veterinary Medicine and Medical Basic Sciences,

Instructional Program

	Change
Agricultural Sciences, Business, and Production	\$ -0-
Natural Resources	256,424
Architecture and Environmental Design	907,012
Area and Ethnic Studies	64,420
Business and Management	742,562
Communications	-0-
Computer and Information Sciences	1,767,432
Education	915,891
Engineering	2,612,927
Foreign Languages	229,348
Communications Disorders	41,345
Medical Basic Sciences	2,357,052
Dentistry	1,370,401
Nursing	(196,430)
Pharmacy	747,051
Public Health	1,875,857
Veterinary Medicine	616,378
Home Economics	(25,462)
Law	357,972
Letters	836,595
Life Sciences	3,082,093

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

(Continuation)

ACTIVITY: FUNDING RANK ADJUSTMENT  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

<u>Instructional Program</u>	<u>Change</u>
Math and Statistics	219,890
Philosophy	80,355
Physical Sciences	2,437,682
Psychology	510,270
Public Affairs	(107,225)
Social Sciences	646,277
Humanities Programs	(68,778)
Women's Studies	-0-
Visual and Performing Arts	2,973,828
Crookston	(413,478)
Duluth	1,944,514
Morris	259,776
Waseca	245,488
Total	\$27,287,467

The 1985 Legislature made about \$6.5 million in appropriation increases to the University funding base which were untargeted and could be used to help with funding rank adjustment. Part of that had to be used for certain other costs that were not funded. Although the UM budgets for direct instruction have risen by about \$21 million from F.Y. 1985 to F.Y. 1987, average faculty salaries among Big 10 competitors rose about 14% in that period and it would have taken about \$18 million to stay even with those increases. In the unlikely case that no improvements other than faculty salary increases were made elsewhere, the University will have gained \$3 million on the shortfall.

However, the University is not requesting the entire adjustment. Under Commitment to Focus, enrollments are expected to fall to meet the funding curve in a few years. While that is happening, the request is made only for partial relief. Raising the base \$9,814,000 in F.Y. 1988 and an additional \$4,414,000 in F.Y. 1989, combined with competitive faculty salary increases and falling enrollments, should bring the University much closer to the third place goal by the end of the coming biennium.

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 100%

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request for augmented funding of selected instructional programs. Use of any such additional funds, however, should be directly related to accomplishment of the University's Commitment to Focus (CTF) goals and to augmentation of those instructional programs clearly indentified as Commitment to Focus priorities.

The Governor firmly believes that the University's proposed Commitment to Focus plan will make the University of Minnesota one of world's best research universities, and will, consequently, strengthen Minnesota's future economic well-being. Therefore, the Governor believes that \$24 million of the recommended increase should be contingent on action by the Board of Regents to formally:

1. accept the Commitment to Focus plan and direct the University administration to implement it; and
2. adopt enrollment targets that will result in a reduction in headcount enrollment of 8,000 students between Fall, 1987 and Fall, 1992; and direct the University administration to implement these targets.

If the Board of Regents takes these actions, the Governor also recommends that:

1. the University of Minnesota be exempt from the enrollment adjustment component of the Average Cost Funding system until F.Y. 1994;
2. if enrollments in a given year exceed the targets by more than 2%, the state appropriation should be reduced by the amount of the excess tuition collected.

In addition, on the basis of comparative data available in the future, the University may seek such further adjustments as would enable it to achieve as rapidly as possible the goals of its strategic plan.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: LIBRARY STAFF AND ACQUISITIONS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Library Staff and Acquisitions	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,119.1	20.5	\$1,639.8	20.5
Governor's Recommendation	\$1,500.0	15.0	\$1,250.0	15.0

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

Funding is requested to maintain current acquisition levels in all of the University libraries; to continue to increase base acquisitions budgets in the Duluth and Morris libraries; and to begin to increase base acquisitions budgets in Law, Waseca and Crookston libraries to the average funding levels of peer institutions.

Funding is also requested for staffing to strengthen the service operations and programs of the University Libraries - Twin Cities; to begin to close the gap between the staffing of the University's Twin Cities Campus Libraries and the staffing of libraries at peer institutions; and to build upon service capabilities provided by the automation of these libraries.

DESCRIPTION/BACKGROUND:

Acquisitions

The University's library collections include all forms of recorded information: monographs, journals, government publications, manuscripts, maps, and audio-visual materials. These materials serve the instructional and research needs of the University's over 3,600 full and part time ranked faculty members and the over 73,000 students enrolled in "for credit" educational programs. Through the Minnesota Interlibrary Telecommunications Exchange (MINITEX) program of the Minnesota Higher Education Coordinating Board and other mechanisms, the Twin Cities collections are shared with other institutions and with state residents.

Beginning with the 1983-85 biennium, the Legislature began to correct historical deficiencies in the University of Minnesota libraries' acquisitions budgets, providing initial funding to Twin Cities Campus Libraries to begin to achieve parity with an identified peer group. This work was continued in the 1985 Legislature, which went part way towards parity funding for the Duluth and Morris campuses. At that time, the University stated that it would begin a program of bringing Law, Crookston, and Waseca into parity with the 1987-89 biennial request. In addition, adequate funding is needed to maintain collection levels in all University libraries, where cost pressures have been particularly strong for foreign scientific, technical, and medical publications for which University libraries have prime responsibility in the state.

Staffing

The staff of University Libraries - Twin Cities supports the teaching, research, and service programs of one of the largest and most complex university campuses in the country. A high quality of library support is essential if the University is to achieve its objective of becoming one of the premier U.S. public universities. Presently, staffing at the Twin Cities Campus libraries is significantly lower than library staffing at the top public universities and lower than staffing at a number of universities not generally considered to be among the very best. As recorded information continues to grow exponentially in both size and complexity and as advances in technology increasingly affect the nature and distribution of recorded information, the need for expanded library service support continues to grow.

RATIONALE:

Acquisitions

The University is requesting \$479,100 in F.Y. 1988 and \$999,800 in F.Y. 1989 to maintain collection levels and offset anticipated increases in library materials costs. Previous legislative appropriations and internal University reallocations have attempted to match acquisitions levels at peer institutions. Success has been significant, but acquisitions support levels for University Libraries - Twin Cities (excluding legal materials) still fall short of the Big 10 libraries in the peer group by approximately 15%. The amount requested will not narrow this gap, but will keep it from widening farther. It will partially offset anticipated cost increases University and peer libraries now face. Price increases for foreign books and serials, including the basic scientific titles from Germany and the United Kingdom, are now exceeding 25% per year, which translates into an overall anticipated cost increase of 12.8% per year for University Libraries - Twin Cities. The amount requested represents 8.7% per year, and will be required as minimum to maintain collection levels.



CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SUPPLIES, EXPENSE, AND EQUIPMENT

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Supplies, Expense, and Equipment	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,564.4	-0-	\$3,160.0	-0-
Governor's Recommendation	\$2,000.0	-0-	\$2,000.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

F.Y. 1987 Base

O&M \$60,559.0  
 Special 17,659.0  
 Total \$78,218.0

Increase over F.Y. 1987			
F.Y. 1988		F.Y. 1989	
\$	Pos.	\$	Pos.
\$ 1,211.2		\$ 2,446.6	
353.2		713.4	
\$ 1,564.4		\$ 3,160.0	

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 45%

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$4,000.0 for the 1987-89 biennium for supplies, expense and equipment items. Purpose of this recommendation is to allow the system to upgrade instructional and research equipment and to compensate for funding cut-backs during the early 1980's.

STATEMENT OF REQUEST OBJECTIVES:

The University of Minnesota requests an appropriation 2% in excess of formula on its supply, expense, and equipment base net of fuel and utilities, library acquisitions, skilled trade costs, solid and hazardous waste removal (requested elsewhere) and of inapplicable State Special appropriations. This will enable the University to make progress in bringing its budgets for such costs closer to those available to our competitors in the Big 10.

DESCRIPTION/BACKGROUND AND RATIONALE:

Throughout the repeated retrenchments of the past decade, available budgets for supplies, expense, and equipment have suffered far more heavily than personnel items. That result is not illogical since a teacher with inadequate nonpersonnel budgets can still teach albeit not nearly so efficiently or well, while retrenching faculty lines while maintaining supply budgets will reduce the ability to deliver services at all.

Inflation has also taken its toll. In the 5 years for 1978 to 1982 the average annual increase in the relevant Higher Education Price Index was 14.1%. Available funding was not nearly adequate to keep up with such a trend. In the past 4 years, inflationary pressure has abated; the average annual increase has been only 2.8%. This presents an opportunity to correct some of the underfunding resulting from past events.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: OPERATING COSTS, NEW SPACE

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: <b>Operating Costs, New Space</b>	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,300.1	15.2	\$3,109.4	33.0
Governor's Recommendation	\$1,000.0	15.0	\$1,000.0	15.0

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

Net additional building space is projected to be brought into operation during the coming biennium for which funding of operation and maintenance must be provided.

DESCRIPTION/BACKGROUND:

The larger components of this request are 24 building expansions for F.Y. 1988 and 44 building expansions for F.Y. 1989. This includes all campuses and stations as well as remodeled space which incorporates air conditioning with added operating costs. The gross square footage of these areas amounts to 1,006,120 GSF.

RATIONALE:

Gross square feet of area and air conditioning which is projected to become operational over the 1987-89 biennium is based on detailed estimates of project completions. Months of operation in each year are factored with unit costs of custodial services, maintenance, fuel and utilities, telephone services, security and management to produce the following amounts:

	Requested F.Y. 1988	Requested F.Y. 1989
Minneapolis	\$ 505.9	\$1,416.0
St. Paul	203.7	596.5
Duluth	454.0	493.7
Crookston	4.4	9.9
Stations	6.8	335.2
Other	25.0	25.0
Total	\$1,300.1	\$3,109.4

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic				
Civil Service	\$ 398.5	15.2	\$ 921.2	33.0
Fringe Benefits	100.3		233.1	
Expense/Service	749.1		1,829.7	
Supplies/Material	52.2		125.4	
Equipment				
Total	\$1,300.1	15.2	\$3,109.4	33.0

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 58%

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional \$2,000.0 for the 1987-89 biennium for operating costs of new research and other non-instructional space. Operating costs of new instructional space should be funded from on-going instructional appropriations.



CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: STUDENT RECRUITMENT, RETENTION, AND HONORS PROGRAMS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Student Recruitment, Retention, and Honors Program				
	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,000.0	-0-	\$1,000.0	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To establish by fall, 1988 both curricular and co-curricular honors programs in all colleges with baccalaureate or pre-baccalaureate degree programs. By 1990 these programs will serve approximately 10% to 15% of the undergraduate students from each college. The objective of this request, consistent with emphasis in the Commitment to Focus plan, is to recruit and retain high potential students and the University thereby increasing the quality of student-faculty interaction and student achievement on campus.

DESCRIPTION/BACKGROUND:

The Commitment to Focus plan proposes the increased recruitment of high ability undergraduate students at the University. Expansion of existing honors programs will augment other recruitment and retention projects that the University has undertaken recently, including increased funding for Merit scholarships for undergraduate students and broadening publicity and communications with state secondary schools and selected prospective student groups.

Currently only the College of Liberal Arts (CLA), the Institute of Technology (IT), and the College of Biological Sciences (CBS) offer honors programs, with present enrollments as follows:

1985-86 Student Enrollment in Honors Programs

CLA	450 (including Duluth)
IT	85
CBS	50
Total	585

Internal funding has been used to initiate these programs. A more stable source of funding is required to support and expand honors programs across the University.

RATIONALE:

If Commitment to Focus is to be successful, the University must insure that high ability students will find academic programs and co-curricular opportunities that engage and challenge them. This requires additional funding for honors programs which have been a successful device for stimulating and retaining high potential students.

F.Y. 1987 Base

	F.Y. 1987 Base	Increase over F.Y. 1987		
		F.Y. 1988	F.Y. 1989	
	\$	Pos.	\$	Pos.
O & M	\$700.0			
Special				
Federal				
Private				
Total	\$700.0			
		Academic		
		Civil Service		
		Fringe Benefits		
		Expense/Service	\$1,000.0	\$1,000.0
		Supplies/Materials		
		Equipment		
		Total	\$1,000.0	\$1,000.0

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 100%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Funds for this purpose could be provided through reallocation or targeting of other fiscal resources.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: GRADUATE SCHOOL FELLOWSHIPS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Graduate School Fellowships	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$440.0	-0-	\$640.0	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

The level of support the University currently offers to quality graduate students is less than that provided at other leading institutions, both in terms of stipend level and in years of support guaranteed. A survey sent to those who declined Minnesota's fellowship offers for the 1986-87 academic year indicated that many students received superior financial aid packages from the institutions they ultimately chose.

RATIONALE:

To remain competitive in today's market, the University must increase the amount of stipend offered and create a modest number of multi-year awards.

Currently, the Graduate School offers 80 fellowships per year, worth approximately \$7,500 plus tuition, for students who are chosen from a pool of 500 nominees. Other institutions are now offering \$10,000, plus tuition. The ultimate goal of this request is to increase the number of fellowship holders to 120 in F.Y. 1988 and 140 in F.Y. 1989. Additionally it will become necessary to offer a limited number of multi-year awards to compete successfully with peer institutions and provide students with the stability of a multiyear commitment for fellowships in their respective fields. The University, and ultimately the state of Minnesota, will benefit immensely by increasing this pool of high quality graduate students, a significant number of whom will remain in the state following their graduation.

STATEMENT OF REQUEST OBJECTIVES:

This request augments the current fellowship program for talented graduate students at the University of Minnesota. Consistent with the Commitment to Focus plan, these fellowships will increase the quality and provide financial support to selected graduate students. The quality of University graduate programs cannot be maintained or improved unless departments successfully recruit talented students in what has become an increasingly competitive market. The objective of this request is to attract outstanding graduate students to the University by providing financial support equal to or greater than that of other leading graduate schools.

DESCRIPTION/BACKGROUND:

The University identified the recruitment and retention of talented graduate students as an institutional priority before the 1985-87 biennium. This item has become an increasingly important priority since the inception of Commitment to Focus. Outstanding graduate students are vital to the University's goal of becoming 1 of the top 5 public research institutions in the country. They enhance the vitality of the profession - and the growth of knowledge itself - by becoming active contributing members at the University of Minnesota and other higher education institutions.

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic				
Civil Service				
Fringe Benefits				
Expense/Service	\$440.0		\$640.0	
Supplies/Materials				
Equipment				
Total	\$440.0		\$640.0	

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Funds for this purpose could be provided through reallocation or targeting of other fiscal resources.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: GRADUATE AND PROFESSIONAL TUITION SCHOLARSHIPS  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

DESCRIPTION/BACKGROUND:

There are 3 factors that are making it very difficult to recruit high quality graduate students:

- 1) The demographics that led to declining enrollments in elementary schools in the 1960's, high schools in the 1970's, and colleges in the 1980's are now affecting graduate schools as the 22- to 28-year-old cohort from which most graduate students are recruited declines in size over the next decade.
- 2) A number of graduate schools at major research universities have plans to increase their student numbers and are increasing their support for students. For example, the University of Iowa has just announced a program of 4-year fellowships with a 1-year stipend of \$11,600, increasing to \$14,000 in the 4th year.
- 3) The new federal tax reform is reducing the value of fellowships. For the first time in history fellowship stipends will be taxed as ordinary income. Furthermore, it is likely that tuition remissions for graduate students will be treated as taxable income. The University of Minnesota may be able to avoid this for 2 years, but the future looks bleak. Funds are needed to offset the loss of after tax income.

Request Title: Graduate and Professional Tuition Scholarships	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$500.0	-0-	\$500.0	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

RATIONALE:

Four essential components make up a quality graduate school: 1) a strong research and teaching oriented faculty; 2) intelligent and highly motivated students; 3) state-of-the-art research facilities; and 4) an administration and Board of Regents committed to the support of graduate education and research. It is moot to ask which is more important. They are the 4 walls of the house of graduate education; take away 1 and the existence of the others is threatened.

Only if the Graduate School can compete effectively for quality students, can it attract and retain a quality faculty; working with intelligent and motivated students is 1 of the great rewards for university faculty, since innovative apprentices can inspire the work of their advisers.

But attracting quality graduate students is also good for the state of Minnesota. Many remain in the state after receiving their degrees and fill important positions in leading firms and educational institutions. It is much easier for a high technology firm to recruit a Minnesota graduate who has already settled in the state than to convince outstanding young men and women from Massachusetts or California to come to Minnesota after receiving their degrees. Indeed, quality graduate students at the University are essential if Minnesota is to live up to the promise of being the "brain power state".

STATEMENT OF REQUEST OBJECTIVES:

The University is requesting \$500,000 in each year of the coming biennium with this fund to be matched on a 1 for 2 basis with \$500,000 of internal University funds. These funds would be used for the following purposes:

- 1) To create a number of 3-year fellowships to enable the University to compete with other research universities. Cost: \$1,100,000.
- 2) Create tuition fellowships that would be attached to stipends given by private individuals or corporations. For example, if a fellowship were given with a stipend of \$10,000, the donor would be told that the University would cover the tuition. Tuition for 40 fellowships would cost \$100,000.
- 3) Increasing the stipends of 1-year fellowships to \$10,000 to make them more competitive and to offset the decline in their value because of the new tax law. Cost: \$300,000.

EFFECTIVENESS MEASURES:

It should be possible to monitor the effectiveness of these measures by tracking the numbers and ability measures of students attracted to University postgraduate programs.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

(Continuation)

ACTIVITY: GRADUATE AND PROFESSIONAL TUITION SCHOLARSHIPS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic				
Civil Service				
Fringe Benefits				
Expense/Service	\$500.0		\$500.0	
Supplies/Materials				
Equipment				
Total	\$500.0		\$500.0	

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Funds for this purpose could be provided through reallocation or targeting of other fiscal resources.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: SCHOLARSHIPS FOR MINORITY AND DISADVANTAGED HEALTH SCIENCES STUDENTS

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$110.2	-0-	\$136.3	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

practitioners in the state of Minnesota and studies have found that graduates increasingly practice in the areas where they have been educated. This program will further reinforce the desire of many students to practice in the state.

The projected number of students who will take advantage of the scholarships for minority and disadvantaged students in health sciences are:

F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
8	16	23	28

Under this proposal, University colleges in health sciences fields will match funding levels provided by the Legislature.

F.Y. 1987 Base	Increase over F.Y. 1987	
	F.Y. 1988	F.Y. 1989
	\$ Pos.	\$ Pos.
O & M	\$132.4	
Special		
Federal		
Private		
Total	\$132.4	
Academic		
Civil Service		
Fringe Benefits		
Expense/Service	\$110.2	\$136.3
Supplies/Materials		
Equipment		
Total	\$110.2	\$136.3

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Funds for this purpose could be provided through reallocation or targeting of other fiscal resources.

STATEMENT OF REQUEST OBJECTIVES:

To provide additional merit-based scholarships to outstanding minority and disadvantaged students in health sciences fields. These scholarships will be given only to residents of the state of Minnesota, thus allowing the University to compete more fully with many private colleges who now offer similar financial support.

DESCRIPTION/BACKGROUND:

Prior to F.Y. 1985, the University had never offered scholarships to high ability minority and disadvantaged health science students. To be successful in competing with other Universities who offer full scholarships for such students, the University has recently allocated funds internally for a pilot program of merit-based scholarships.

RATIONALE:

If the Commitment to Focus plan is to be successfully implemented, professional school scholarships in fields such as the health sciences must be expanded. The cost of these health science programs is severe and especially so for minority and disadvantaged students. With in-state tuition rates already among the highest in the nation, this program becomes a necessary tool in attracting higher ability minority and disadvantaged students. Currently, there are very few minority

CHANGE REQUEST

Agency    Program    Activity

1987-89 Biennial Budget

ACTIVITY: INTERNATIONAL EDUCATION  
 PROGRAM:  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: International Education	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$200.0	2.5	\$200.0	2.5
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST OBJECTIVES:

To coordinate and enhance international education programs at the University and with the community. Commitment to Focus and previous planning cycles designated international education as 1 of 5 major initiatives for the University. Research and education in foreign language and area studies, language competency, and exchange programs will be especially addressed in this request.

DESCRIPTION/BACKGROUND:

Science, technology, business, financial services, agriculture as well as security and general economic affairs are inextricably interwoven with events overseas. The state, as part of a global economy, and the University as a part of the international educational community, must develop and implement a plan to address research and education in foreign languages and international studies, provide for academic exchanges, and promote language and international studies among business and management students, in order to be competitive in the coming decades.

RATIONALE:

Increased funding will support research in foreign language and international studies for faculty and graduate students, coordination of language programs within the University and with K-12 and adult education, and enhance faculty and student exchanges and internships. The importance of language competency and the development and implementation of a "common metric for language proficiency" will be stressed. Staff is required to administer immigration documentation for the approximately 4,000 foreign scholars and students on the campus annually, a task which is becoming increasingly complex, requires professional staff, and which is currently funded on a temporary basis.

F.Y. 1987 Base

		Increase over F.Y. 1987			
		F.Y. 1987		F.Y. 1988	
		\$	Pos.	\$	Pos.
O & M	\$ 664.5				
Special		\$ 80.0	2.5	\$ 80.0	2.5
Federal					
Other					
Income	665.3	120.0		120.0	
Total	\$1,329.8				
Academic					
Civil Service					
Fringe Benefits					
Expense/Service					
Supplies/Materials					
Equipment					
Total		\$200.0	2.5	\$200.0	2.5

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 100%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Funds for this purpose could be provide through reallocation or targeting of other fiscal resources.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: COMPARABLE WORTH, CIVIL SERVICE

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Comparable Worth, Civil Service	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,860.5	-0-	\$3,721.0	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

RATIONALE:

This request responds to the mandate of the state's pay equity statute and addresses the concern that employees in female-dominated jobs were not paid as much as employees in male-dominated jobs of equal worth. Secondly, both University and state Civil Service employees have historically been treated similarly with respect to salaries and benefits. This intent has been embodied in Minn. Stat. Section 137.02 for many years. Because of legislative funding the last 2 bienniums, the state of Minnesota has completed implementation of its pay equity salary adjustments. Similar treatment for University Civil Service employees should be forthcoming. Requested funding will cover both salary adjustments and associated fringe benefits.

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic	\$		\$	
Civil Service	1,592.8		3,185.7	
Fringe Benefits	267.7		535.3	
Expense/Service				
Supplies/Materials				
Equipment				
Total	\$ 1,860.5		\$ 3,721.0	

DISTRIBUTION (ESTIMATED) BY PROGRAM

Instruction 80%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to permit meeting the above needs through internal reallocation.

STATEMENT OF REQUEST OBJECTIVES:

To comply with the pay equity statute governing the University, and to insure compliance with the "comparability" statute, the request will fund actual pay equity adjustments for some civil servants in the 1987-89 biennium.

EFFECTIVENESS MEASURES:

By the end of the 1989-91 biennium, historical pay equity adjustments will have been completed.

DESCRIPTION/BACKGROUND:

This request would provide support for a 4 year program initiated after the Legislature passed a pay equity law. Using a new bias-free Job Point Factor Evaluation system, the University conducted a pay equity analysis to determine necessary pay adjustments. The results of this pay equity analysis were reported to the Legislature in April, 1985, as required by the pay equity statute. In F.Y. 1988 and F.Y. 1989 the requested funds will correct half of the pay inequities uncovered by the analysis.

CHANGE REQUEST

Agency    Program    Activity

1987-89 Biennial Budget

ACTIVITY: SKILLED TRADES PAY INCREASES

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Skilled Trades Pay Increases	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$264.4	-0-	\$608.1	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:    Yes    No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To cover projected annual skilled trades pay increases applied to University repair and maintenance budgets for all campuses.

DESCRIPTION/BACKGROUND:

Labor costs of skilled trades workers are charged to University repair and maintenance budgets as supply and expense expenditures rather than salaries. Since union scale pay levels change at a different rate than other supply and expense components, this expenditure base is separated for special funding.

In addition to the normal pay increases contained in annual contracts negotiated by skilled trades unions each year, during F.Y. 1986 four locals added to their union benefits holiday pay. An amount reflecting this increase has been included in the request for the Twin Cities campus.

RATIONALE:

Skilled trades labor accounts for approximately 51% of the expense to Physical Plant repair and maintenance accounts. Funding for the skilled trades pay increases is needed to maintain current level of operations. Increases for F.Y. 1988 are estimated at 4%; for F.Y. 1989 at 5%. Electrical workers, the largest skilled trades representation at the University during F.Y. 1986, had a rate increase for Journeyman of \$1.00/hr (hourly rate is \$23.0170 F.Y. 1985; \$24.0166 F.Y. 1986) or 4.34% increase.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M	\$6,610.3			
Special				
Federal				
Private				
Income				
Total	\$6,610.3			
			Academic	
			Civil Service	
			Fringe Benefits	
		\$264.4	Expense/Service	\$608.1
			Supplies/Materials	
			Equipment	
		\$264.4	Total	\$608.1

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 58%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to permit meeting the above needs through internal reallocations.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MEDICAL BENEFITS FOR ACADEMIC RETIREES

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Medical Benefits for Academic Retirees	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$607.3	-0-	\$702.3	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To pay premiums for Blue Cross/Blue Shield and Medicare Part "B" insurance coverage for retired academic employees.

EFFECTIVENESS MEASURES:

	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of academic retirees	670	715	780
Annual premiums for Blue Cross/Blue Shield and Medicare per retiree	\$615.36	\$652.28	\$691.42
Medicare Part "B" annual premium per retiree	186.00	197.16	208.99

DESCRIPTION/BACKGROUND:

Currently, retired employees make all payments for health and dental insurance coverage for themselves and any dependents. The University of Minnesota Retirees Association has asked that the University improve health insurance benefits for retired academic employees. This request meets some of the need pointed out by the University Retirees Association and parallels a request by the State Retired Employees Association that the state assume the premiums for Medicare Part "B"

RATIONALE:

Funding Medicare Part "B" and health insurance premiums will benefit both the retired faculty members and the institution. The request, if granted, will assist retired academic employees, most of whom receive fixed pension payments, in meeting the increasing costs of health insurance. Such an improvement in benefits may also be a recruiting inducement since competing institutions such as the Universities of Michigan, Wisconsin, Michigan State, Illinois, and Ohio State pay substantial health insurance costs for retirees and their dependents. Improved benefits can be an important factor to faculty considering early retirement. Finally, if the request of the Minnesota State Retirees Association is granted, extending the benefits to retired University academic employees will maintain comparability of benefits.

	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
Academic				
Civil Service				
Fringe Benefits	\$607.3		\$702.3	
Expense/Service				
Supplies/Materials				
Equipment				
Total	\$607.3		\$702.3	

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: FINANCIAL AID SERVICES

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Financial Aid Services	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$100.0	6.5	\$100.0	6.5
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST OBJECTIVES:

To improve public contact and interaction between the Office of Student Financial Aid and students. This request will fund additional staff to provide general information, counseling, and additional verification procedures mandated by the federal government.

DESCRIPTION/BACKGROUND:

At a large University, the quality of the student's experience on campus can be vastly improved by an efficient and adequately staffed financial aid office. In response to the recent report of the Task Force on the Student Experience which recommended increased access and contact between financial aid staff and students, the University internally funded additional services for the Office of Student Financial Aid. However, more staff are required for general information and counseling as financial aid regulations become more complex and additional advice is sought.

Also, new regulations at the federal level will require that more resources be used for verification purposes. For example, currently only 10% of all Pell Grant applications require verification, but that percentage will increase to 70% in F.Y. 1987. As federal financial aid becomes more restrictive, additional burdens are being placed upon campus financial aid officers.

RATIONALE:

The Office of Student Financial Aid has undertaken major steps towards streamlining the office and improving public contact. As increased responsibilities are placed upon the office, additional resources become a necessity.

Additionally, the new federal regulations with respect to Pell Grants and other types of financial aid require additional staff for verification purposes. Without increased funding, resources will have to be reallocated from existing services, which are already vastly understaffed.

F.Y. 1987 Base		Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M	\$1,799.7				
Special Federal	155.0				
Private Income	60.0				
Total	\$2,014.7				
Academic Civil Service		\$100.0	6.5	\$100.0	6.5
Fringe Benefits Expense/Service Supplies/Materials					
Equipment				\$	
Total		\$100.0	6.5	\$100.0	6.5

DISBRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 100%

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation provides no specific funding for this request. Total funding recommended for the system is deemed sufficient to permit meeting the above needs through internal reallocation.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: CHILD CARE

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Child Care	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$250.0	-0-	\$250.0	-0-
Governor's Recommendation	\$125.0	-0-	\$125.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

This request will fulfill the University's responsibility for offering and improving child care services for students and staff on the Twin Cities Campus. An increasingly large group of students and staff, most especially those who are single parents, are in need of child care services. Without adequate, available, and affordable services, the University will be impeded in its goal of attracting and retaining high quality students, faculty, and staff.

DESCRIPTION/BACKGROUND AND RATIONALE:

In 1974 the University Child Care Center was established on the West Bank of the Twin Cities Campus. This Center has provided a site for child care research, student training and employment, and high quality child care services for University students and employees. The service and program capability of the Center are constrained, however, by funding and facility limitations. Presently only 68 FYE children, ages 3 months to 5 years, can be served, while the waiting list, updated annually, now totals 395. Two additional parent-cooperative programs, which have operated in the Como and Commonwealth Student Housing communities, also face increasing demand for child care services. A total of 94 FYE children, ages 27 months to 9 years, are presently being served while the waiting list totals 57 additional children.

RATIONALE:

In the competition to attract and retain high quality students, staff, and faculty, child care can be a significant attraction. Child care is an appropriate and essential activity for a University seeking to be one of the best in the nation. With only 162 FTE slots for children available on campus, more must be done.

This funding request provides support for an information and referral service, subsidizes day care fees for low income students and offsets program costs for other students, pays selected expenses in the student parent cooperative programs, and funds certain off campus day care providers in licensed child care homes.

F.Y. 1987 Base (West Bank Child Care Center only)	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M	\$112.0			
Special				
Federal	16.0			
Private				
Income	348.0			
Total	\$ 476.0			
Academic				
Civil Service				
Fringe Benefits				
Expense/Service	\$244.0		\$244.0	
Supplies/Materials	3.0		3.0	
Equipment	3.0		3.0	
Total	\$250.0		\$250.0	

DISTRIBUTION (ESTIMATED) BY PROGRAM:

Instruction 45%

GOVERNOR'S RECOMMENDATION:

The Governor recommends 1987-89 funds in the amount of \$250.0 for child care services for University Graduate students. Child care grants for eligible undergraduate students are recommended in the Higher Education Coordinating Board's financial aid budget.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: PROFESSIONAL COLLEGES TUITION OFFSET

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

DESCRIPTION/BACKGROUND:

Under the average cost funding method adopted by the F.Y. 1983 Legislature, students in all programs, collectively, are expected to pay 33% of their instructional costs.

The different tuition rates charged and the differing percentages of instructional costs borne are a reflection of the diversity of programs offered by the University of Minnesota. The Regents' policy and goal prior to and following adoption of average cost funding has been to adjust tuition rates toward the goal of having all students paying the same percentage of their instructional costs. In general, it is accepted that any necessity to subsidize rates to remain competitive is a problem to be handled at the system level. However, continued application of the uniform tuition offset policy of average cost funding to the 6 unique professional programs without modification is unfair and has some undesirable consequences for all parties.

RATIONALE:

The 6 professional programs are unique in several respects. The University of Minnesota is the only public institution in the state to offer these programs. They are expensive both in total instructional costs and in cost to students. Tuition rates in the Health Sciences are the highest in the University. So are the debt burdens Health Science students carry with them on graduation. These programs represent an essential resource not only to the state but to the region and nation and decisions on their future must be taken at a level far broader than the higher education system to which they are attached.

Current F.Y. 1986 and F.Y. 1987 annual tuition rates for resident students and the percentage of instructional costs are:

	Annual Tuition	Estimated Percent of Instructional Cost
Dentistry	\$5,029	20.7%
Medicine-Duluth	5,684	17.8%
Medicine-Twin Cities	5,864	36.2%
Pharmacy	2,432	18.1%
Public Health	2,296	29.2%
Veterinary Medicine	4,482	13.6%

In contrast, the situation of resident students in certain other colleges is approximately as follows:

Request Title: Professional Colleges Tuition Offset	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$3,645.6	-0-	\$3,645.6	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

The University of Minnesota is requesting that the percentage of tuition assessed against instructional costs of students enrolled in the professional programs in Dentistry, Medicine-Duluth, Medicine-Twin Cities, Pharmacy, Public Health and Veterinary Medicine be modified in order to maintain tuition at a reasonable level without passing a portion of the costs to other University students.

EFFECTIVENESS MEASURES:

Professional level activity in the 6 affected colleges, measured in Full Year Equivalent Students (FYE) instructed, is:

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Dentistry	593	525	488	488	488
Medicine-Duluth	194	198	196	197	197
Medicine-Twin Cities	2,012	1,877	1,817	1,755	1,703
Pharmacy	284	287	298	297	297
Public Health	536	532	556	555	556
Veterinary Medicine	449	492	472	429	410
Total	4,068	3,911	3,827	3,721	3,651

## CHANGE REQUEST

1987-89 Biennial Budget

 Agency    Program    Activity

(Continuation)

ACTIVITY: PROFESSIONAL COLLEGES TUITION OFFSET

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time.

	<u>Annual Tuition</u>	<u>Estimated Percent of Instructional Cost</u>
All Lower Division	\$1,683	39.4%
UMD Ed & Hum. Serv.-Upper division	1,808	48.5%
Management	2,081	46.0%
IT Upper Division	2,165	35.1%

As a result of this situation, the average undergraduate in the University of Minnesota System is currently paying around \$90 annually to help support the instructional costs of health sciences students in these 6 programs.

Options in dealing with this problem are limited.

Option 1: Continue to increase tuitions for these programs until they reach 33% of instructional costs. This would place these professional schools beyond the reach of lower and middle income students. Veterinary tuitions in the current year would approach \$11,000; Dentistry would be over \$8,000. In a report from the Association of American Medical Colleges, the University of Minnesota Medical School had the second highest resident tuition rate among the nation's public medical schools. Recent studies at the national level reveal that continuing increases in costs and tuition are causing an increasing number of students to assume ever-increasing debts. In Minnesota the average indebtedness of graduating seniors in the School of Dentistry is around \$32,000. For Medical School graduates it is \$33,000 and for Veterinarians over \$25,000. The income contingent lending program (GRIP) adopted by the 1985 Legislature potentially alleviates the problem of student indebtedness but existing financial aid programs at the state and federal levels are not preventing these students from accumulating enormous debt burdens. Continuation of present trends raises the possibility that only students from affluent families will be willing to assume the financial risks and burdens of professional health sciences education. In addition, there is a concern that the highest ability students, particularly in Dentistry and Veterinary Medicine, who often have wide choice and offers of financial assistance, will go elsewhere thus lowering the quality of the applicant pool.

Option 2: Request a state subsidy to keep tuition near current levels and avoid shifting the difference solely to other University of Minnesota students. Current tuition rates in the 6 professional programs are at about 25% of their instructional costs. Estimated instructional costs for these programs in the F.Y. 1988 and F.Y. 1989 base will be about \$45,570,000. If these costs were offset at 25% rather than 33%, the cost would be \$3,645,600 in each year of the biennium.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: ELIMINATION OF INDIRECT COST RECOVERY APPROPRIATION OFFSET

PROGRAM:

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Elimination of Indirect Cost Recovery Appropriation Offset

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$8,000.0	-0-	\$8,000.0	-0-
Governor's Recommendation	\$8,000.0	-0-	\$8,000.0	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

RATIONALE:

The present proposal of complete elimination of the offset would make approximately 60% of the indirect costs collected by the University available for investment in research program support and set-up funds for recruitment of new faculty. This brings the University on par with universities such as Michigan, Michigan State, Ohio State, Illinois, and Purdue. It would improve the capability of attracting additional sponsorship and ease the problems of providing laboratory set-up funds for new faculty in scientific and technological fields. The investments would be made in equipment and facilities of a nonrecurring nature so that a continuing series of needs can be met instead of seeking that kind of funding in specific appropriation requests. A significant fraction would be returned to the research budgets of departments which generated the funds initially to provide an incentive to them to raise such funds.

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request as stated above. The Governor also recommends an appropriation rider limiting use of additional indirect cost recovery funds to research activities.

STATEMENT OF REQUEST OBJECTIVES:

To retain the entire portion of the indirect cost recovery receipts rather than having them applied to a reduction in the state appropriation.

EFFECTIVENESS MEASURES

There will be an increased institutional incentive to support and encourage faculty to devise and develop proposals to sponsors, and to present and promote proposals to seek renewals and extensions of sponsored programs. There will also be funds available to improve research equipment, fund research start-up costs of new faculty, fund technology transfer efforts, and to seed new research efforts.

DESCRIPTION/BACKGROUND

During the last 2 biennial sessions there was a strong recognition of the desirability of returning part of the indirect cost recovery to promote and stimulate research activities at the University. Actual excess indirect cost recovery funds (beyond the amounts spent directly on research administration) were approximately \$2.0 million per year in the 1983-85 biennium and about \$5.0 million per year in the 1985-87 biennium. Compared to other Big 10 Schools, this is a relatively small percentage return of the indirect cost recovery funds for support of research.

PROGRAM PURPOSE:

This program consists of direct instructional activities in day school, summer session, and continuing education and extension on all campuses. It also includes the allocation of all applicable indirect costs from support units such as Physical Plant, Libraries, Student Services, Academic Support, etc. Credit instruction is provided to full and part-time students, meeting the educational needs of learners in basic and advanced degree, professional certification, and growth and personal enrichment classes. Instruction and departmental research is a primary institutional program, essential to the University's mission.

OPERATION:

Instructional and departmental research activities are conducted by faculty members and academic staff supported by administrative and service personnel. Leadership in educational policy making, curriculum design, instructional and research methods, and academic program requirements and review, has come from the University faculty, reflecting also 1) the review and approval of departmental, collegiate and executive officers, and 2) the standards and requirements of public agencies and professional and accrediting associations.

The maintenance and renewal of high quality, multi-purpose instruction and research activities directed to local, state, national, and international clientele, at this time of enrollment decline and fiscal constraint, remains a primary goal for the University of Minnesota.

Clientele consists of regular and non-traditional students served through varied educational delivery systems, employers who seek trained personnel, public and private officials and citizens whose work and lives are enhanced by the products of academic research, and society in general, which benefits from education of its members.

In recent years educational programs for those with special learning needs have been emphasized: older adults, low income people, women, handicapped students, and other special, often disadvantaged, groups not adequately served.

GOVERNOR'S RECOMMENDATION:

The Governor recommends total instructional funding (general fund plus tuition) in the amount of \$721,148.2 for the 1987-89 biennium. This represents a 9 percent increase from total 1985-87 spending and an 18 percent increase in spending per F.YE student between F.Y. 1987 and F.Y. 1989.

Major components of the proposed increase include a 2.5 percent price level adjustment for each year of the biennium; \$24.0 million for implementation of Commitment to Focus programs; and substantial increases for library services, instructional quality improvement and instructional supplies and equipment.

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
(Continuation)

1987-89 Biennial Budget

Agency: UNIVERSITY OF MINNESOTA

HEADCOUNT ENROLLMENTS  
TENTH DAY OF INSTRUCTION, FALL TERM

	1984 Actual	1985 Actual	1986 Actual	1987 Forecast	1988 Forecast
Twin Cities					
Other than Health Sciences					
Agriculture	1,195	1,075	932	875	816
Biological Sciences	404	368	332	325	334
Education	2,405	2,311	2,353	2,308	2,329
Forestry	354	308	314	283	269
General College	3,289	3,250	2,988	2,780	2,502
Graduate School	7,465	7,666	7,972	8,051	8,190
Home Economics	1,345	1,347	1,320	1,290	1,260
Law	730	765	780	752	724
Liberal Arts	15,951	16,133	16,829	15,800	15,187
Management	1,477	1,571	1,536	1,249	1,172
Technology	5,806	5,748	5,668	5,668	5,668
University College	144	126	125	125	125
Health Sciences					
Dentistry	480	438	421	406	406
Dental Hygiene	48	49	49	48	48
Medical School-MD (2)	978	980	876	955	915
Medical School-Post M.D. Fellows	1,010	944	1,036	985	955
Medical School-Nurse Anesthetists	27	25	22	25	25
Medical Technology	62	57	53	50	50
Mortuary Science	79	64	64	75	75
Nursing	386	346	332	321	293
Occupational Therapy	69	70	69	61	61
Pharmacy	303	304	321	313	300
Physical Therapy	58	59	63	59	59
Public Health	281	276	257	294	294
Veterinary Medicine	313	310	294	267	253
Coordinate Campuses					
Duluth					
Business and Economics	1,418	1,497	1,543	1,473	1,376
Education and Human Services Professions		1,184	1,431	1,406	1,395
Education	1,034				
Fine Arts	287	286	307	299	291
Letters and Science	4,310				
Liberal Arts		2,609	2,202	2,035	2,069
Medicine	100	97	92	96	96
Social Development	95				
Science and Engineering		1,630	1,544	1,520	1,490
Graduate School	217	216	182	212	238
Morris	1,665	1,682	1,774	1,621	1,559
Crookston	1,145	1,137	1,213	1,200	1,200
Waseca	1,120	1,148	1,149	1,190	1,231
TOTAL OTHER THAN CEE	56,050	56,076	56,443	54,417	53,255

HEADCOUNT ENROLLMENTS  
 TENTH DAY OF INSTRUCTION, FALL TERM

	1984 Actual	1985 Actual	1986 Actual	1987 Forecast	1988 Forecast
Continuing Education and Extension for Credit					
Twin Cities	18,519	18,115	18,640	18,696	18,751
Duluth	1,960	1,564	1,800	1,805	1,810
Morris	124	131	148	148	148
Rochester	252	376	369	370	371
Independent Study	1,852	1,857	2,075	2,081	2,087
GRAND TOTAL	78,757	78,119	79,475	77,517	76,422
VARIOUS SUBTOTALS					
Twin Cities Health Sciences	3,781	3,612	3,563	3,592	3,481
Twin Cities other than Health Sciences and CEE	40,565	40,668	41,149	39,506	38,576
Total Twin Cities	62,865	62,395	63,352	61,794	60,808
Total Duluth other than CEE	7,461	7,519	7,301	7,041	6,955
Total Duluth	9,421	9,083	9,101	8,846	8,765
Total Morris	1,789	1,813	1,922	1,769	1,707
Total All CEE	22,707	22,043	23,032	23,100	23,167

- Notes:
- (1) In many of these units, qualified applicants exceed the numbers admitted. Thus enrollments shown are not meant to represent student demand.
  - (2) Rather than adjust for fluctuating numbers of medical students on leave or otherwise not registered at the count date, the above actuals are the tenth day registrations. The correct figures for the medical class are 1,030 in 1985 and 985 in 1986.
  - (3) Graduate headcounts are students registered in the Graduate School; counts in the other colleges are undergraduate and professional students.
  - (4) Point forecasts imply an accuracy that cannot be achieved. Forecasting errors up to about 3% of the total should be regarded as a normal and unavoidable risk.

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
 (Continuation)  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

FULL YEAR EQUIVALENT STUDENTS  
 BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Twin Cities					
Agriculture					
Lower Division	406	381	355	333	318
Upper Division	465	430	397	373	355
Graduate	234	218	230	233	236
Total	1,105	1,029	982	939	909
Biological Sciences					
Lower Division	659	665	676	639	616
Upper Division	419	373	362	347	343
Graduate	156	158	165	167	170
Total	1,234	1,196	1,203	1,153	1,129
Dentistry					
Lower Division	20	18	18	17	17
Upper Division	23	23	23	23	23
Prof. & Grad. Prof.	646	587	562	545	546
Total	689	628	603	585	586
Education					
Lower Division	367	329	335	320	311
Upper Division	1,337	1,253	1,284	1,246	1,245
Graduate	804	961	979	990	1,002
Total	2,508	2,543	2,598	2,556	2,558
Forestry					
Lower Division	24	18	18	17	16
Upper Division	114	81	82	75	71
Graduate	43	37	46	46	47
Total	181	136	146	138	134
General College					
Lower Division	1,955	1,905	1,774	1,658	1,507
Upper Division	308	252	244	232	217
Graduate					
Total	2,263	2,157	2,018	1,890	1,724

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
 (Continuation)  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

FULL YEAR EQUIVALENT STUDENTS  
 BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION (Contd)

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Twin Cities (Contd)					
Home Economics					
Lower Division	266	276	278	271	264
Upper Division	480	424	424	413	404
Graduate	211	213	217	221	225
Total	957	913	919	905	893
Humphrey Institute					
Upper Division	11	12	12	12	11
Graduate	90	108	109	110	113
Total	101	120	121	122	124
Law					
Upper Division					
Prof. & Grad. Prof.	737	733	747	721	694
Total	737	733	747	721	694
Liberal Arts					
Lower Division	6,399	6,840	7,041	6,685	6,459
Upper Division	5,359	5,464	5,635	5,308	5,122
Graduate	1,081	1,155	1,196	1,216	1,236
Total	12,839	13,459	13,872	13,209	12,817
Management					
Lower Division	376	392	403	383	369
Upper Division	1,438	1,514	1,511	1,327	1,268
Graduate	977	1,010	1,069	1,088	1,106
Total	2,791	2,916	2,983	2,798	2,743
Medical School					
Lower Division	44	39	39	37	36
Upper Division	133	125	127	123	118
Prof. & Grad. Prof.	3,929	3,752	3,722	3,593	3,487
Total	4,106	3,916	3,888	3,753	3,641
Mortuary Science					
Upper Division	72	62	62	73	73

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
(Continuation)

1987-89 Biennial Budget

Agency: UNIVERSITY OF MINNESOTA

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION (Contd)

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Twin Cities (Contd)					
Nursing					
Upper Division	4				
Prof. & Grad. Prof.	265	235	249	246	236
Total	269	235	249	246	236
Pharmacy					
Lower Division		2		2	
Upper Division	1		2		2
Prof. & Grad. Prof.	308	315	331	325	312
Total	309	317	333	327	314
Public Health					
Lower Division					
Upper Division	124	82	84	81	79
Prof. & Grad. Prof.	631	622	617	643	639
Total	755	704	701	724	718
Technology					
Lower Division	3,666	3,716	3,760	3,614	3,517
Upper Division	3,827	3,541	3,526	3,477	3,447
Graduate	1,077	1,146	1,166	1,185	1,206
Total	8,570	8,403	8,452	8,276	8,170
Veterinary Medicine					
Lower Division	11	7	7	7	7
Upper Division	20	15	15	15	14
Prof. & Grad. Prof.	483	524	499	456	435
Total	514	546	521	478	456
Unattached					
Lower Division	31	31	31	30	29
Upper Division	33	33	33	32	31
Graduate	1	1	1	1	1
Total	64	65	65	63	61

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
(Continuation)

1987-89 Biennial Budget

Agency: UNIVERSITY OF MINNESOTA

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION (Contd)

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Duluth					
Business and Economics					
Lower Division	327	351	350	336	321
Upper Division	317	362	369	355	338
Graduate	23	17	15	17	19
Total	667	730	734	708	678
Education & Human Service Professions					
Lower Division	436	459	472	457	449
Upper Division	598	506	557	543	538
Graduate	90	91	79	90	101
Total	1,124	1,056	1,108	1,090	1,088
Fine Arts					
Lower Division	454	503	506	490	479
Upper Division	104	94	100	97	95
Graduate	6	6	5	5	6
Total	564	603	611	592	580
Letters and Science					
Lower Division	2,191				
Upper Division	1,003				
Graduate	58				
Total	3,252				
Liberal Arts					
Lower Division		1,233	1,191	1,142	1,123
Upper Division		537	490	462	462
Graduate		10	8	9	11
Total		1,780	1,689	1,613	1,596
Medicine					
Lower Division	11	8	9	9	9
Upper Division	19	8	7	6	7
Prof. & Grad. Prof.	200	206	194	204	204
Total	230	222	210	219	220

PROGRAM: INSTRUCTION AND DEPARTMENTAL RESEARCH  
 (Continuation)  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

FULL YEAR EQUIVALENT STUDENTS  
 BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION (Contd)

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Duluth (Cont)					
Science and Engineering					
Lower Division		1,005	993	967	946
Upper Division		560	568	557	548
Graduate		38	32	37	42
Total		1,603	1,593	1,561	1,536
Social Development					
Lower Division	21				
Upper Division	26				
Graduate	16				
Total	63				
Unattached					
Lower Division	68	80	79	76	75
Upper Division	15	16	16	15	15
Total	83	96	95	91	90
Morris					
Lower Division	1,030	1,023	1,079	986	949
Upper Division	615	578	610	557	535
Total	1,645	1,601	1,689	1,543	1,484
Crookston					
Technical	934	736	786	777	777
Waseca					
Technical	813	810	811	840	869
SUBTOTAL	49,439	49,315	49,789	47,990	46,898

(Continuation)

Agency: UNIVERSITY OF MINNESOTA

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTING UNIT AND LEVEL OF INSTRUCTION (Contd)

	FY1985 Actual	FY1986 Actual	FY1987 Proj'd	FY1988 Proj'd	FY1989 Proj'd
Continuing Education and Extension					
Lower Division	1,986	2,186	2,278	2,231	2,181
Upper Division	2,084	2,355	2,454	2,404	2,350
Graduate	590	592	592	592	593
Total	4,660	5,133	5,324	5,227	5,124
Summer Session					
Lower Division	524	479	503	479	468
Upper Division	962	896	941	896	875
Graduate	299	299	310	310	311
Total	1,785	1,674	1,754	1,685	1,654
GRAND TOTAL	55,884	56,122	56,867	54,902	53,676
Summary by Level					
Lower Division	21,272	21,946	22,197	21,186	20,468
Upper Division	20,800	20,487	20,835	19,951	19,488
Graduate	4,866	5,169	5,317	5,415	5,521
Prof. & Grad. Prof.	7,199	6,974	6,921	6,733	6,553
Technical	1,747	1,546	1,597	1,617	1,646
GRAND TOTAL	55,884	56,122	56,867	54,902	53,676
Summary by Campus					
Health Sciences	6,714	6,408	6,357	6,186	6,024
Other Twin Cities	33,350	33,670	34,106	32,770	31,956
Total Twin Cities	40,064	40,078	40,463	38,956	37,980
Duluth	5,983	6,090	6,040	5,874	5,788
Morris	1,645	1,601	1,689	1,543	1,484
Crookston	934	736	786	777	777
Waseca	813	810	811	840	869
Continuing Ed. & Ext.	4,660	5,133	5,324	5,227	5,124
Summer Session	1,785	1,674	1,754	1,685	1,654
GRAND TOTAL	55,884	56,122	56,867	54,902	53,676
The relationship of Professional and Graduate in the Medical School is:					
Professional	2,012	1,877	1,891	1,780	1,726
Graduate	1,917	1,875	1,831	1,813	1,761
Total	3,929	3,752	3,722	3,593	3,487

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: INSTRUCTION  
 AGENCY: UNIVERSITY OF MINNESOTA

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

SUMMARY OF EXPENDITURES  
 AND REQUESTS

GOVERNOR'S  
 RECOMMENDATIONS  
 F.Y. 1988 F.Y. 1989

	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
(Categories of expenditures are not available at the program level because indirect costs have been allocated to programs and such allocations are not available by category)											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
-----											
Total Personal Services											
Supplies, Expense and Equipment											
-----											
Total Expenditures	288,512.6	302,616.4	322,632.1	330,696.3	29,707.2	360,403.5	333,360.8	43,537.8	376,898.6	352,491.0	368,657.2
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

PROGRAM PURPOSE:

Separately Budgeted Research is to facilitate and conduct separately organized research programs and functions which emphasize efforts in selected areas or subfields, such as food, fiber, forestry, mineral resources, space science, and education. It also includes the allocation of all applicable indirect costs from support functions. Research activities are conducted chiefly in Twin Cities institutes and centers and out-state Agricultural Experiment Stations, furthering the University's stated mission to investigate, apply, and disseminate research findings about educational and societal issues.

These research offices plan, manage and provide facilities for basic and applied research, communicating findings through scholarly reports, publications, demonstration projects, media presentations, conferences, and workshops. Often using state funds as a program or budget base, University faculty and staff continue to generate significant external support from federal, local, and private institutions, providing opportunities for scholarly activities such as laboratory research, field tests and applications and the training of graduate students.

Public Service is the provision of instructional and culturally-related activities to students and citizens throughout the state. These service activities include radio and television broadcasts on public and commercial media, audio-visual services to schools and organizations, University-sponsored concerts and lectures, and management of public service research and instruction in the Center for Urban and Regional Affairs (CURA). It also includes the allocation of indirect costs from all support functions.

Other Non-Instructional is an aggregation of a few Operation and Maintenance Fund functions which are not readily classified in the primary programs. Such functions consist primarily of student aid and miscellaneous support of intercollegiate athletics on the several campuses. It also includes an allocation of all indirect costs attributable to those functions.

GOVERNOR'S RECOMMENDATION:

The Governor recommends direct state appropriations in the amount of \$328,187.4 for this program in the 1987-89 biennium. In making this recommendation, the Governor seeks to emphasize and expand the University's research capabilities.

Specific increases include a 2.5 percent price level adjustments for each year of the biennium and additional funding for research supplies and equipment, hazardous waste disposal and the operation of new research facilities. The Governor also recommends elimination of the indirect cost recovery appropriation offset. Effect of this proposal is to add \$16,000.0 to the University's direct biennial research appropriation while freeing an equivalent amount of indirect cost recovery income for off-budget use by the system.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: NON INSTRUCTION  
 AGENCY: UNIVERSITY OF MINNESOTA

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

SUMMARY OF EXPENDITURES  
 AND REQUESTS

SUMMARY OF EXPENDITURES AND REQUESTS	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
(Categories of expenditures are not available at the program level because indirect costs have been allocated to programs and such allocations are not available by category)											
Research	51,602.4	42,295.1	45,041.9	45,041.9	6,645.1	51,687.0	45,041.9	8,722.0	53,763.9	55,409.5	53,414.5
Public Service	20,056.5	19,008.8	29,679.7	28,034.0	2,136.0	30,170.0	28,034.0	2,788.0	30,822.0	28,734.9	29,463.7
Other	14,183.0	18,030.1	13,566.2	13,566.2	9,698.2	23,264.4	13,566.2	2,373.5	15,939.7	13,905.4	14,258.1
Total	85,841.9	79,334.0	88,287.8	86,642.1	18,479.2	105,121.3	86,642.1	13,883.5	100,525.6	98,049.8	97,136.3
Total Expenditures	85,841.9	79,334.0	88,287.8	86,642.1	18,479.2	105,121.3	86,642.1	13,883.5	100,525.6	98,049.8	97,136.3

PROGRAM: SPECIAL APPROPRIATIONS  
Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

PROGRAM PURPOSE:

All state Special Appropriations have been grouped in this single program to facilitate review and decision making about Specials by university and state officials.

OPERATION:

This program involves the University's multiple missions and most of its functions.

Each Special Appropriation is explained individually.

GOVERNOR'S RECOMMENDATION:

Biennial general fund support in the amount of \$139,612.3 is recommended for the University of Minnesota Special Appropriations. This amount includes general price level increases of 2.5 percent in each year of the biennium; support for continuation of the farm mediation services program in Minnesota extension; and phasing out of several smaller special appropriations. Given other state spending priorities, the Governor does not recommend any of the change level items included in the system's request for this program. In order to provide the University of Minnesota with greater flexibility and management discretion in setting priorities and reallocating fiscal resources, the Governor recommends that all special appropriations be included in one 1987-89 appropriation. This would assist the University Board of Regents in developing comprehensive, systemwide research and public service priorities. Besides consolidation of all special appropriations, the Governor recommends a general base level reduction of \$3,000.0 in each year of the 1987-89 biennium. Allocation of this reduction would be the responsibility of the Board of Regents and the University administration, acting within the framework of systemwide priorities and objectives. The Governor also recommends that \$2,000.0 in each year of the 1987-89 biennium be transferred from the University of Minnesota Hospital special to the University's Operations and Maintenance (O & M) appropriation. Purpose of this proposal is to shift state appropriations to the support of Medical School programs and shift non-state revenues now used in support of the School's programs to support the operation of University Hospital and Clinic.

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Activity											
AGRICULTURAL RESEARCH	11,247.6	21,540.4	23,443.0	23,656.9	2,360.0	26,016.9	23,656.9	2,360.0	26,016.9	24,248.4	24,863.3
BIOMEDICAL ETHICS CENTER					170.0	170.0		282.8	282.8	-0-	-0-
CHINA CENTER	75.0	77.2	80.3	80.3		80.3	80.3		80.3	82.3	84.4
COLEMAN LEUKEMIA RESEARCH	219.7	226.3	235.3	236.4		236.4	236.4		236.4	242.3	248.5
INDIGENT PATIENTS	732.7	1,040.1	1,100.0	1,700.0	( 400.0)	1,300.0	1,700.0	( 300.0)	1,400.0	1,342.5	1,486.7
FELLOWSHIPS FOR MINORITY & DISADVANTAGED GRADUATE STUDENTS	50.0	51.5	53.6	53.6		53.6	53.6		53.6	54.9	56.3
GENERAL RESEARCH	1,902.4	1,959.5	2,037.9	2,074.0		2,074.0	2,074.0		2,074.0	2,125.9	2,179.8
HORMEL INSTITUTE	162.4	167.3	174.0	377.9	( 200.0)	177.9	377.9	( 200.0)	177.9	187.3	197.2
INDUSTRIAL RELATIONS EDUCATION INSTITUTE FOR ADVANCED STUDIES IN BIOLOGICAL PROCESS TECHNOLOGY	620.0	626.6	664.1	680.6		680.6	680.6		680.6	697.6	715.3
INSTITUTE FOR HUMAN GENETICS	420.0	532.6	599.9	605.4	200.0	805.4	605.4	300.0	905.4	620.5	636.3
INTERCOLLEGIATE ATHLETICS		300.0	485.0	485.0		485.0	485.0		485.0	497.1	509.7
LAKE SUPERIOR BASIN STUDIES	1,768.0	2,824.0	2,896.9	2,920.7		2,920.7	2,920.7		2,920.7	2,993.7	3,069.7
MEDICAL RESEARCH	133.8	137.8	143.3	145.0	( 145.0)		145.0	( 145.0)		-0-	-0-
MICRO-ELECTRONICS AND INFORMATION SCIENCE CENTER	1,993.1	2,155.8	2,242.2	2,287.5	120.9	2,408.4	2,287.5	161.3	2,448.8	2,344.7	2,404.2
MINERAL RESOURCES RESEARCH CENTER	599.5	617.5	642.2	645.1	600.0	1,245.1	645.1	600.0	1,245.1	661.2	678.0
MINNESOTA EXTENSION	479.6	695.6	738.7	743.9	155.0	898.9	743.9	164.0	907.9	762.5	781.8
MINNESOTA GEOLOGICAL SURVEY	11,525.1	12,121.3	13,479.5	13,765.2	1,392.5	15,157.7	13,765.2	1,392.5	15,157.7	14,624.7	14,982.6
	675.0	871.9	923.1	928.7	50.0	978.7	928.7	50.0	978.7	951.9	976.1

PROGRAM: SPECIAL APPROPRIATIONS (continuation)  
 AGENCY: UNIVERSITY OF MINNESOTA

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
MINNESOTA SUPERCOMPUTER INSTITUTE	2,600.0	6,000.0	6,000.0	6,000.0		6,000.0	6,000.0		6,000.0	6,150.0	6,306.0
NATURAL RESOURCES RESEARCH INSTITUTE	2,247.9	2,225.3	2,408.0	2,424.4		2,424.4	2,424.4		2,424.4	2,485.0	2,548.0
PLANT BIOMASS ENERGY RESEARCH PRODUCTIVITY CENTER	132.1	136.1	141.5	143.2	( 143.2)		143.2	( 143.2)		-0-	-0-
RURAL PHYSICAN ASSOCIATES PROGRAM	300.0	309.0	321.4	324.9	184.0	508.9	324.9	197.0	521.9	333.0	341.5
SEA GRANT COLLEGE PROGRAM	513.1	528.5	549.6	554.9		554.9	554.9		554.9	568.8	583.2
SPECIAL HOSPITALS, SERVICE AND EDUCATION	121.5	275.2	305.2	307.0		307.0	307.0		307.0	314.7	322.7
ST. ANTHONY FALLS HYDRAULICS LABORATORY	12,938.7	13,105.9	13,859.9	9,442.9		9,442.9	9,442.9		9,442.9	7,678.9	7,924.4
STUDENT LOANS MATCHING	92.8	47.6	49.4	99.4	( 50.0)	49.4	99.4	( 50.0)	49.4	-0-	-0-
TALENTED YOUTH MATH	75.0	157.8	247.8	247.8	14.2	262.0	247.8	14.2	262.0	51.9	54.5
UMD CENTER FOR AMERICAN INDIAN AND MINORITY HEALTH UNDERGROUND SPACE CENTER	200.0	206.0	214.2	216.6	147.6	147.6	216.6	153.3	153.3	254.0	260.4
VETERINARY DIAGNOSTIC LABORATORY	1,187.2	1,222.8	1,271.7	1,290.2	265.0	1,555.2	1,290.2	265.0	1,555.2	-0-	-0-
ENVIRONMENTAL PATHOLOGY LABORATORY	100.0									222.0	227.6
FACULTY TRAVEL	89.3									1,322.4	1,355.9
IMMIGRATION HISTORY RESEARCH	46.7									1,355.9	
SUMMER SESSION/CEE SUPPLEMENT	1,352.8									267.3	
GENERAL SPECIALS REDUCTION										(3,000.0)	(3,000.0)
	21,997.1	24,214.2	25,368.7	21,051.2	917.6	21,968.9	21,051.2	986.3	22,037.6	68,818.2	70,794.1

PROGRAM FISCAL SUMMARY - BIENNIAL BUDGET

PROGRAM: SPECIAL APPROPRIATIONS (continuation)  
 AGENCY: UNIVERSITY OF MINNESOTA

\* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	16,472.5	21,504.4	22,828.2	23,681.6	2,665.4	26,347.0	23,681.6	2,808.6	26,490.2	24,248.1	24,861.1
Civil Service	14,679.3	19,259.5	20,148.3	20,148.3	972.4	21,120.7	20,148.3	986.1	21,134.4	18,887.2	19,408.1
Fringe Benefits	4,482.0	6,615.7	6,929.4	6,929.4	860.6	7,790.0	6,929.4	922.7	7,852.1	6,742.6	6,922.0
Total Personal Services	35,633.9	47,379.5	49,905.9	50,759.2	4,498.4	55,257.6	50,759.2	4,717.4	55,476.6	49,877.9	51,191.2
Supplies, Expense and Equipment General Reduction	18,967.1	22,780.1	25,401.8	21,678.0	722.7	22,400.7	21,678.0	934.6	22,612.6	21,940.3 (3,000.0)	22,602.9 (3,000.0)
Total Expenditures	54,601.0	70,159.6	75,307.7	72,437.2	5,221.1	77,658.3	72,437.2	5,652.0	78,089.2	68,818.2	70,794.1
Positions											
Academic	516.7	607.4	591.7	591.7	85.7	677.5	591.7	88.7	680.5	591.4	591.4
Civil Service	728.8	994.5	982.6	982.6	44.9	1,027.5	982.6	45.4	1,028.0	923.3	923.3
Total	1,245.5	1,601.9	1,574.3	1,574.3	130.6	1,705.0	1,574.3	134.1	1,708.5	1,514.7	1,514.7

ACTIVITY: AGRICULTURAL RESEARCH  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To organize and support University scientists in conducting research on the production, processing, marketing, and distribution of food and other agricultural products, as well as forests and forest products, public policy, family life, rural development, human nutrition, recreation and tourism, and overall environmental quality to the benefit of the citizens of Minnesota, the nation, and the world. Priority emphasis is on research to foster the economic vitality of Minnesota and an improved quality of life for its citizens.

EFFECTIVENESS MEASURES:

All Minnesotans benefit from Experiment Station research because it results in abundant supplies of high quality food and forest products at reasonable prices. Beyond this, people benefit because the research directly affects 40% of the economic activity of the state and the industries that provide 30% of Minnesota's jobs.

Cost-benefit analyses performed at regional and national aggregate levels show the annual return on past agricultural research investments to average 30%. Estimated returns on future research investments are of a similar magnitude. No other public investment has been shown to bear so great an anticipated annual return.

Research discoveries are reported to the public in Experiment Station and Extension Service publications and news releases, and to other scientists throughout the world by some 600 to 700 scientific articles published annually. New knowledge is also carried to the public by Extension specialists and county agents, and by farm and urban media in thousands of meetings, trade publications, newspaper articles and television and radio programs.

DESCRIPTION:

The scientists supported by the Station conduct research on over 325 projects, each with specific objectives and a life of 3 to 5 years, or less. Each project outline includes a justification, objectives, previous work and present outlook, and procedures. All proposed projects are peer reviewed by experts in the respective fields before being considered for funding. At the end of each year of the project a written progress report is prepared and must meet the approval of the Director.

Projects are organized and supported to address the following general objectives:

- 1) To produce an adequate supply of farm and forest products with special efforts to reduce production costs and thus increase the producers' net profits;
- 2) To develop new technology to enhance product quality and/or produce new processed products;
- 3) To ensure stable and productive agricultural, forest, and other natural resource management systems;
- 4) To protect forests, crops, and animals from insects, diseases and other hazards through improved management and other controls;
- 5) To improve marketing efficiency and expand domestic and export markets;
- 6) To protect consumer health and improve the nutrition and well being of Minnesotans;
- 7) To promote community improvement, including the development of recreation, environment, economic and social opportunity, and public services;
- 8) To help developing nations improve their supplies of food and fiber and quality of life; and
- 9) To provide opportunities for students to work with experienced scientists and acquire training for problem-solving research.

CHANGE REQUESTS:

(See Agricultural Research change requests which follow for specific program and object of expenditure details).

<u>TYPE</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Unfunded F.Y. 1986 request	\$1,275.0	\$1,275.0
New research initiatives	<u>1,085.0</u>	<u>1,085.0</u>
Total	\$2,360.0	\$2,360.0

<u>F.Y. 1987 Base</u>	
O&M	
Special	\$23,053.9
Federal	4,325.8
Private	6,408.8
Income	<u>2,614.7</u>
Total	\$36,403.2

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: AGRICULTURAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	4,764.2	8,831.8	9,681.3	9,895.3	1,200.0	11,095.3	9,895.3	1,200.0	11,095.3	10,142.7	10,399.9
Civil Service	2,862.9	6,561.7	7,034.4	7,034.4	490.0	7,524.4	7,034.4	490.0	7,524.4	7,210.3	7,393.2
Fringe Benefits	1,346.6	2,947.9	3,161.2	3,161.2	422.5	3,583.7	3,161.2	422.5	3,583.7	3,240.2	3,322.4
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	8,973.6	18,341.3	19,877.0	20,090.9	2,112.5	22,203.4	20,090.9	2,112.5	22,203.4	20,593.2	21,115.5
Supplies, Expense and Equipment	2,274.0	3,199.1	3,566.0	3,566.0	247.5	3,813.5	3,566.0	247.5	3,813.5	3,655.2	3,747.8
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	11,247.6	21,540.4	23,443.0	23,656.9	2,360.0	26,016.9	23,656.9	2,360.0	26,016.9	24,248.4	24,863.3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	143.8	236.2	244.7	244.7	44.0	288.7	244.7	44.0	288.7	244.7	244.7
Civil Service	153.7	382.3	396.9	396.9	24.5	421.4	396.9	24.5	421.4	396.9	396.9
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	297.5	618.6	641.6	641.6	68.5	710.1	641.6	68.5	710.1	641.6	641.6
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: AGRICULTURAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$1,275.0	36.0	\$1,275.0	36.0
Governor's Recommendation	-0-	-0-	-0-	-0-

Request Title: Resubmission of Selected Items in 1986 Request

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To initiate new/additional research, as originally proposed in the F.Y. 1986 request, in: a) water quality in agriculture and forestry; b) molecular biology in agriculture; c) sustaining agriculture and rural life; and d) livestock and poultry health.

EFFECTIVENESS MEASURES:

An assessment of the new research initiatives and their output will be conducted with appropriate clientele groups and agencies. The rates of return on these additional research investments will be assessed over time on a quantitative basis.

DESCRIPTION/BACKGROUND:

- 1) Water Quality/Agriculture and Forestry -- \$325,000  
 Additional research is needed on the impacts of agricultural practices on groundwater quality. Of this total, \$250,000 would be added to the \$250,000 appropriated by the 1986 Legislature to fund this research at an annual level of \$500,000, as originally proposed in F.Y. 1986. In addition, \$75,000 would be used to enhance ongoing water research programs in the College of Forestry, relating to nonpoint source pollution problems in land management, water quality impacts on fisheries, and the growing concern regarding acid deposition influence on aquatic systems.

- 2) Molecular Biology in Agriculture -- \$400,000  
 Additional basic research in molecular biology with applications to agriculture holds promise for enhancing the efficiency of Minnesota's food producing systems and for improving the quality of the food processed. Genetic improvements through molecular research can lessen the need for synthetic fertilizers and pesticides, improve resistance to diseases in both crops and animals, improve animal feed efficiency, and result in new or improved food products from Minnesota's raw commodities. This request seeks to broaden an earlier request (partially funded in F.Y. 1985) for plant molecular biology to strengthen research programs in animal and food molecular biology as well. All 3 areas of research have important technological applications to Minnesota's industries.

- 3) Sustaining Agriculture and Rural Life -- \$400,000  
 Research is needed to understand the social and economic changes, as well as the biological, physical, and technological forces, at work in rural areas. Research is also needed to determine how changes in policies, programs, and technologies could improve the long-term well-being of rural families and communities.

Farming systems is an interdisciplinary, team-based, and problem-oriented approach to agricultural research. Integrated teams of physical, biological, and social scientists in agriculture, home economics, and related areas work on problem identification and the conduct of on-farm research in close cooperation with Extension and other Experiment Station personnel. The research challenges include:

- a) Reducing costly inputs and improving profitability for family-sized farm operations while integrating current and emerging production and processing technologies.
- b) Exploring alternative production technologies, including those which minimize purchased capital inputs, and their economic viability under Minnesota conditions.
- c) Researching alternative economic and business development that could diversify rural economies and create jobs, including off-farm jobs, for farm families.

- 4) Livestock and Poultry Health -- \$150,000  
 Minnesota ranks 6th nationally in livestock and poultry production. Livestock losses due to impaired health are estimated to cost Minnesota farmers \$680 million annually. Disease significantly hinders production efficiency and thus profitability. Additional investment in animal disease research can help keep Minnesota's livestock industries competitive. The funds would



CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: AGRICULTURAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Selected New Research Initiatives	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$1,085.0	32.5	\$1,085.0	32.5
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To initiate new/additional research on: a) tourism; b) forestry/forest products; c) youth/families; d) computer-assisted herd health management; e) gene transfer for growth promotion in fish; f) livestock production, physiology, reproduction and management; and g) food toxicology.

EFFECTIVENESS MEASURES:

An assessment of the new research initiatives and their output will be conducted with appropriate clientele groups and agencies. The rates of return on these additional research investments will be assessed over time on a quantitative basis.

DESCRIPTION/BACKGROUND:

- 1) Tourism Center Research -- \$150,000  
 Research will be conducted by selected specialists throughout the University of Minnesota (all campuses) on various facets of tourism and recreation -- including opportunities, economic analyses, marketing, promotion, and strengthening/diversifying local communities -- to expand this important sector of Minnesota's economy. This research will undergird the extension education programs to be conducted by the new U of M Tourism Center (see F.Y. 1987-89 biennial request of Minnesota Extension Service).

2) Forestry/Forest Products

- a) Intensive Forest Stand Management -- \$180,000  
 The Minnesota Department of Natural Resources, counties, and industry are intensifying forest management on a broad scale. This research would provide corresponding knowledge needed for applications in: 1) forest weed control, 2) forest tree improvement, and 3) for estimation of the state's future timber supplies. Funds would be used for research staff and support in these areas to establish and conduct needed field studies and analyses to move laboratory research to field application. In the case of forest weed control and tree improvement, support would enhance and continue projects initiated with Blandin Foundation support. Estimation of timber supplies would focus on quantifying forest growth under intensive management and development of techniques for determining the scheduling of timber harvests to maximize timber yields. These 3 projects are key efforts in insuring Minnesota's long-term timber supplies for both hardwood and coniferous species.
- b) Biological Pulping -- \$120,000  
 Use of biological organisms to break down fiber material in pulping of wood. This is in the early stages of development and offers dramatic potential to reduce energy requirements, resulting pollution, and to reduce total costs of pulping of wood.
- c) Forest/Wildlife Interaction -- \$60,000  
 Expanded research is needed to examine the interactions between forest management practices and wildlife populations, such that future forest management will improve wildlife environments and thus the prosperity of wildlife species.

3) Youth/Families

- a) Youth Research -- \$ 100,000  
 The Center for Youth Development and Research is a unique resource. With additional resources, research initiatives can be undertaken in career development in an era of massive change in the job market, juvenile delinquency and other deviant behavior, adolescent mental health, abuse of adolescents, youth leadership, youth employment, leisure time programming and youth policy.
- b) Child Abuse and Family Violence and Treatment -- \$100,000  
 Research studies would be initiated in the School of Social Work in: 1) child abuse (areas include "the treatment of incestuous families" and "gender role and sexual development of adult sexual abusers of children"); and 2) family violence and its treatment (to explore and refine a model for intervention techniques to control and then eliminate this behavior).



ACTIVITY: BIOMEDICAL ETHICS CENTER  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To continue and to expand the activities of the University of Minnesota Center for Biomedical Ethics which serves University students, staff, faculty, practicing health professionals in the community, health care users, professional organizations, and public policy-makers in the health care field.

EFFECTIVENESS MEASURES:

New courses in biomedical ethics were offered during the winter and summer quarters of 1985, and the winter quarter of 1986. 70 students, primarily medical, but also students from other disciplines, participated in the courses, lead by a philosopher-clinician team.

The Center has addressed its research mission by providing seed money for research and scholarship in topics related to biomedical ethics. Examples of current projects include "Measurement of Distributive Justice in Medicine" and "Epidemiology of Ethical Problems in Community Public Health Nursing". Research activities will be expanded. To date, 28 requests for support of biomedical ethics related research and fellowships have been received by the Biomedical Ethics Center.

A symposium was sponsored in collaboration with the Hubert H. Humphrey Institute titled, "AIDS: Medical Facts, Social Challenges, Ethical Dilemmas", which was attended by approximately 360 persons. The Center is also sponsoring a series of lectures: "Health Decision '86" which will include both local and nationally-recognized leaders in biomedical ethics. Six lectures on the theme "Ethical Dilemmas in Health Care of the Elderly" were held in 1986. Partial support was extended for the scientific program of the 1986 Annual Meeting of the Minnesota Medical Association, Ethical Issues of the 80's. Support was also provided for a program titled "AIDS: Personal Dimensions and Social Response" at the University of Minnesota - Duluth.

As stated in the 1985-87 biennial request the University is presently seeking state support for continued operation of the Center.

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
State appropriation	-0-	-0-	\$170,000	\$282,800

DESCRIPTION:

Rapidly advancing technology, decreasing funding, and radical changes in the organization of health care are creating new ethical dilemmas for both the practitioners and the recipients of health care. These issues are not limited to professional ethics, but raise legal, moral, economic, social science, and public policy questions as well. With few exceptions, academic institutions have not developed appropriate means to address these issues.

In 1984, a multidisciplinary task force of students and faculty developed a proposal for a University Center for Biomedical Ethics to address the missions of research, education, and service in health care ethics. Funding was sought, and the Northwest Area Foundation granted \$300,000 over three years, beginning April 1, 1985.

The Biomedical Ethics Center is governed by a University of Minnesota Deans' Policy Committee, chaired by the Dean of the Medical School. In addition to the Medical School Dean, the deans of these units are members: School of Nursing, School of Public Health, School of Dentistry, Law School, College of Liberal Arts, College of Education, College of Veterinary Medicine, and the Hubert H. Humphrey Institute of Public Affairs.

The Center is headed by a director who is responsible for planning and implementing the Center's activities and who reports to the Dean of the Medical School. Faculty participating in Center activities are members of academic departments at the University. An Advisory Council appointed by the Director, with approval of the Deans' Policy Committee, has 21 members representing appropriate units at the University and from professional groups outside the University.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: BIOMEDICAL ETHICS CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic					60.0	60.0		104.0	104.0	-0-	-0-
Civil Service					20.0	20.0		20.8	20.8	-0-	-0-
Fringe Benefits					19.2	19.2		30.0	30.0	-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services					99.2	99.2		154.8	154.8	-0-	-0-
Supplies, Expense and Equipment					70.8	70.8		128.0	128.0	-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures					170.0	170.0		282.8	282.8	-0-	-0-
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic					1.0	1.0		2.0	2.0	-0-	-0-
Civil Service					1.0	1.0		1.0	1.0	-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total					2.0	2.0		3.0	3.0	-0-	-0-
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: BIOMEDICAL ETHICS CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Biomedical Ethics Center				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$170.0	2.0	\$282.8	3.0
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST/OBJECTIVES:

To continue and to expand the activities of the University of Minnesota Center for Biomedical Ethics which serves University students, staff, faculty, practicing health professionals in the community, health care users, professional organizations, and public policy-makers in the health care field.

DESCRIPTION/BACKGROUND:

Rapidly advancing technology, decreasing funding, and radical changes in the organization of health care are creating new ethical dilemmas for both the practitioners and the recipients of health care. These issues are not limited to professional ethics, but raise legal, moral, economic, social science, and public policy questions as well. With few exceptions, academic institutions have not developed appropriate means to address these issues. The broad range of scholars in the University of Minnesota offers an opportunity to develop a truly interdisciplinary national center.

In 1984, a multidisciplinary task force of students and faculty developed a proposal for a University Center for Biomedical Ethics to address the missions of research, education, and service in health care ethics. Funding was sought, and the Northwest Area Foundation granted \$300,000 over 3 years, beginning April 1, 1985.

The Biomedical Ethics Center is governed by a University of Minnesota Deans' Policy Committee, chaired by the Dean of the Medical School. In addition to the Medical School Dean, the deans of these units are members: School of Nursing, School of Public Health, School of Dentistry, Law School, College of Liberal Arts, College of Education, College of Veterinary Medicine, and the Hubert H. Humphrey Institute of Public Affairs.

The Center is headed by a director who is responsible for planning and implementing the Center's activities and who reports to the Dean of the Medical School. Faculty participating in Center activities are members of academic departments at the University. An Advisory Council appointed by the Director, with approval of the Deans' Policy Committee, has twenty-one members representing appropriate units at the University and from professional groups outside the University.

EFFECTIVENESS MEASURES:

New courses in biomedical ethics were offered during the winter and summer quarters of 1985, and the winter quarter of 1986. Seventy students, primarily medical, but also students from other disciplines, participated in the courses, lead by a philosopher-clinician team.

The Center has addressed its research mission by providing seed money for research and scholarship in topics related to biomedical ethics. Examples of current projects include "Measurement of Distributive Justice in Medicine" and "Epidemiology of Ethical Problems in Community Public Health Nursing". Research which is interdisciplinary and focuses on major public policy issues is expected to continue (Collaboration with the Center for Health Services Research and the Center for Human Genetics will allow the Center to address "cutting edge" questions in the field.).

A symposium was sponsored in collaboration with the Hubert H. Humphrey Institute titled, "AIDS: Medical Facts, Social Challenges, Ethical Dilemmas", which was attended by approximately 360 persons. The Center also sponsored a series of lectures: "Health Decision '86" which included nationally-recognized leaders in biomedical ethics, who addressed "Ethical Dilemmas in Health Care of the Elderly." Partial support was extended for the scientific program of the 1986 Annual Meeting of the Minnesota Medical Association, Ethical Issues of the 80's. Support was also provided for a program titled "AIDS: Personal Dimensions and Social Response" at the University of Minnesota - Duluth.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity  
(Continuation)

ACTIVITY: BIOMEDICAL ETHICS CENTER  
PROGRAM: SPECIAL APPROPRIATIONS  
AGENCY: UNIVERSITY OF MINNESOTA

RATIONALE:

As stated in the 1985-87 biennial request document, the University sought and received private foundation support to establish the Center for Biomedical Ethics. A 3 year grant of \$100,000 each year was received from the Northwest Area Foundation. Since the Center is multidisciplinary in nature, academic units have participated in helping to fund a part of the costs. The Health Sciences discretionary funds are exhausted at the end of F.Y. 1987 and the Foundation grant terminates at the close of F.Y. 1988. The collegiate matching funds will continue to be available in the next biennium.

In order to continue the development of the Center's programs, it is necessary to secure recurring state funding for the most basic needs of the Center. These include the salary and fringe benefits for a director, assistant, and a secretary, plus modest funding for research and seed grants. One of the director's responsibilities will be to increase financial support through grant funding to expand the resources of the Center so it can better serve the University and community needs.

<u>F.Y. 1987 Base</u>		<u>Increase over F.Y. 1987</u>				
		<u>F.Y. 1988</u>		<u>F.Y. 1989</u>		
		<u>\$</u>	<u>Pos.</u>	<u>\$</u>	<u>Pos.</u>	
O&M	\$100.0					
Special		Academic	\$ 60.0	1.0	\$104.0	2.0
Federal		Civil Service	20.0	1.0	20.8	1.0
Private	100.0	Fringe Benefits	19.2		30.0	
Other		Expense/Service	60.8		113.0	
Total	\$200.0*	Supplies/Materials				
		Equipment	10.0		15.0	
		Total	\$170.0	2.0	\$282.0	3.0

\* The F.Y. 1987 base drops to \$150,000 in F.Y. 1988 with the discontinuation of the Vice President for Health Sciences matching funds, and to \$50,000 in F.Y. 1989 with the expiration of the Northwest Area Foundation grant.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could also permit funding of this request through reallocation of existing resources.

ACTIVITY: CHINA CENTER  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To coordinate and facilitate implementation of exchange agreements between the University of Minnesota and institutions of higher education in the People's Republic of China.
- 2) To facilitate communication between Minnesota's business and government and Chinese counterparts.
- 3) To develop collaborative research programs.
- 4) To enhance language proficiency opportunities.

b) Reception of eminent Chinese visitors and delegations  
 Eighteen agreements have been negotiated, allowing 600 Chinese to study at the University since 1979 with 40-50 additional visitors each year. Visitors see the University not only as an academic institution but also as an introduction to Minnesota's industrial and business establishments. Almost every visit is a combination of university/corporate/government interaction. The China Center requires its own funds to host visitors, an integral part of its operation.

DESCRIPTION/EFFECTIVENESS MEASURES:

- 1) Faculty Research and Exchange Programs  
 From 1980-1984 travel grants were raised from private and community sources to support short-term teaching and research in China by University faculty members. China's modernization has progressed to the point that University faculty in several departments are beginning to apply for outside funds for collaborative research, seeking in particular funding support from government agencies and foundations. For University faculty to conduct research in China for extended periods, reciprocal exchange possibilities for Chinese scholars- whose work is funded by the Chinese government - must continue to be offered.
- 2) Student Exchange Program  
 To gain a broader understanding of contemporary China, American students must spend time in that country. The report of the President's Task Force on the International Character of the University (1983) emphasized the vital nature of student study abroad programs, particularly in Asia, as a major factor in the University's commitment to international education and understanding.
- 3) Minnesota-Nankai Summer Intensive Chinese Language Institute  
 The University's highly regarded program at Nankai University, which has been in operation since 1980, offers financial assistance to well-qualified students. However, competing institutions offer more scholarships than the University to cover the \$3,500 program costs, which are prohibitively expensive for many students.
- 4) Minnesota-Based Programs
  - a) New program development--Administrative Internship/Fellowship  
 In cooperation with state agencies and the business community, the China Center will initiate a brief "continuing study" program for Chinese academicians and government officials in economics, management, international trade, high technology and education administration. This program will enhance business opportunities for Minnesota by promoting international trade.

c) Programmatic costs for seminars, workshops and conferences  
 The China Center annually sponsors 2 workshops--Understanding China and Doing Business with China. Each year the China Center solicits support to cover basic costs for these programs.

As the University exchange program with China embarks on its 9th year, our planning has evolved to a new level. China and Pacific Basin studies are central to the University's goals of enhancing international education in accordance with Commitment to Focus guidelines. We must be able to count on longer-range planning also because of increased involvement of government and business in our programs, and increased exchange with China on the part of faculty, business, government and the community at large.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: CHINA CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL			F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	ESTIMATED F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
<b>Expenditures by Category</b>											
Personal Services											
Academic	18.0	23.2	17.6	17.6		17.6	17.6		17.6	18.0	18.5
Civil Service	5.4	16.1	12.2	12.2		12.2	12.2		12.2	12.5	12.8
Fringe Benefits	1.1	4.3	3.3	3.3		3.3	3.3		3.3	3.4	3.5
-----											
Total Personal Services	24.5	43.5	33.0	33.0		33.0	33.0		33.0	33.9	34.8
Supplies, Expense and Equipment	50.5	33.7	47.3	47.3		47.3	47.3		47.3	48.4	49.6
-----											
Total Expenditures	75.0	77.2	80.3	80.3		80.3	80.3		80.3	82.3	84.4
=====											
<b>Positions</b>											
Academic	.9	1.0	.7	.7		.7	.7		.7	.7	.7
Civil Service	.4	1.3	.9	.9		.9	.9		.9	.9	.9
-----											
Total	1.3	2.3	1.6	1.6		1.6	1.6		1.6	1.6	1.6
=====											

ACTIVITY: COLEMAN LEUKEMIA RESEARCH  
Program: SPECIAL APPROPRIATIONS  
Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To support clinical research in leukemia and lymphoma in order to improve treatment for the individual patient and better understand the cause and nature of these diseases. The direct goal is to prolong meaningful survival and increase the number of patients cured. Specific programs are aimed at studying various characteristics of the cancer cell and using this information to select for each patient the most effective and least harmful therapy that will result in cure.

EFFECTIVE MEASURES:

The clinical research program in blood and lymph node malignancy at the University of Minnesota is internationally recognized as one of the most outstanding in the world.

Since initial state funding in 1981, the program has accomplished the following:

- Over 125 publications dealing with leukemia and lymphoma.
- In collaboration with other Health Sciences departments and faculty, a total of \$3,405,000 has been received in outside research grants.
- Collaborative research among investigators from 22 countries has led to 6 major international workshops.
- Results from investigations have benefited patients from Minnesota and throughout the world.
  - Over 4,200 patients have been studied.
  - Over 750 patients per year at the University of Minnesota directly benefit from treatment programs.
- Development and implementation of one of the world's first computerized data banks containing clinical and laboratory data on over 3,300 patients with leukemia and lymphoma.

DESCRIPTION:

Continued state funding is necessary in order to continue research and treatment in this important area.

CHANGE REQUESTS:

None.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: COLEMAN LEUKEMIA RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	67.5	38.3	40.7	41.8		41.8	41.8		41.8	42.8	43.9
Civil Service	65.8	78.7	81.4	81.4		81.4	81.4		81.4	83.4	85.6
Fringe Benefits	23.0	24.2	25.0	25.0		25.0	25.0		25.0	25.6	26.3
-----											
Total Personal Services	156.3	141.3	147.1	148.2		148.2	148.2		148.2	151.8	155.8
Supplies, Expense and Equipment	63.4	85.0	88.2	88.2		88.2	88.2		88.2	90.5	92.7
-----											
Total Expenditures	219.7	226.3	235.3	236.4		236.4	236.4		236.4	242.3	248.5
=====											
Positions											
Academic	1.5	1.1	1.1	1.1		1.1	1.1		1.1	1.1	1.1
Civil Service	4.1	6.3	6.3	6.3		6.3	6.3		6.3	6.3	6.3
-----											
Total	5.5	7.4	7.4	7.4		7.4	7.4		7.4	7.4	7.4
=====											

ACTIVITY: INDIGENT PATIENTS  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input type="checkbox"/> No					

OBJECTIVES:

Provide care to indigent county patients referred by county boards to the University of Minnesota Hospital and Clinic and to assist counties in paying for care rendered to such patients.

DESCRIPTION:

Over the years, the indigent patients payment formula has been adjusted. Prior to F.Y. 1984, the county paid 30% of the first \$5,000 or a maximum of \$1,500. Under the current payment formula, the referring county pays 40% of the first \$11,000 of care provided up to a maximum of \$4,400 with the state appropriation paying the remaining balance. The amount spent each year by this program varies depending upon the number of cases referred, mix of cases, and severity of illness treated.

Since the use of this appropriation has declined somewhat over the past several years, the appropriated amount was reduced by \$600,000 each year in order to help cover the University's retrenchment. However, expenditures for the fourth quarter of F.Y. 1986 indicate a significant increase in this program. Also, it is possible that the recent increase in patient census at the University Hospital could result in increased use of this program.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Appropriation:	\$1,700,000	\$1,700,000	\$1,300,000	\$1,400,000
	(600,000)	(600,000)		
	<u>\$1,100,000</u>	<u>\$1,100,000</u>		
Expenditures:				
Non-metro patients	\$ 902,987	\$ 930,000	\$1,100,000	\$1,184,000
Metro area patients	\$ 137,085	\$ 170,000	\$ 200,000	\$ 216,000
In-patient services	\$ 925,408	\$ 979,000	\$1,157,000	\$1,246,000
Out-patient services	\$ 114,664	\$ 121,000	\$ 143,000	\$ 154,000
Counties participating:	33	33	33	33

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: INDIGENT PATIENTS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
-----											
Total Personal Services											
Supplies, Expense and Equipment	732.7	1,040.1	1,100.0	1,700.0	( 400.0)	1,300.0	1,700.0	( 300.0)	1,400.0	1,342.5	1,486.7
-----											
Total Expenditures	732.7	1,040.1	1,100.0	1,700.0	( 400.0)	1,300.0	1,700.0	( 300.0)	1,400.0	1,342.5	1,486.7
=====											
Positions											
Academic											
Civil Service											
-----											
Total											
=====											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: INDIGENT PATIENTS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Indigent Patients	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$(400.0)	-0-	\$(300.0)	-0-
Governor's Recommendation	\$(400.0)	-0-	\$(300.0)	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To assist counties in paying for care rendered to indigent county patients referred by county boards to the University of Minnesota Hospital and Clinic.

DESCRIPTION/BACKGROUND:

The program was developed by the Legislature in the early 1900's. With the evolution of new social assistance programs both at the state and federal level, this program has undergone a number of changes. The declining use of the program has resulted in several adjustments to the payment formula. Prior to 1984, the county paid 30% of the first \$5,000 or a maximum of \$1,500. Under the current payment formula, the referring county pays 40% of the first \$11,000 of care provided up to a maximum of \$4,400 with the state appropriation paying the remaining balance. The amount spent each year by this program varies depending upon the number of cases referred, mix of cases, and severity of illness treated.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Expenditures:				
Non-metro patients	\$ 902,987	\$ 930,000	\$1,100,000	\$1,184,000
Metro area patients	137,085	170,000	200,000	216,000
In-patient services	925,408	979,000	1,157,000	1,246,000
Out-patient services	114,664	121,000	143,000	154,000
Counties participating:	33	33	33	33

RATIONALE:

During the past several years, the use of this program has declined somewhat. During the current biennium, the appropriation was reduced by \$600,000 each year in order to help cover the University's most recent retrenchment. However, expenditures for the fourth quarter in F.Y. 1986 indicate a significant increase in this program. Also, it is possible that the recent increase in patient census in the new Hospital could result in increased use of this program. Therefore, it is projected that a reasonable appropriation level for the 1987-89 biennium would be \$1.3 million the first year and \$1.4 million the second year.

F.Y. 1987 Base

	F.Y. 1987 Base	Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M					
Special	\$1,700.0				
Federal					
Private					
Other					
Total	\$1,700.0				
Academic					
Civil Service					
Fringe Benefits					
Expense/Service		(400.0)		(300.0)	
Supplies/Materials					
Equipment					
Total		\$(400.0)		\$(300.0)	

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request as stated above.

ACTIVITY: FELLOWSHIPS FOR MINORITY & DISADVANTAGED GRADUATE STUDENTS 1987-89 Biennial Budget  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE:

To support adequately minority students enrolled in graduate programs, particularly in those programs where minorities have been underrepresented (science, mathematics, and engineering).

DESCRIPTION:

The Minority and Disadvantaged Graduate Student Fellowship Program provides a stipend and tuition for students who meet the eligibility criteria established by the Graduate School. The program complements other fellowship and assistantship programs offered through the Graduate School and agencies external to the University. The emphasis placed in this program on the recruitment and enrollment of students in the sciences, mathematics and engineering allows the University to compete favorably in attracting high ability minority and disadvantaged students. With these funds, academic departments have been able to recruit students from groups not traditionally included in pools of prospective students.

STATISTICS:

	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
No. of minority students enrolled in graduate programs	276	285	290	295	295
No. of requests for fellowships	26	27	30	30	30
No. of awards to first year minority students	12	13	12	10	10
No. of awards to students enrolled in science, math, and engineering	2	5	6	5	5
No. of departments with awardee enrollments	10	10	10	11	12

CHANGE REQUEST:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: FELLOWSHIPS FOR MINORITY & DISADVANTAGED GRADUATE STUDENTS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
-----											
Total Personal Services											
Supplies, Expense and Equipment	50.0	51.5	53.6	53.6		53.6	53.6		53.6	54.9	56.3
-----											
Total Expenditures	50.0	51.5	53.6	53.6		53.6	53.6		53.6	54.9	56.3
=====											
Positions											
Academic											
Civil Service											
-----											
Total											
=====											

ACTIVITY: GENERAL RESEARCH  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:<sup>1</sup>

Graduate School Research

- 1) To develop the research potential of new faculty members.
- 2) To insure the exploration of new ideas in the various disciplines.
- 3) To share in the support of major pieces of equipment which cannot be obtained totally from research contracts and grants.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988 <sup>3</sup>	F.Y. 1989 <sup>3</sup>
1) New faculty <sup>2</sup>				
grant requests	88	122	146	176
grant awards	46	64	64	64
amount of requests	\$1,219,355	\$1,605,564	\$1,926,677	\$2,312,012
amount of awards	\$ 453,064	\$ 393,528	\$ 393,528	\$ 393,528
2) Total faculty				
grant requests	295	360	396	475
grant awards	116	159	159	159
amount of requests	\$2,523,090	\$3,471,201	\$3,808,321	\$4,200,153
amount of awards	\$ 782,468	\$ 850,800	\$ 850,800	\$ 850,800

DESCRIPTION:

Research grant applications from faculty members are solicited and then reviewed for scholarly/artistic merit and need by a committee of highly esteemed scholars. Individual awards generally average around \$5,000 to \$10,000 and support a wide variety of scholarly/artistic activities: a) initial research activities of new faculty members; b) changes in research direction and exploration of new ideas; c) development of new or upgraded research capabilities; d) maintenance of ongoing research programs during brief lapses in external funding. Many of the faculty receiving these "seed money" grants later obtain substantial outside support providing a return on funds typically more than tenfold. The availability of these funds has provided a major attraction for prospective faculty members.

<sup>1</sup> All three objectives are shared by other activities, predominantly the Overhead Reserve Research Fund and the Federal Biomedical Research Support Grant. In total, these account for an additional \$593,000 of awarded funds (for FY 1986) which provided an additional 106 awards, 28 of which went to new faculty.

<sup>2</sup> New faculty defined as those hired within a 2-year period (e.g., F.Y. 1984 - F.Y. 1986).

<sup>3</sup> Projections for F.Y. 1988 and F.Y. 1989 assume a 10% increase in total requests and a 20% increase in new faculty requests. The increases reflect decreased federal funding and increased recruitment of new faculty because of a large number of retirements in May, 1986, a new program of endowed chairs (70) with expectations of new junior positions associated with chairs, and faculty growth in high priority areas.

Center for Urban and Regional Affairs

OBJECTIVE:

To encourage the University of Minnesota to be more responsive to community needs by sponsoring projects that are cross-disciplinary and that stimulate interaction among faculty, students, and the Minnesota community.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Number of programs sponsored	108	105	107	107

DESCRIPTION:

The Center for Urban and Regional Affairs (CURA) helps support faculty and students - primarily graduate students - who undertake applied/interactive research projects growing out of the major issues of public concern to the citizens of Minnesota. In virtually all cases this research is done in conjunction with persons, agencies, or community groups outside the University. Often projects involve the public sector at the local, regional, or state level.

Faculty members from all parts of the University are involved with CURA on a project-by-project basis. In some cases they are responsible for research projects. In other cases they participate in CURA - sponsored programs.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Faculty involved	158	150	150	150
University units represented	76	70	75	75
Graduate students involved	95	100	110	120
University units involved	30	32	35	35
Undergraduates involved	55	50	50	50
State agencies involved	29	15	18	18
Local agencies involved	44	45	45	45
Non-Profit community organizations	180	160	160	160
Major research reports prepared and disseminated	15	15	17	17

ACTIVITY: **GENERAL RESEARCH**  
 (Continuation)  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

DESCRIPTION:

Bureau of Business and Economic Research

OBJECTIVE:

To conduct research and disseminate findings on key issues of business and economic development in the region.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
No. of Projects funded	20	20-25	20-25	20-25

DESCRIPTION:

Provide "seed" funds for new research initiatives by the faculty of the School of Management.

UMD Business and Economic Research

OBJECTIVES:

- 1) To monitor indicators of economic activity in the area and provide this information to the community on a timely and continuous basis.
- 2) To facilitate research by faculty of the School of Business and Economics, University of Minnesota-Duluth.
- 3) To encourage research which will expand the economy of the area and state, including support to projects initiated by the Natural Resources Research Institute, UMD.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Economic indicators monitored	17	18	18	18
Publications on area economy	5	6	6	6
Faculty journal publications	35	37	39	42
Faculty grants	5	5	6	7
Faculty papers presented	15	17	19	21
Local jobs created	0	100	200	300

- 1) The Bureau compiles data on the area economy on a regular basis and publishes this information. The Duluth Business Indicators (DBI) has been done for over 20 years and is the oldest monitor in the state. Monthly reports are produced for the Duluth economy and an annual publication is done for Northeastern Minnesota, Region 3. These publications are distributed to both the private and public sectors, primarily in the area.
- 2) The Bureau works with faculty to increase their professional research productivity. Assistance is provided in the form of seed money to develop research ideas. Also, Bureau staff help faculty in preparing grant proposals and administer budgets for faculty research grants. The Bureau has developed a Working Paper Series to disseminate faculty research prior to journal publications. In the future, a faculty research workshop series is planned along with a writers' retreat. The former will encourage greater research interaction among faculty, while the later will increase faculty publications.
- 3) The Bureau encourages faculty and staff research which has the potential of creating jobs in the local area. Primary emphasis has been on natural resources economic development and this will continue in conjunction with the Natural Resources Research Institute (NRRI), UMD. As the Institute considers the technical aspects of new processes, the Bureau will provide business and economic analysis of the projects. The Bureau will also work with NRRI in obtaining grant funds for natural resource research at UMD.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Duluth publications circulated	19,000	18,500	18,500	18,500
Selected indicators of North-eastern Minnesota (published)	1,200	1,000	1,000	1,000
Presentations on area economy	28	32	34	36
Grants to faculty	10	10	10	10
Working papers issued	30	35	35	35
Workshops		3	6	6
Writers' retreat		1	1	1
Grant preparation assistance	8	10	10	10
Grant budgets administered	4	5	5	5
Projects analyzed for NRRI	3	6	8	10
Grants funded with NRRI	\$200,000	\$200,000	\$300,000	\$400,000
Local research projects	2	3	3	3

ACTIVITY: GENERAL RESEARCH

1987-89 Biennial Budget

(Continuation)

Program: SPECIAL APPROPRIATIONS

Agency: UNIVERSITY OF MINNESOTA

Bell Museum of Natural History

OBJECTIVES:

- 1) To provide flexibly delivered educational programming in the fields of environmental science and natural history adapted to the changing needs of public and community groups.
- 2) To conduct and facilitate faculty and graduate student research and prepare scholarly publications in these fields.
- 3) To offer high quality permanent and changing museum exhibitions.

DESCRIPTION:

Bell Museum staff deliver a variety of educational and informational programs at the Museum and at sites throughout the community. Programs include noncredit courses offered through the University's Continuing Education and Extension Department, informal courses, lectures, workshops, field trips, and group guided tours. Information on wildlife, natural history, and environmental subjects is also disseminated through Imprint, a quarterly newsletter, and through materials available at the Museum's Blue Heron Bookstore. The Museum's exhibits, particularly in the Touch and See Room, provide hands-on experiences with a variety of naturalistic materials.

In recent years, the Museum has developed a long range plan for programming and services; begun a \$3.2 million capital fund drive, including funding for an endowed chair in ornithology; and increased research initiatives and community outreach efforts.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: GENERAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	685.1	786.1	830.2	866.3		866.3	866.3		866.3	888.0	910.5
Civil Service	327.0	359.6	363.2	363.2		363.2	363.2		363.2	372.3	381.7
Fringe Benefits	78.0	91.6	92.5	92.5		92.5	92.5		92.5	94.8	97.2
-----											
Total Personal Services	1,090.1	1,237.3	1,285.9	1,322.0		1,322.0	1,322.0		1,322.0	1,355.1	1,389.4
Supplies, Expense and Equipment	812.3	722.2	752.0	752.0		752.0	752.0		752.0	770.8	790.4
-----											
Total Expenditures	1,902.4	1,959.5	2,037.9	2,074.0		2,074.0	2,074.0		2,074.0	2,125.9	2,179.8
=====											
Positions											
Academic	36.3	38.7	37.7	37.7		37.7	37.7		37.7	37.7	37.7
Civil Service	19.1	21.0	20.6	20.6		20.6	20.6		20.6	20.6	20.6
-----											
Total	55.4	59.7	58.3	58.3		58.3	58.3		58.3	58.3	58.3
=====											

ACTIVITY: **HORMEL INSTITUTE**  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVE:

To generate research grants to the Hormel Institute from outside granting agencies.

EFFECTIVENESS MEASURES:

	F.Y. 1984	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Ratio: Dollars attracted/ dollars appropriated	8.6	9.0	9.5	7.6	9.0	9.0

DESCRIPTION:

The general state support of fundamental research provides a base activity justifying applications for grant funds from federal and other agencies for specific research projects in biomedical research. The funds are used within the Hormel Institute where most needed, and are usually applied to salaries of essential personnel, required equipment, and necessary supplies for preliminary studies. The results gained by these activities are then used as the basis for grant applications to federal agencies and to the private sector for larger scale projects of interest and benefit to the people of Minnesota.

STATISTICS:

(From Hormel Institute budgets):

	F.Y. 1984	F.Y. 1985	F.Y. 1986
State Appropriation	\$ 156,236	\$ 163,942	\$ 170,400
Federal Funds	\$1,275,509	\$1,421,910	\$1,521,744
Other	\$ 64,437	\$ 55,312	\$ 93,118
Hormel Foundation	\$ 543,325	\$ 555,644	\$ 594,539

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: HORMEL INSTITUTE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL			F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	ESTIMATED F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	97.9	101.9	109.9	113.8		113.8	113.8		113.8	116.6	119.6
Civil Service	25.1	24.3	25.3	25.3		25.3	25.3		25.3	25.9	26.6
Fringe Benefits	28.9	31.4	32.6	32.6		32.6	32.6		32.6	33.4	34.3
-----											
Total Personal Services	151.9	157.6	167.8	171.7		171.7	171.7		171.7	175.9	180.5
Supplies, Expense and Equipment	10.5	9.7	6.2	206.2	( 200.0)	6.2	206.2	( 200.0)	6.2	11.4	16.7
-----											
Total Expenditures	162.4	167.3	174.0	377.9	( 200.0)	177.9	377.9	( 200.0)	177.9	187.3	197.2
=====											
Positions											
Academic	2.1	2.2	2.3	2.3		2.3	2.3		2.3	2.3	2.3
Civil Service	1.2	1.1	1.1	1.1		1.1	1.1		1.1	1.1	1.1
-----											
Total	3.3	3.3	3.4	3.4		3.4	3.4		3.4	3.4	3.4
=====											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: HORMEL INSTITUTE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request as stated above.

Request Title: <u>Hormel Institute</u>	F.Y. 1988		F.Y. 1989	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
Agency Request				
General Fund	\$(200.0)	-0-	\$(200.0)	-0-
Governor's Recommendation	\$(200.0)	-0-	\$(200.0)	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

Delete funding provided on a contingency basis by the 1985 state Legislature.

DESCRIPTION/RATIONALE:

During the 1985 legislative session, the Hormel Institute anticipated federal funding cuts in its programs of approximately \$200,000 per year for the 1985-87 biennium. To offset these cuts, the 1985 Legislature appropriated \$200,000 per year on a contingency basis. The cuts in federal funding were not made nor were state appropriations expended. This request seeks a deletion of the state appropriation from the Institute's base.

F.Y. 1987 Base		Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M					
Special	\$ 374.0				
Federal	1,883.2				
Private	620.7				
Income-Other	520.8				
Total	\$3,398.7				
Academic					
Civil Service					
Fringe Benefits					
Expense/Service		\$(200.0)		\$(200.0)	
Supplies/Materials					
Equipment					
Total		\$(200.0)		\$(200.0)	

ACTIVITY: INDUSTRIAL RELATIONS EDUCATION  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To define the education and training needs of Minnesota's employers and workers.
- 2) To publicize developing employment, legal, and public policy shifts affecting employment relationships.
- 3) To identify areas requiring policy interpretation and the development of training material.
- 4) To continue expansion of out-state Employer Education Service (EES) and Labor Education Service (LES) program offerings while continuing metropolitan area programs at their present level.
- 5) To deliver professional level educational program opportunities consistent with the quality standards of the University to audiences and locations currently without access to, or knowledge of, such programs.
- 6) To design, deliver, and coordinate programs for the public, non-profit sector (government and non-profit agencies), particularly in outstate communities.
- 7) To increase teaching efficiency and reduce the unit cost to participants, improve outreach techniques for more efficient and cost effective distribution of program promotional materials, and examine ways to increase the number of participants attending EES and LES programs.
- 8) To provide more programs designed and directed toward executive officers and managers.
- 9) To institute computer applications into the program design wherever possible.

EFFECTIVENESS MEASURES:

Funding over the current biennium has permitted achievement of the performance records shown below; the budget request for the next biennium would allow attainment of the targets projected.

	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
<u>Labor Education Service (LES)</u>					
Total Number of programs offered	48	61	70	75	80
No. of metro-area programs	41	49	56	60	64
No. of out-state programs	7	12	14	15	16
No. of participants	1,949	3,091	2,538	2,563	2,589
No. of program days	57	72	76	80	85
Training manuals produced	1	1	2	3	3
<u>Telecommunications</u>					
Videotapes/films produced	6	9	10	12	15
Public access programs developed	26	30	36	44	52

<u>Employer Education Service (EES)</u>					
Total number of programs offered	95	93	130	135	140
No. public registration programs	60	66	100	100	100
No. in-house contract programs	35	27	30	35	40
No. of out-state programs	8	12	10	11	12
No. of participants	2,475	2,110	2,500	2,600	2,750
No. organizations represented	750	800	840	890	930
No. of employers requests for technical assistance/materials development (case studies, reference sources, guidelines, etc.)	1	1	2	3	3
X% of total materials used	300	400	500	600	700
No. of program days	50%	50%	50%	50%	50%
	103	111	143	158	173
<u>Policy Study &amp; Development Service</u>					
Policy papers/proposals issued	5	5	6	7	8

DESCRIPTION:

The Industrial Relations Education Fund (IREF) supports the Industrial Relations Center's (IRC) community outreach activities of specialized training, materials development, and applied studies in industrial relations designed specifically to meet the educational needs of workers, employers, and leaders from the state's labor, management, and public communities (both public and private sectors). These activities enhance learning and information exchange on matters central to labor relations, human resources, and professional development for decision-makers in industrial relations. Moreover, the Center's Labor Education Service (LES), Employer Education Service (EES), and Policy Study and Development Service (PSDS) strive to advance fair and equitable standards upon which to build and enrich the quality of labor and management relations in the state. While meeting the separate and unique training and education needs of labor and management respectively, the LES and EES also serve as the University-based organizations that bring together the state's labor and management communities to discuss ways and means for enhancing their mutual welfare. Joint programming in the areas of health care cost containment, arbitration, and labor-management cooperation committees are examples of this activity. Initiated in 1945, these community outreach activities are vital elements of the mission of the IRC.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: INDUSTRIAL RELATIONS EDUCATION  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	385.2	392.9	421.9	438.3		438.3	438.3		438.3	449.3	460.7
Civil Service	82.7	90.5	93.4	93.4		93.4	93.4		93.4	95.7	98.2
Fringe Benefits	102.9	106.5	110.0	110.0		110.0	110.0		110.0	112.8	115.6
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	570.9	589.8	625.3	641.8		641.8	641.8		641.8	657.8	674.5
Supplies, Expense and Equipment	49.1	36.8	38.8	38.8		38.8	38.8		38.8	39.8	40.8
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	620.0	626.6	664.1	680.6		680.6	680.6		680.6	697.6	715.3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	11.1	10.4	10.3	10.3		10.3	10.3		10.3	10.3	10.3
Civil Service	3.7	4.1	4.1	4.1		4.1	4.1		4.1	4.1	4.1
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	14.8	14.4	14.4	14.4		14.4	14.4		14.4	14.4	14.4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

ACTIVITY: INSTITUTE FOR ADVANCED STUDIES IN BIOLOGICAL PROCESS 1987-89 Biennial Budget  
 Program: SPECIAL APPROPRIATIONS TECHNOLOGY  
 Agency: UNIVERSITY OF MINNESOTA

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To perform basic research of significance to biotechnology-related companies and to academic scientists, educate graduate students and postdoctorals, and consult and collaborate with industrial scientists in order to facilitate the effective transfer of multidisciplinary biotechnology research and training activities into the private sector.

DESCRIPTION:

The Institute for Advanced Studies in Biological Process Technology was established in 1985 to provide advanced research, training, and University-industry interactions in biological process technology, a major area of biotechnology research. Funds were originally appropriated in the 1983-85 biennium for the Biotechnology Research Center to establish the Institute. This funding was used to develop initial interactions with industry, recruit the Institute Director, and begin the remodeling and equipping of Institute laboratory, pilot plant, and office space. The Institute now receives the total continuing funding base. This funding base also supports graduate assistantships and supplies for the M.S. Program in Microbial Engineering.

The Institute is the central University of Minnesota vehicle for coordinated research in the biological, chemical, and engineering aspects of biological process technology. Its faculty perform basic research of significance to biotechnology-related companies and to academic scientists, educate graduate students and postdoctorals, and consult and collaborate with industrial scientists. Its facilities and equipment are accessible to industrial and academic scientists for collaborative and contract research.

The Microbial Engineering M.S. program was established in 1984 to provide students with an integrated training in contemporary basic and applied microbiology, immunology, molecular biology, biochemical engineering, and computer science. An integral part of the program is placement of students in 10-week training preceptorships with local companies in the summer between their first and second years. Graduates will be well prepared for industrial work in microbiology and biotechnology.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Research grant funds to Institute (in thousands)	\$242.9	\$289.3	\$500.0	\$750.0
Students and postdocs supervised	10	12	15	23
Facilities usage agreements		5	7	10
Collaboration/consulting agreements	3	8	10	12
Conference and seminar attendance for industrial short courses, open house	80	90	150	185
Joint seminars, invited lecturers, visting industrial scientists	4	9	13	18
Research interactions with companies	9	14	16	21
Students enrolled in M.S. program	6	6	6	6
M.S. students placed in preceptorships	3	3	3	3
M.S. students placed in biotech jobs		3	3	3

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: INSTITUTE FOR ADVANCED STUDIES IN BIOLOGICAL PROCESS TECHNOLOGY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	86.9	206.2	187.7	193.3	108.0	301.3	193.3	168.5	361.8	198.1	203.2
Civil Service	2.1	47.6	42.1	42.1	15.2	57.3	42.1	16.1	58.2	43.2	44.2
Fringe Benefits	14.9	39.4	34.8	34.8	32.5	67.3	34.8	49.0	83.8	35.6	36.5
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	104.0	293.2	264.6	270.1	155.7	425.8	270.1	233.6	503.7	276.9	283.9
Supplies, Expense and Equipment	316.0	239.4	335.3	335.3	44.3	379.6	335.3	66.4	401.7	343.6	352.4
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	420.0	532.6	599.9	605.4	200.0	805.4	605.4	300.0	905.4	620.5	636.3
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	2.6	6.8	5.8	5.8	2.5	8.3	5.8	4.5	10.3	5.8	5.8
Civil Service	.1	2.7	2.3	2.3	1.0	3.3	2.3	1.0	3.3	2.3	2.3
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	2.7	9.4	8.1	8.1	3.5	11.6	8.1	5.5	13.6	8.1	8.1
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: INSTITUTE FOR ADVANCED STUDIES IN BIOLOGICAL PROCESS TECHNOLOGY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Institute for Advanced Studies in Biological Process Technology				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$200.0	3.5	\$300.0	5.5
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST/OBJECTIVES:

The Institute for Advanced Studies in Biological Process Technology seeks funding to complete the establishment of this unit, supporting especially the activities of its Central Research Facility (a campus-wide pilot plant facility).

DESCRIPTION/BACKGROUND:

The Institute for Advanced Studies in Biological Process Technology was formally established in 1985 to provide advanced research, training, and University-industry interactions in biological process technology, a major area of biotechnology research. The funding base in the 1985-87 biennium is used for salary and fringe benefits for 3 faculty members (including the Director); administrative staff; 1 postdoctoral, 1 graduate student, 1 research professional and 2 research technicians; supplies and equipment; faculty starts ups; and major laboratory remodeling. This funding base also supports graduate assistantships and supplies for the M.S. Program in Microbial Engineering.

RATIONALE:

The funding increase requested in the 1987-89 biennium is critical to the successful start up of the Institute. The framework for a top quality bioprocess department was established in the 1985-87 biennium; however, the funding received fell short of start up costs. The additional funding requested for 1987-89 is

required to complete the hiring of 3 faculty members and an administrative staff person for the Institute and 1 research professional for the Central Research Facility (salaries, fringe benefits, and start up funds); purchase key analytical equipment; and establish an SEE budget for the Central Research Facility. Without the critical mass of 6 faculty (including the Director) as originally approved, the Institute will not succeed. Receipt of the additional funds plus the current base of \$599.9 will put the Institute in a good position to secure major federal and private grants. But it takes new faculty members at least 1 1/2 - 2 years to begin to secure outside funding for their research projects. Thus a delay in hiring the remaining 3 faculty in turn delays federal and private funding by an additional 2 years. Core faculty appointed in the Institute will also hold tenure and teaching responsibilities in traditional academic disciplines across the University. They will, therefore, have a wide impact in developing a biotechnology focus on research projects in several colleges at the University.

Research professionals are critical to the operation of the Institute's pilot plant or Central Research Facility (CRF). The CRF will be equipped with state-of-the-art equipment to facilitate research and development in fermentation, mass animal and plant cell culture technology, and large scale separation of biological molecules. The large scale bioreactors and separation and analytical equipment to be housed in the CRF will be available to all faculty, and for collaborative research projects between industry and university scientists. This equipment, and the professional staff to support it, is not available elsewhere at the University of Minnesota or in the state of Minnesota.

F.Y. 1987 Base	Increase over F.Y. 1987					
	F.Y. 1988		F.Y. 1989			
	\$	Pos.	\$	Pos.		
O&M						
Special	\$ 599.9	Academic	\$108.0	2.5	\$168.5	4.5
Federal	69.7	Civil Service	15.2	1.0	16.1	1.0
Private	132.1	Fringe Benefits	32.5		49.0	
Income		Expense/Service				
Total	\$ 801.7	Supplies/Materials	19.3		16.4	
		Equipment	25.0		50.0	
		Total	\$200.0	3.5	\$300.0	5.5

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this through reallocation of existing resources.

ACTIVITY: INSTITUTE FOR HUMAN GENETICS  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To develop an interdisciplinary approach to the study and application of new developments in the area of human genetics and genetic engineering.

EFFECTIVENESS MEASURES:

Since its inception last year, the Institute of Human Genetics has made considerable progress in achieving its objectives in a variety of areas. The Genetic Services program of the Institute has been established. One of its components, the Microchemical Facility, is now fully operational and has a full-time staff and all of the necessary state of the art equipment required to keep the University of Minnesota at the forefront of molecular genetic technologies. Since this is an all-University service, it is available to all researchers engaged in molecular genetic research and the analysis and synthesis of genes and proteins. Through a unique arrangement, a private company (Beckman Instruments) provides needed state of the art and prototype equipment to the Microchemical Facility free of charge, and in return is allowed to demonstrate the uses of the equipment to potential customers in the upper Midwest.

The other component of the Genetic Services program is the Molecular Diagnostics Laboratory, which is responsible for applying the molecular and genetic engineering technologies to genetic diagnosis of disease. An example of the first gene probe diagnostic test that has been initiated is one for bone marrow transplantation monitoring. This gene probe test can unequivocally determine whether or not bone marrow transplantation patients will reject their newly transplanted bone marrow. The Molecular Diagnostics Laboratory is also working to develop gene probe diagnostic tests for several other diseases, including cystic fibrosis, Duchenne muscular dystrophy, Alzheimer's disease, ocular albinism, and chronic granulomatosis disease.

The research programs of the staff members are continuing to expand and include areas directly related to human genetic problems, including the genes that play a role in aging, cancer, neurological disorders, normal and abnormal behavior, and immunological disorders. The technological base that has been developed has continually improved existing techniques and strategies for the diagnosis, management and repair of disorders of genetic origin. Moreover, the Institute is continually transferring this technological base in molecular genetics to other units at the University in an attempt to aid in the development of other programs. For example, the Institute's gene identification and gene transfer programs have also been utilized to facilitate the improvement of growth promotion in animal species.

F.Y. 1986                      F.Y. 1987

State appropriation                      \$300,000                      \$485,000

DESCRIPTION:

In recognition of the fundamentally new developments in molecular human genetics and their application to treatment of various forms of human genetic disorders, the University of Minnesota has established the Institute of Human Genetics. The Institute's primary goal will be to provide the technologies necessary for understanding the structure, function, and expression of human chromosomes and genes for the prevention, diagnosis, and therapy of inborne and acquired genetic disorders, including neurological, behavioral, metabolic, proliferative, and circulatory diseases that exhibit a genetic propensity or predisposition. These developments and their application will affect the genetics of humans as well as other animal species. The Institute will follow an interdisciplinary approach and recruit a team of faculty members having the required expertise in molecular, clinical, and behavioral genetics to facilitate the development and application of these techniques.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: INSTITUTE FOR HUMAN GENETICS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic		9.4	15.9	15.9		15.9	15.9		15.9	16.3	16.7
Civil Service		30.5	51.6	51.6		51.6	51.6		51.6	52.9	54.2
Fringe Benefits		6.2	10.5	10.5		10.5	10.5		10.5	10.8	11.0
-----											
Total Personal Services		46.1	77.9	77.9		77.9	77.9		77.9	80.0	81.9
Supplies, Expense and Equipment		253.9	407.1	407.1		407.1	407.1		407.1	417.1	427.8
-----											
Total Expenditures		300.0	485.0	485.0		485.0	485.0		485.0	497.1	509.7
=====											
Positions											
Academic		.4	.6	.6		.6	.6		.6	.6	.6
Civil Service		1.6	2.6	2.6		2.6	2.6		2.6	2.6	2.6
-----											
Total		2.0	3.2	3.2		3.2	3.2		3.2	3.2	3.2
=====											

ACTIVITY: INTERCOLLEGIATE ATHLETICS  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To continue to provide equal opportunities at the University for men and women in intercollegiate athletics.

DESCRIPTION:

Twin Cities

Programs and services in the Women's Intercollegiate Athletic Department are designed to meet the needs of diverse constituent groups (i.e., student-athletes, the University community, alumnae, the business community, and the general public). Efforts are directed in 3 areas: education, entertainment, and business. Intercollegiate competition is offered in the following sports:

basketball	swimming and diving
cross country	tennis
golf	track and field
gymnastics	volleyball
softball	

All of these programs compete in the Big Ten Conference and Division 1 of the National Collegiate Athletic Association (NCAA).

The following necessary ancillary support service programs are also provided:

- Academic Advising and Counseling
- Athletic Training/Medical Supervision and Rehabilitation
- Athletic Scholarship Development/Fund-raising
- Sports Information Services
- Promotions and Public Relations
- Event Management/Ticket Sales
- Weight Training and Conditioning
- Educational Seminars/Programs for student-athletes
- Community Service (clinics, appearances, etc.)

Coordinate Campuses

The nature of the programs on the four coordinate campuses is similar to those on the Twin Cities campus, but the scope of the programs is smaller.

STATISTICS:

Number of women student-athletes served by the program: 160-170 per year.

Average number of spectators in attendance per game:

	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>
Basketball	916	700	900
Gymnastics	480	676	720
Softball	187	240	280
Swimming	133	200	220
Volleyball	557	600	800

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: INTERCOLLEGIATE ATHLETICS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	628.6	677.4	719.3	743.1		743.1	743.1		743.1	761.7	781.0
Civil Service	290.0	301.1	309.1	309.1		309.1	309.1		309.1	316.8	324.9
Fringe Benefits	157.5	157.0	161.4	161.4		161.4	161.4		161.4	165.4	169.6
-----											
Total Personal Services	1,076.0	1,135.5	1,189.8	1,213.5		1,213.5	1,213.5		1,213.5	1,243.9	1,275.5
Supplies, Expense and Equipment	692.0	1,688.5	1,707.1	1,707.1		1,707.1	1,707.1		1,707.1	1,749.8	1,794.2
-----											
Total Expenditures	1,768.0	2,824.0	2,896.9	2,920.7		2,920.7	2,920.7		2,920.7	2,993.7	3,069.7
=====											
Positions											
Academic	24.4	28.0	27.8	27.8		27.8	27.8		27.8	27.8	27.8
Civil Service	17.1	19.5	19.5	19.5		19.5	19.5		19.5	19.5	19.5
-----											
Total	41.5	47.5	47.3	47.3		47.3	47.3		47.3	47.3	47.3
=====											

ACTIVITY: LAKE SUPERIOR BASIN STUDIES  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To aid in the profitability of tourism-oriented small business in northern Minnesota.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Projects initiated	7	13	18	20

DESCRIPTION:

The Tourism Management & Development Center provides programs and services in northern Minnesota through 2 basic approaches: Research and Outreach

- 1) Research:  
 Research emphasis currently is directed toward 6 specific market segments.

	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Fishermen		2	3	3
Skiers	1	2	3	3
Campers	1	2	3	3
Senior Citizens	1	2	3	3
Special Populat.	2	2	3	3
International Vistors	2	2	3	3
Other				2

- 2) Outreach:  
 Outreach emphasis is oriented toward working with communities, associations, and individual businesses to assist in increasing the understanding of the tourism infrastructure and assisting in the efficiency and development of the tourism industry in northern Minnesota.

<u>Statistics</u>	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Communities	4	12	15	15
Associations	11	16	18	18
Individual Businesses	9	12	15	20

Total Legislative Funding	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
	\$135.0	\$135.0	\$135.0	\$135.0

CHANGE REQUESTS:

In compliance with the intent of the 1985 Legislature [see section 7, subdivision 3 (y)], funding for this activity will be discontinued following the 1985-87 biennium.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: LAKE SUPERIOR BASIN STUDIES  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	47.7	50.0	53.7	55.4	( 55.4)		55.4	( 55.4)		-0-	-0-
Civil Service	62.8	52.0	54.1	54.1	( 54.1)		54.1	( 54.1)		-0-	-0-
Fringe Benefits	21.8	20.8	21.7	21.7	( 21.7)		21.7	( 21.7)		-0-	-0-
-----											
Total Personal Services	132.4	122.8	129.5	131.2	( 131.2)		131.2	( 131.2)		-0-	-0-
Supplies, Expense and Equipment	1.4	15.0	13.8	13.8	( 13.8)		13.8	( 13.8)		-0-	-0-
-----											
Total Expenditures	133.8	137.8	143.3	145.0	( 145.0)		145.0	( 145.0)		-0-	-0-
=====											
Positions											
Academic	1.0	1.0	1.0	1.0	( 1.0)		1.0	( 1.0)		-0-	-0-
Civil Service	3.3	3.1	3.1	3.1	( 3.1)		3.1	( 3.1)		-0-	-0-
-----											
Total	4.3	4.1	4.1	4.1	( 4.1)		4.1	( 4.1)		-0-	-0-
=====											



ACTIVITY: MEDICAL RESEARCH  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To provide seed money for promising new investigators as well as senior faculty members to assist with establishing basic and clinical research programs. Support is provided for projects in medical and cancer research, dental research, psychiatry, neurology, cystic fibrosis, the Center for Health Services Research, and the Environmental Pathology Laboratory.

DESCRIPTION:

As a part of a major research University, the Health Sciences units attract considerable amounts of outside research dollars both from federal as well as private agencies. Over the years, this Special State appropriation has provided seed money which has enabled Health Sciences and other faculty to develop research grant proposals and successfully compete for outside funding. As a result, the returns to the University as well as the state have been multiplied many times.

In addition to providing seed money, the State Special appropriation is also used to provide interim funding for a productive faculty member between conclusion of an existing project and securing funding for a new project.

The most recent example of a return on this investment is a \$300,000 federal research grant to the Environmental Pathology Laboratory for the study of potential health hazards of fumigants used in treatment of grain.

STATISTICS:

The appropriation is distributed by programs in the following manner:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Medical and Cancer	\$ 453,600	\$ 471,800
Dental Research	68,500	71,250
Psychiatry	669,900	696,750
Neurology	512,800	533,350
Cystic Fibrosis	60,850	63,300
Center for Health Services Research	287,150	298,650
Environmental Pathology Laboratory	103,000	107,100
Total Appropriation	<u>\$2,155,800</u>	<u>\$2,242,200</u>

The medical and cancer research program serves as a good illustration of how a modest amount of funding is used to develop promising research proposals.

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Grant proposals received	128	157	173	190
Dollars requested	\$1,256,666	\$1,507,240	\$1,657,964	\$1,823,760
Grants awarded	59	59	59	59
Dollars awarded	\$480,593*	\$471,800	\$471,800	\$471,800

\* This program was supplemented with other funds to help meet research needs. An additional 13 awards were made during F.Y. 1986 for an amount in excess of \$100,000.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MEDICAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	752.5	781.1	875.3	920.6	105.4	1,026.0	920.6	109.6	1,030.2	943.6	967.6
Civil Service	432.9	413.7	439.7	439.7	11.0	450.7	439.7	11.4	451.1	450.7	462.1
Fringe Benefits	187.1	193.1	205.2	205.2	4.5	209.7	205.2	30.3	235.5	210.3	215.7
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	1,372.5	1,387.9	1,520.2	1,565.5	120.9	1,686.4	1,565.5	151.3	1,716.8	1,604.6	1,645.4
Supplies, Expense and Equipment	620.6	767.9	722.0	722.0		722.0	722.0	10.0	732.0	740.1	758.8
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	1,993.1	2,155.8	2,242.2	2,287.5	120.9	2,408.4	2,287.5	161.3	2,448.8	2,344.7	2,404.2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	21.4	20.5	21.1	21.1	2.0	23.1	21.1	2.0	23.1	21.1	21.1
Civil Service	22.9	33.1	34.1	34.1	.5	34.6	34.1	.5	34.6	34.1	34.1
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	44.4	53.6	55.2	55.2	2.5	57.7	55.2	2.5	57.7	55.2	55.2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MEDICAL RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Medical Research				
	F.Y. 1988		F.Y. 1989	
Agency Request	Amount	Positions	Amount	Positions
General Fund	\$120.9	2.5	\$161.3	2.5
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST OBJECTIVES:

To seek increased state funding for the Center for Health Services Research in order to address newly emerging issues in such areas as long term care for the aged and effects of competition on the cost and quality of health care. No other new funding for medical research activities is being sought in the 1987-89 biennium.

DESCRIPTION/BACKGROUND:

The Health Services Research Center, located in the School of Public Health, was established in 1978 with a combination of state and other funding. Initially it was hoped that state support would grow to a level of \$500,000 per year. That expectation has not materialized but the Center has been successful in attracting federal and private funds which have enabled the building of a core staff which has achieved a position of recognized excellence.

EFFECTIVENESS MEASURES:

Perhaps the best measure of the Center's success is its demonstrated ability to attract significant outside funding with a modest investment of state dollars.

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
state appropriation	\$ 287,150	\$ 298,650	\$ 419,534(req.)	\$ 459,946(req.)
federal	245,526	232,709	482,709	732,709
other	634,605	673,882	773,882	1,048,882
Total	\$1,167,281	\$1,205,241	\$1,676,125	\$2,241,537

RATIONALE:

Although past and projected success in attracting outside dollars is highly desirable, it can have a potentially negative effect. Excessive dependence on outside funding tends to influence the research issues addressed by the Center. In order to pursue newly emerging issues and priorities which the Center feels are important, will require the addition of 2 faculty with expertise in long term care and health financing and a half time secretary. It should be pointed out that if the modest increase requested is granted, state support in proportion to the total Center budget would be less in F.Y. 1989 (21%) than in either year of the current biennium.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M				
Special	\$ 298.7		\$105.4	2.0
Federal	\$ 232.7		11.0	.5
Private	\$ 673.9		29.3	
Other				
Total	\$1,205.3		10.0	
Academic				
Civil Service				
Fringe Benefits				
Expense/Service				
Supplies/Materials				
Equipment				
Total			\$155.7	2.5
			(34.8)*	
			\$120.9	

\* Foundation grant applied to cover part of proposed increase expires at the end of F.Y. 1988.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

ACTIVITY: MICROELECTRONIC & INFORMATION SCIENCES CENTER 1987-89 Biennial Budget  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To sponsor and conduct high quality research in the microelectronic and information sciences.
- 2) To increase the flow of highly skilled graduates to Minnesota industry by enhancing educational offerings in the microelectronic and information sciences fields.
- 3) To expedite technology transfer by enhancing cooperation between the industrial research community and the University in research and teaching programs.

EFFECTIVENESS MEASURES AND STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of graduate students	100	105	110	115
State funding for research programs	\$1,600,000	\$1,680,000	\$2,800,000	\$4,320,000
Leveraged research resources	\$4,000,000	\$4,000,000	\$4,500,000	\$5,000,000
State funding for education programs	\$ 412,000	\$ 640,000	\$ 800,000	\$ 680,000
Leveraged education resources	\$ 574,000	\$ 125,000	\$ 125,000	\$ 125,000
No. member companies				
major	4	4	5	6
associate	4	5	6	7

DESCRIPTION:

The Microelectronic and Information Sciences (MEIS) Center sponsors interdisciplinary programs in microelectronic and information sciences through research and education programs which emphasize technology transfer.

1) Research Programs

A strong University research program is essential to industry-University research cooperation. MEIS research programs are building major strengths in the analysis, processing, and characterization of microelectronic materials, especially silicon and gallium arsenide; computer assisted design tools for VLSI design and engineering; expert systems using computer vision; and algorithms for very high speed computing. These are areas in which Minnesota industry needs faculty consultants, as well as well-educated new scientists.

Major thrusts in the research program are implemented through interdisciplinary team research projects which conduct coordinated research on cutting-edge problems that are long range in nature and have high potential for practical payoffs. Also, small grants are awarded to attract individual faculty members to conduct research in MEIS areas and encourage new team projects. MEIS research funds are matched on at least a 1:1 basis with external funds. Several laboratory facilities are used for MEIS-related teaching and research activities and are partially supported by MEIS research programs.

2) Educational Programs

Through MEIS educational initiatives, state-of-the-art research programs have been integrated into graduate study and interdepartmental linkages have been created. Graduate students earn degrees in departmental programs in which MEIS-affiliated faculty hold appointments.

These students have been supported directly through MEIS fellowships and research assistantships and indirectly through research assistantships provided by MEIS-leveraged research funds. Areas of emphasis in the MEIS educational programs have included the attraction of quality students, expansion of the faculty, and the development of new courses.

Technology transfer activities have centered on building and maintaining the flow of information and technologies between MEIS member companies, the University, and the Minnesota technical community. These goals are addressed through scientist-to-scientist communication implemented in seminars, workshops, symposia, poster sessions, and a faculty research interest directory; MEIS Technical Reports; and dissemination of a newsletter. All services are available on an open basis to the Minnesota technical community.

During the 1986-89 period, the MEIS Center will strengthen the research, education, and technology transfer programs, increase the level of active collaboration with industry and other universities, and broaden the financial bases of the Center.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MICRO-ELECTRONICS AND INFORMATION SCIENCE CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	79.2	63.0	88.7	91.6	198.0	289.6	91.6	198.0	289.6	94.0	96.3
Civil Service	36.6	8.8	11.9	11.9	24.0	35.9	11.9	24.0	35.9	12.2	12.5
Fringe Benefits	15.7	7.2	9.8	9.8	48.0	57.8	9.8	48.0	57.8	10.0	10.3
-----											
Total Personal Services	131.4	78.9	110.5	113.4	270.0	383.4	113.4	270.0	383.4	116.2	119.1
Supplies, Expense and Equipment	468.1	538.6	531.7	531.7	330.0	861.7	531.7	330.0	861.7	545.0	558.9
-----											
Total Expenditures	599.5	617.5	642.2	645.1	600.0	1,245.1	645.1	600.0	1,245.1	661.2	678.0
=====											
Positions											
Academic	1.6	2.4	3.2	3.2	5.2	8.4	3.2	5.2	8.4	3.2	3.2
Civil Service	2.0	.5	.7	.7	1.4	2.1	.7	1.4	2.1	.7	.7
-----											
Total	3.7	2.9	3.9	3.9	6.6	10.5	3.9	6.6	10.5	3.9	3.9
=====											

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MICROELECTRONIC AND INFORMATION SCIENCES CENTER (MEIS)  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

RATIONALE:

In its initial years, the MEIS Center has become nationally and internationally recognized. Activities in the first program cycle have been designed to achieve fast start-up and are now just past the midpoint of the first cycle. Funds in addition to those appropriated in the 1985-87 biennium are needed to supplement the balance of start-up monies from private industry and to attract additional funds from federal and other agencies. The requested funds will enable the first cycle of those initial programs to be brought to fruition in the five departments in which they have been established, and will enable the initiation of the second program cycle, the goals of which have been cooperatively developed through local industry and university interaction.

Because research, graduate education, and technology transfer are inseparably interrelated in quality university programs, the request will affect all the Center's activities as well as influence program developments in five strategic Institute of Technology departments.

F.Y. 1987 Base

		Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M					
Special	\$ 642.2	\$198.0	5.2	\$198.0	5.2
Federal		24.0	1.4	24.0	1.4
Private	1,677.8	48.0		48.0	
Income					
Total	\$ 2,320.0	102.0		102.0	
		228.0		228.0	
		\$600.0	6.6	\$600.0	6.6

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

Request Title: Microelectronic and Information Sciences Center	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$600.0	6.6	\$600.0	6.6
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

The MEIS Center requests an increase of the above dollar amount for development during the 1987-89 biennium. During this period, the MEIS Center will begin to develop a technology laboratory and will continue to strengthen the research, education, and technology transfer programs; to increase the level of active collaboration and cooperation with industry, other centers and universities; and to broaden the financial base of the Center. These activities build on strengths in the Materials Science, Physics, and Chemistry Departments, and respond to program developments planned in the Electrical Engineering and Computer Science Departments.

DESCRIPTION/BACKGROUND:

With seed monies from the state of Minnesota and with seed monies and cooperation from 4 Minnesota multinational companies, the MEIS Center has initiated interdependent research, education, and technology transfer programs. These programs integrate advanced basic and applied research with graduate education, which builds departmental strengths through interdepartmental collaboration and which results in cooperation between the University of Minnesota and Minnesota industries. The MEIS program cycle is based on a 5-7 year time necessary to establish a research program, to incorporate graduate student dissertation research into the program, and to prepare the new knowledge for publication and the new scientist for employment.

ACTIVITY: MINERAL RESOURCES RESEARCH CENTER  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To develop and execute a broad fundamental research program in minerals.
- 2) To provide trained mineral/metallurgical engineers for the state and industry.
- 3) To provide basic data and technology, including technology transfer activities, to aid the development of the mineral resources of the state.

EFFECTIVENESS MEASURES:

University of Minnesota annual research statistics prepared by the Office of Research Administration consistently show that on a per faculty full time equivalent basis the Mineral Resources Research Center (MRRC) is one of the most productive units in the Institute of Technology. State statistics for mineral activities are prepared annually and published as the Minnesota Mining Directory and the Minnesota Minerals Directory. Thirty-six technical reports and papers were published in 1985. There is considerable national and international recognition of Minnesota as a leading minerals research state through the research activities of MRRC.

DESCRIPTION:

Mineral Resources Research Center research activities are divided into basic programmatic areas as follows:

- 1) Analytical Systems. The effectiveness of any mineral research program is strongly dependent on reliable and accurate analytical capabilities. The Analytical Systems program aims to develop and maintain state of the art facilities, to provide analytical services to all other programs, and to carry out research in the development of new analytical tools.
- 2) Strategic Materials. Although all of the nation's top 5 critical strategic materials are found in Minnesota, none are currently commercially viable. This program is involved in the identification of relevant minerals and the development of novel methods for their concentration and extraction.
- 3) Hydrometallurgy of Complex Sulfide Ores. Research into the extraction of complex sulfide ore to improve the separation of metals and minimize environmental impacts.
- 4) Total Resource Recovery. Basic methodology of identifying and separating tailings materials into valuable, hazardous, and inert materials for optimal utilization of the total resource.
- 5) Waste Management. Fundamentals of separation technology as applied to mineral, metallurgical, industrial, and urban wastes.
- 6) Pilot Plant Studies. Development of mineral processing flowsheets using 1 ton/hour pilot plant facilities.

- 7) Fine Particle Technology. This is a major area of importance in mineral processing and covers many of the unit operations developed to establish the taconite process. The basic disciplines involved include size reduction, dispersion, flocculation, flotation, filtration, settling, agglomeration, all mineral separation processes and the fundamentals of surface chemistry and physics.
- 8) Grinding Media Research. Over \$150 million per year is spent on grinding media for size reduction. The mineral industry in Minnesota accounts for approximately half of the national consumption of grinding rods and 1/3 of the grinding balls. This program aims at identifying the fundamental chemical and physical phenomena involved in the corrosion and wear of grinding metals.
- 9) Process Analysis and Control. Study of the steady state and dynamic characteristics of individual unit operations and overall flowsheets.
- 10) Pyrometallurgy. Basic evaluation of the kinetics and thermodynamics of relevant pyrometallurgical processes. This program is particularly aimed at evaluating the performance and suitability of iron ore reduction systems of potential interest on the Mesabi Range.
- 11) Plasma Metallurgy. Development of broad basic capabilities to study the application of plasma technology in process metallurgy.
- 12) Metal Processing. Studies of the influence of purity and microstructure on the mechanical performance of metals and alloys.
- 13) Building Materials Research. Programs in novel cement technology and the application of waste materials for the development of useful building materials.
- 14) Environmental Technology. Studies relating to the development of novel technology with a primary design objective of eliminating adverse environmental impacts.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MINERAL RESOURCES RESEARCH CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	171.6	196.5	209.5	214.7	56.0	270.7	214.7	56.0	270.7	220.1	225.6
Civil Service	170.3	195.5	203.3	203.3	35.0	238.3	203.3	35.0	238.3	208.4	213.7
Fringe Benefits	58.5	64.8	67.4	67.4	14.0	81.4	67.4	14.0	81.4	69.1	70.8
-----											
Total Personal Services	400.4	456.8	480.2	485.3	105.0	590.3	485.3	105.0	590.3	497.6	510.1
Supplies, Expense and Equipment	79.2	238.8	258.5	258.5	50.0	308.5	258.5	59.0	317.5	264.9	271.7
-----											
Total Expenditures	479.6	695.6	738.7	743.9	155.0	898.9	743.9	164.0	907.9	762.5	781.8
=====											
Positions											
Academic	4.6	5.3	5.3	5.3	3.2	8.5	5.3	3.2	8.5	5.3	5.3
Civil Service	8.3	9.2	9.3	9.3	1.5	10.8	9.3	1.5	10.8	9.3	9.3
-----											
Total	12.8	14.4	14.6	14.6	4.7	19.3	14.6	4.7	19.3	14.6	14.6
=====											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: MINERAL RESOURCES RESEARCH CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

DESCRIPTION/BACKGROUND:

MRRRC has a long and fruitful history of service to the state beginning with its establishment in 1911 as the Mines Experiments Station and culminating in the commercial exploitation in 1955 of the taconite process developed over many years in the MRRRC laboratories. Cumulative state tax revenues from the taconite industry are now in excess of one billion dollars.

Although in recent years State Special support has been at a level significantly below the historic peak, vigorous activity to gain contract research support has enabled a vital nucleus to be maintained. The request would support the state and University objectives of re-establishing a strong basic research program focused on both the immediate and longer term mineral resources research needs of the state.

RATIONALE:

Over the last 100 years, Minnesota has concentrated its mineral resource development in a single commodity area, namely iron ore, and in doing so has earned a place in history for the magnitude of its effort and production statistics. However, under current economic conditions the future for iron ore production is limited and the benefits of a diversified mineral industry, such as is enjoyed by Ontario and Finland, become apparent. In order to gain similar benefits in Minnesota, it is necessary to develop an aggressive, coordinated mineral research program covering all areas, from geological mapping to metallurgical engineering.

The areas of relevance to MRRRC are in raw materials improvement, added value processing, and nonferrous metallurgy, including strategic materials and industrial minerals.

A major initial effort will be the establishment of a first class research capability in reduction technology, a field of vital significance not only to the search for higher value iron and steel products but also for potential new mineral resource developments such as the processing of ilmenite, platinum group metals, and chromite.

Request Title: Mineral Resources Research Center				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$155.0	4.7	\$164.0	4.7
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST/OBJECTIVES:

For several years the Mineral Resources Research Center (MRRRC) has been funded at a level significantly below that appropriate to Minnesota's leading position in nonfuel mineral production value within the nation. Current mineral resources research needs fall in two main categories:

- 1) existing industry - improvement of the competitiveness of current iron ore products, and raising the value of mineral resources products before exporting.
- 2) diversification - development of a broad based mineral and metallurgical industry

The requested funds will increase basic mineral resources development research and begin to lay the foundation for a new era of mineral industry in Minnesota in the 21st century.

EFFECTIVENESS MEASURES:

- Production of Minnesota Mining and Minerals Directories.
- Production of basic mineral research data via reports and papers.
- Organization of workshops and seminars
- Development of new mineral technology.



ACTIVITY: MINNESOTA EXTENSION SERVICE  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To provide research-based continuing education programs to people of all ages throughout the state in cooperation with county, state, federal, and private partners.

The Minnesota Extension Service is the outreach arm of the University of Minnesota providing programs which focus on the central issues of economic development, environment and natural resources, and human development and community leadership, and are delivered by county and area agents and state specialists through the program areas of agriculture, home economics and family living, 4-H and youth development, and community and natural resource development. The overall goal of the Minnesota Extension Service is to improve the economic well-being and quality of life for individuals and families in Minnesota.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of clients served <sup>1</sup>	966,982	903,865 <sup>2</sup>	1,003,000	1,003,000
No. of ethnic/racial minority populations served <sup>1</sup>	50,651	28,099 <sup>2</sup>	39,400	39,400

<sup>1</sup> These data are based on an annual sample survey taken in 55 of the 87 counties, are exclusive of double-counting (multiple contacts by the same person), and do not include "contacts" via mass-media disseminated information. Between 4/1/83 and 3/31/84 total clientele contacts made directly with county agent staff totaled over 1,974,800.

<sup>2</sup> F.Y. 1987 totals are likely to decline from F.Y. 1986 because of staff retrenchments and focus on farm crisis (mediation, family stress, career changing, etc.) which involve heavily one-to-one or small group educational efforts.

DESCRIPTION:

Educational Programming:

Extension educational programs are developed by Extension faculty in cooperation with citizen advisory groups, local elected officials, and volunteers. A continuing assessment and analysis of the needs of people insures that the programs are relevant to current and emerging issues. Project Support, initiated in the fall of 1984 in response to the emerging rural agricultural crisis, is an illustrative case. Its prompt initiation and its early track record of success resulted in the allocation of funds by both the private sector and the federal government and, in the 1986 Legislative session, a special appropriation to support the program activities, a related major mediation program, and overall management of the program in cooperation with the state judiciary in F.Y. 1987.

Research conducted by scientists at the Agricultural Experiment Station in Minnesota, in other states, and in the private sector provides the basic information for much of the educational programming. Information and training are provided to the people of Minnesota in many different modes - classes, meetings, seminars, workshops, and one-to-one consultations, radio, television, newspapers, telephone, publications, and fact sheets. A state-wide computer network (EXTEND) links the offices in the 87 counties with the coordinate campuses and with information services throughout the United States. The people who take part in extension programs include farmers, homemakers, business people, children, government officials, families, community leaders, retirees, teenagers - in short, people of all ages, interests, and walks of life.

Statistics:

Project Support is a program for farm families who need financial planning assistance, stress management, and support. It is designed to assist farm families in 3 categories: those who have or will soon leave farming and need help in career transition and coping with stress, those who need short-term financial analysis help in order to make future career decisions to remain in or leave farming, and those who will continue to farm and who need long term family financial planning help. A major acknowledgement of its success came in early 1986 when the state assigned the management of the burgeoning farm mediation program to the Extension Service; as of July 1, 1986 a total of 1717 mediation cases were underway.

"Focus on People", a statement of direction and priorities for the Minnesota Extension Service, establishing a strategic planning process complementary to and linked with the University's "Commitment to Focus" has been endorsed by the Regents. A major restructuring of the Extension Service, both organizational and programming in nature, was recommended in the report and is presently in process. The focus is on the key goals of local partnerships with counties and communities; the critical role of volunteers; linkages within and outside of the University; competence of faculty and staff; and, flexibility to respond to emerging issues. Issues central to the planning process and effective program delivery include economic development, dealing with concerns in agriculture, energy production, forestry and fisheries, rural businesses and recreation and tourism; environment and natural resources, focusing on agriculture, air and water, forests, fish and wildlife, waste disposal, and land use; human development, including the concerns of career and life changes, consumer and family resources, housing and energy use, nutrition and health, safety, and the vital needs of youth; and, community leadership, focusing on issues such as participation in government, rural restructuring, societal trends and concerns, and youth as emerging leaders.

## ACTIVITY: MINNESOTA EXTENSION SERVICE

1987-89 Biennial Budget

(Continuation)  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

CHANGE REQUESTS:

(See Extension Service change requests which follow for specific program and object of expenditure details)

<u>TYPE</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
EXTEND Network	\$ 450.0	\$ 450.0
Economic Development/Rural Revitalization	642.5	642.5
Environment/Natural Resource	100.0	100.0
Human Development	125.0	125.0
Leadership Development	75.0	75.0
Total	<u>\$1,392.5</u>	<u>\$1,392.5</u>

F.Y. 1987 Base

O&M	4.0
Special	\$13,479.5
Federal	7,741.2
Private	
Income-other	3,404.6
Total	<u>\$24,629.3</u>

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MINNESOTA EXTENSION  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	6,153.9	6,500.6	6,823.8	7,109.5	516.6	7,626.1	7,109.5	516.6	7,626.1	7,362.2	7,547.1
Civil Service	2,687.7	2,730.7	2,782.7	2,782.7	205.4	2,988.1	2,782.7	205.4	2,988.1	2,852.3	2,924.6
Fringe Benefits	613.7	826.1	842.0	842.0	180.5	1,022.5	842.0	180.5	1,022.5	888.6	910.4
Total Personal Services	9,455.4	10,057.4	10,448.5	10,734.2	902.5	11,636.7	10,734.2	902.5	11,636.7	11,103.1	11,382.1
Supplies, Expense and Equipment	2,069.7	2,063.9	3,031.0	3,031.0	490.0	3,521.0	3,031.0	490.0	3,521.0	3,521.6	3,600.5
Total Expenditures	11,525.1	12,121.3	13,479.5	13,765.2	1,392.5	15,157.7	13,765.2	1,392.5	15,157.7	14,624.7	14,982.6
Positions											
Academic	186.6	170.5	165.6	165.6	14.3	179.9	165.6	14.3	179.9	167.4	167.4
Civil Service	148.2	144.9	143.4	143.4	10.2	153.6	143.4	10.2	153.6	143.4	143.4
Total	334.8	315.5	309.0	309.0	24.5	333.5	309.0	24.5	333.5	310.8	310.8

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MINNESOTA EXTENSION SERVICE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

RATIONALE:

The EXTEND system is nearly complete, but part of the additional funding would be used to purchase equipment necessary to support the \$1.9 million Kellogg telecommunications grant and increase software development. In addition, specialists need assistants and technicians to extend their ongoing extension efforts and to support their active participation on temporary issue program teams.

F.Y. 1987 Base		Increase over F.Y. 1987				
		F.Y. 1988		F.Y. 1989		
		\$	Pos.	\$	Pos.	
O&M	\$					
Special						
Federal						
Private						
Income						
Total	\$					
		Academic	\$140.0	4.0	\$140.0	4.0
		Civil Service	120.0	6.0	120.0	6.0
		Fringe Benefits	65.0		65.0	
		Expense/Service	60.0		60.0	
		Supplies/Materials	45.5		45.5	
		Equipment	19.5		19.5	
		Total	\$450.0	10.0	\$450.0	10.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

Request Title: Complete Extend Network	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$450.0	10.0	\$450.0	10.0
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To complete EXTEND statewide communications network and to provide Extension assistants and technicians for temporary support of issue program teams.

EFFECTIVENESS MEASURES:

Increasing the amount of computer software for use in all 87 counties will result in more efficient programs through this alternative delivery system.

DESCRIPTION/BACKGROUND:

Funding requested but not received in F.Y. 1985 included a provision to complete EXTEND, the statewide computer-assisted communications network, and to provide for operational staffing. The original \$365,000 request has been modified to \$300,000 for EXTEND, with an additional \$150,000 for assistants and technicians for Extension specialists to work on short-term issue response educational teams.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: MINNESOTA EXTENSION SERVICE

PROGRAM: SPECIAL APPROPRIATIONS

AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Economic Development - Rural Revitalization	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$642.5	9.3	\$642.5	9.3
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To provide staff and program support funds for: a) small business development (home and community based); b) tourism center; c) agricultural career education for youth in urban/rural Minnesota; d) farm financial management.

EFFECTIVENESS MEASURES:

Anticipated results include an increase in educational assistance to rural small businesses and prospective small businesses; improved career education for rural youth; improved education for resort owners; and additional educational opportunity for farm businesses.

DESCRIPTION/BACKGROUND:

- 1) Small business development: home and community based -- \$225,000  
 One area agent and 1 specialist are needed to concentrate in business planning, management, and record-keeping. Funds are also needed for program development to assist in networking with other agencies and private companies working in this area.
- 2) Tourism Center -- \$305,000  
 In July 1986 the University Central Administration approved the development of a tourism center with Extension. Research, education, and extension will

come together from all University campuses to provide a link between University resources, the tourism industry, and community economic needs in Minnesota. Funding is needed for a center director/specialist; an assistant director (UMD); an area agent; and program support funds.

- 3) Agricultural career education for youth in urban/rural Minnesota -- \$37,500  
 Although there is a state mandate for career education in Minnesota's secondary schools, 144 school districts employ no counselors and have no effective career education program. Extension can work closely with the State Department of Education to train a corps of volunteers to deliver a first-rate program to the youth of the state. A half-time specialist is being requested.
- 4) Farm financial management -- \$75,000  
 Two area agents are requested to share joint teaching/extension appointments with the University of Minnesota Waseca and the University of Minnesota Crookston.

RATIONALE:

In conjunction with state agencies and the McKnight Foundation commitment of \$50 million to rural Minnesota over the next 5 years, Extension is focusing on economic development, specifically in small business, tourism, and natural resource development and growth. If business and tourism are to prosper in rural Minnesota, improved business education, community leadership, and extension services are necessary to assure success.

F.Y. 1987 Base	Increase over F.Y. 1987					
	F.Y. 1988		F.Y. 1989			
	\$	Pos.	\$	Pos.		
O&M	\$					
Special		Academic	\$242.5	6.5	\$242.5	6.5
Federal		Civil Service	56.80	2.8	56.8	2.8
Private		Fringe Benefits	74.8		74.8	
Income		Expense/Service	40.0		40.0	
Total	\$	Supplies/Materials	163.2		163.2	
		Equipment	65.2		65.2	
		Total	\$642.5	9.3	\$642.5	9.3

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MINNESOTA EXTENSION SERVICE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

2) Soil and water conservation -- \$25,000  
 It is essential that attention be drawn to the needs for increased water and soil conservation in the 1990's. A coordinated program would develop a natural resources curriculum for the 4-H and agriculture program areas. A .33 FTE specialist is requested.

Request Title: Environment and Natural Resources				
	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$100.0	1.7	\$100.0	1.7
Governor's Recommendation	-0-	-0-	-0-	-0

Request requires statutory change:  Yes  No  
 Statutes Affected: None

F.Y. 1987 Base		Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M	\$				
Special		\$ 46.6	1.3	\$ 46.6	1.3
Federal		8.8	.4	8.8	.4
Private		13.8		13.8	
Income		2.0		2.0	
Total	\$	20.2		20.2	
		8.6		8.6	
		<u>\$100.0</u>	<u>1.7</u>	<u>\$100.0</u>	<u>1.7</u>

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

STATEMENT OF REQUEST/OBJECTIVES:

To request 1 water quality specialist and a .33 FTE specialist to coordinate the program in soil and water conservation.

EFFECTIVENESS MEASURES:

These programs will result in increased efforts regarding water quality and soil conservation, including research results from the Water Quality Center, to the people of the state.

DESCRIPTION/BACKGROUND:

1) Water quality -- \$75,000  
 Agricultural practices can detrimentally affect water quality. Improved management practices are available to reduce this problem. One water quality specialist is needed in the Department of Soil Science to develop Extension programs related to agriculture and water quality. A Water Quality Center has been established to coordinate research and extension efforts.

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: MINNESOTA EXTENSION SERVICE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Human Development				
Agency Request				
General Fund	\$125.0	2.2	\$125.0	2.2
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

To request staff and support material funds for program design for older rural adults and youth health and safety.

EFFECTIVENESS MEASURES:

Results will include improved Extension educational programs for older rural adults, and for teens on health and safety.

DESCRIPTION/BACKGROUND:

- 1) Program design for older rural adults -- \$50,000  
 Minnesota has been identified as 1 of 5 states that will hold the highest number of adults age 55 and over by 1995. The numerous needs of older adults include health, nutrition, and consumer purchase issues of services such as health care, housing modification (and perhaps relocation), and emotional well-being in the older years. Funds would be used to redesign existing materials for the older adult audience and for a short-term faculty coordinator.

- 2) Youth health and safety -- \$75,000  
 In 1987, Extension must continue the work begun in the "Teens in Distress" program. We need to highlight the theme of self-protection developed in conjunction with the University of Minnesota Medical School through a series of programs and conferences across the state. One youth health and safety specialist is requested.

RATIONALE:

Of special concern in the next few decades are older adults and youth. Besides the economic concerns listed above, it is critical to consider intergenerational issues and for the emotional well-being of the older adult and the growth and development of a sense of history and community responsibility in youth.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M	\$			
Special				
Federal				
Private				
Income				
Total	\$			
Academic	\$ 52.5	1.5	\$ 52.5	1.5
Civil Service	13.2	.7	13.2	.7
Fringe Benefits	16.5		16.5	
Expense/Service	1.0		1.0	
Supplies/Materials	29.4		29.4	
Equipment	12.4		12.4	
Total	\$125.0	2.2	\$125.0	2.2

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.



CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: MINNESOTA EXTENSION  
 PROGRAM: SPECIAL APPROPRIATION  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Farmer-Lender Mediation Services

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	-0-	-0-	-0-	-0-
Governor's Recommendation	\$ 515.5	1.8	\$ 515.5	1.8

Request requires statutory change:  Yes  No  
 Statutes Affected: None

GOVERNOR'S RECOMMENDATION:

The Governor recommends an additional appropriation of \$1,031.0 for the 1987-89 biennium for continuation of the Farmer-Lender Mediation Services effort. The recommended funding increase, together with approximately \$540.0 in the 1987-89 base, provides total 1987-89 funding of nearly \$1.6 million for this important program. Amounts recommended are based on an analysis of F.Y. 1987 budget estimates submitted by the director of the Minnesota Extension Service.

BACKGROUND/DESCRIPTION:

Laws 1986, chapter 398, section 2 (1986 Omnibus Farm Bill) gave the Minnesota Extension Service responsibility for the farmer-lender mediation program. This program was designed to provide impartial mediation of farmer-lender credit cases. Because the number of cases and the costs per case exceeding available funding, additional support is required in the 1987-89 biennium. Amounts recommended include only direct expenses expected to be incurred by the Extension Service in carrying out this effort in the next two years.

ACTIVITY: MINNESOTA GEOLOGICAL SURVEY  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To investigate the geology of Minnesota and apply that knowledge to the protections and development of state resources, the teaching of geology and the advancement of science.

DESCRIPTION:

The activities of the Minnesota Geological Survey fall into 2 broad categories, some of which cannot conveniently be separated from companion activities that are supported by grants and contracts.

1) Public Needs for Geologic Information

Statutory Reference M.S. 156A.01-156.A08, 7MCAR 1.223

The Minnesota Geological Survey is the state repository for subsurface information derived from water well driller's logs and other borehole data. These data are processed for entry into a computerized data bank. This file is continually referred to by the general public, state agencies, and commercial firms for geologic information that is useful for construction, water well drilling, mineral exploration and numerous other purposes.

Statistics:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
New well logs received	7,500	8,000	8,500	9,000
Well logs computer coded	7,500	8,000	8,500	9,000
Public requests for subsurface data	1,750	2,000	2,250	2,500

2) Data Compilation, Analysis, and Publications:

Statutory Reference: General Laws of Minnesota, 1872, Chapter XXX

In order to investigate the geology of Minnesota, large amounts of data must be accumulated and synthesized into meaningful information in the form of reports and maps. Many aspects of the future development of Minnesota resources depend on increasing geologic knowledge. In addition to data acquisition activities listed in "1. Public Needs," the following categories represent major input into this aspect of the program:

Statistics:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Down-hole geophysical logs (ft)	50,000	52,000	54,000	55,000
Radioisotope analyses	50	200	200	200
Core holes drilled or logged	40	40	40	40
Geophysical data (line km air)	75,000	(a)	75,000	(a)
Geophysical data (stations-ground)	4,000	4,000	4,500	5,000
Computer: output-models and maps	60	65	70	75
Geologic and hydrogeologic maps published	15	20	30	35
Publications - Internal MGS series	5	7	10	12
Publications - professional journals, books, etc.	10	12	15	18
Papers presented at professional meetings	8	10	10	10
Sales orders filled - over counter and mail	5,500 (b)	5,750 (b)	6,000 (b)	6,250 (b)

(a) Field survey done in 1 fiscal year, data reductions in next.

(b) This activity operates on a non-profit sales revenue account.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MINNESOTA GEOLOGICAL SURVEY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	117.7	132.1	136.4	142.1		142.1	142.1		142.1	145.7	149.3
Civil Service	357.2	537.3	532.1	532.1		532.1	532.1		532.1	545.4	559.2
Fringe Benefits	96.1	128.9	127.7	127.7		127.7	127.7		127.7	130.8	134.2
----- Total Personal Services	571.0	798.3	796.2	801.8		801.8	801.8		801.8	821.9	842.7
Supplies, Expense and Equipment	104.0	73.6	126.9	126.9	50.0	176.9	126.9	50.0	176.9	130.0	133.4
----- Total Expenditures	675.0	871.9	923.1	928.7	50.0	978.7	928.7	50.0	978.7	951.9	976.1
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	2.6	3.4	3.3	3.3		3.3	3.3		3.3	3.3	3.3
Civil Service	13.5	20.3	19.6	19.6		19.6	19.6		19.6	19.6	19.6
----- Total	16.1	23.8	22.9	22.9		22.9	22.9		22.9	22.9	22.9
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: MINNESOTA GEOLOGICAL SURVEY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Minnesota Geological Survey	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$ 50.0	-0-	\$ 50.0	-0-
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVES:

The Minnesota Geological Survey (MGS) seeks funding for an expanded program in scientific test drilling and for continuing a county geologic atlas program.

DESCRIPTION/BACKGROUND:

A widespread blanket of glacial deposits in Minnesota obscures the bedrock over about 90% of the state, making direct observations of the geology difficult. In an effort to determine the geology in key areas of the state, a systematic drilling program was initiated by MGS in 1980 with major financial support from the DNR and LCMR. To date, approximately 100 holes have been drilled to bedrock. Despite the relatively small number of holes, the resulting geologic information has provided significant new insights into the basic knowledge of the state's geology and its possible mineral potential.

The Minnesota Geological Survey began a county geologic atlas program in 1982, completing the first for Scott County. An atlas for Winona County followed, and another is in preparation for Olmsted County. Other counties recognize the significance of geologic atlases in their planning functions, but available resources are lacking at the Minnesota Geological Survey to initiate and implement these new initiatives. The atlas program is based on cost-sharing with the

counties, which involves heavy use of MGS staff and resources. The existing county geologic atlases have been very successful because the data contained in them are useful to county officials for evaluating mineral and aggregate resources potential, managing water resources, and developing environmentally sound strategies for dealing with waste. They also have proved useful in secondary and post-secondary education.

RATIONALE:

Most of the funding for the existing drilling program has come from the aeromagnetic surveying program, which has been supported by LCMR since the 1979-81 biennium and is nearing completion. Drilling into bedrock is critical to the geological interpretation of aeromagnetic data by providing bona fide samples of the rocks that produce aeromagnetic anomalies. Interpreting and evaluating the aeromagnetic data base is a long-term task which will require a long-term commitment to confirmatory test drilling. Additional funds are requested to accelerate such drilling and thereby to expand the geologic data base for Minnesota. Much of this increase will pass directly to Minnesota drilling contractors.

F.Y. 1987 Base

	F.Y. 1987 Base	Increase over F.Y. 1987			
		F.Y. 1988		F.Y. 1989	
		\$	Pos.	\$	Pos.
O&M	\$ 5.6				
Special	899.7				
Federal	217.7				
Private	3.0				
Income-LCMR	660.7				
Total	\$1,786.7				
Academic		\$		\$	
Civil Service					
Fringe Benefits					
Expense/Service		50.0		50.0	
Supplies/Materials					
Equipment					
Total		\$ 50.0		\$ 50.0	

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

ACTIVITY: MINNESOTA SUPERCOMPUTER INSTITUTE  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To encourage the development of computational science (including engineering science) as a third branch of discovery alongside theoretical science and experimental science.
- 2) To function as an international research center for the development of new applications and algorithms technology for large-scale scientific and engineering computation.
- 3) To support and facilitate the technical and economic development of the domestic supercomputer industry.

Supercomputing, for which the state of Minnesota is the home, represents an enabling technology which supports the development of other new technologies. The nation most able to provide its scientists and engineers with the earliest, most convenient training and access to supercomputers will reap significant competitive advantage in the international high technology marketplace. The Minnesota Supercomputer Institute (MSI) is becoming a focal point for critically needed high-technology research and economic development, primarily in Minnesota, for academic, industrial and government funded research.

DESCRIPTION/EFFECTIVENESS MEASURES:

The Minnesota Supercomputer Institute is a mandated research and resource program created by the state and administered by the University of Minnesota. The University has chosen to delegate the operation and facility management of the computational hardware to Research Equipment Incorporated (REI), a for-profit subsidiary of the University (10%) and the University of Minnesota Foundation (90%). REI provides academic researchers from the University and other Minnesota institutions access and user services based on contracted annual funding from the Institute.

The MSI has appointed 23 fellows of the Institute from the University and other Minnesota research institutions. In addition, 5 adjunct fellows from leading research universities in the United States have been appointed. In the current biennium, MSI has provided space, computing and partial financial support to 8 visiting fellows from Switzerland, France, West Germany, Israel, and the United States. The MSI has also obtained funding from the NSF to hold summer workshops in computational science in 1985 and 1986 for 40 researchers each summer. Participants come from academia, industry, and government in the United States and 10 foreign countries.

The MSI is housed in a University/state/city building (condominium) operated by REI just off the West Bank Campus in the Minneapolis High Technology Corridor.

Budget (Thousands)	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1989
MSI research program	\$ 750.0	\$1,250.0	\$1,400.0	\$1,600.0
REI computer services	5,250.0	4,750.0	5,000.0	5,000.0
Total	\$6,000.0	\$6,000.0	\$6,400.0	\$6,600.0

The MSI also obtains funding from federal and industrial research sources. REI has been charged by the University Administration to obtain additional operations funding from federal supercomputer access programs and from sales of computer time to industrial firms.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: MINNESOTA SUPERCOMPUTER INSTITUTE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	31.6	185.3	189.6	189.6		189.6	189.6		189.6	194.3	199.3
Civil Service	14.0	47.5	48.6	48.6		48.6	48.6		48.6	49.8	51.1
Fringe Benefits	10.6	39.3	40.2	40.2		40.2	40.2		40.2	41.3	42.3
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	56.1	272.1	278.4	278.4		278.4	278.4		278.4	285.4	292.7
Supplies, Expense and Equipment	2,543.9	5,727.9	5,721.6	5,721.6		5,721.6	5,721.6		5,721.6	5,864.6	6,013.3
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	2,600.0	6,000.0	6,000.0	6,000.0		6,000.0	6,000.0		6,000.0	6,150.0	6,306.0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	.6	4.0	4.0	4.0		4.0	4.0		4.0	4.0	4.0
Civil Service	.6	2.2	2.2	2.2		2.2	2.2		2.2	2.2	2.2
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	1.2	6.2	6.2	6.2		6.2	6.2		6.2	6.2	6.2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

ACTIVITY: NATURAL RESOURCES RESEARCH INSTITUTE  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To promote the economic development of Minnesota's natural resources in an environmentally acceptable manner with particular emphasis on creation and preservation of private sector jobs.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of jobs (est. help, save, or add)	250	400	400	400
No. of projects	30	50	50	50

DESCRIPTION:

During F.Y. 1986, the following important tasks were accomplished:  
 a) development of a mission statement and operating guidelines; b) extensive evaluation of natural resource problems to identify and initiate key specific projects; c) completion of major renovation of the SAGE Building as a laboratory and office space (Phase II) and initiation of the (Phase III) renovation; d) hiring of key staff personnel (staff totals over 60 persons); e) leveraging of over \$3,000,000 in contracts to supplement the state special, primarily from federal and private industry sources; f) reception of equipment from U.S. Steel for nominal cost with replacement value in excess of \$1,000,000 to fully equip a minerals development laboratory; g) donation from the Potlatch Corporation of a major pilot facility with a replacement value of excess of \$1,000,000 for study of the next generation of wood composite products; h) transference of the Wilderness Valley Peat Farm by the state to Natural Resources Research Institute (NRRI) for management.

During 1986, Lake Superior Paper (300 direct and 300 support jobs) cited NRRI for its wood resources study and assistance in finding an alternate resource mix when the project appeared to be in jeopardy due to lack of the required amount of spruce. NRRI assisted Norwest in its evaluation of the Lakewood Industries chopstick plant (85 jobs projected). In addition, NRRI has assisted an organic binder manufacture in taconite binder trails (potential for 100 jobs) and has been actively working with several companies to encourage their coming to Minnesota to help strengthen the state's relatively small horticultural peat base. Efforts to assist the state establish a waste oil refinery, possibly at a Wrenshall site, could employ up to 100 people in addition to solving a major environmental problem. The Institute has also taken an active role to try to stabilize the 6000 jobs on the Iron Range (see minerals).

Minerals - NRRI has been engaged in cost analyses to help assess cooperatively the competitiveness of the Iron Range taconite industry. The studies are often referred to and have helped to encourage efforts to cut overall costs by 20% (about 10 % achieved to date). Acquiring U.S. Steel labs, equipment, and staff, and obtaining a \$975,000 multi-year contract has positioned NRRI to help the entire industry become more competitive from a technical standpoint. NRRI is also cooperating with other state agencies and industry in longer term efforts to develop non-ferrous mining, industrial minerals, and value-added iron production (100 to 500 jobs per mine or plant). The Institute is encouraging development of a comprehensive plan as a first step.

BioProducts - (Forest Products and Peat)- There is excellent potential for developing value-added or secondary product industries in Minnesota within a relatively short time. NRRI is currently working cooperatively to develop furniture blank manufacturing capability and has acquired a major composite wood pilot plant from Potlatch which will be set up to research and develop the next generation of composite wood products. There is considerable potential in using peat for horticulture. NRRI intends to help develop the horticultural peat industry. A first step has been to encourage out-of-state producers to evaluate Minnesota peatlands for possible production. This could lead to creation of jobs and development of horticultural peat mixes. NRRI was instrumental in developing the Minnesota Peat Association.

Energy - Working with other agencies and institutions, the NRRI aspires to help the state establish a plan for the development, use, and conservation of its energy resources. A fiber fuels initiative will address forest product and fuel peat technologies and economics. An alcohol fuels and industrial feedstocks production technology program is aimed at improving the competitiveness of Minnesota's farmers and food processors. To meet an impending environmental crisis presented by waste oils, the Institute continues to work with state agencies and private industry.

Water - The Water Division is developing programs that insure the environmental acceptability of Institute projects. Areas of focus include northern latitude wetlands, environmental chemistry (toxic materials) and fisheries. Water, both its quantity and quality, is a critical issue for Minnesota. The expertise being developed will allow thoughtful and innovative solutions for water-related problems, and spin off economic development in terms of water-based products and technologies.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: NATURAL RESOURCES RESEARCH INSTITUTE  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	298.7	533.0	449.6	466.1		466.1	466.1		466.1	477.8	489.8
Civil Service	263.2	518.3	421.4	421.4		421.4	421.4		421.4	431.9	442.9
Fringe Benefits	98.3	193.9	157.5	157.5		157.5	157.5		157.5	161.4	165.5
-----											
Total Personal Services	660.1	1,245.2	1,028.5	1,045.0		1,045.0	1,045.0		1,045.0	1,071.1	1,098.2
Supplies, Expense and Equipment	1,587.7	980.1	1,379.5	1,379.5		1,379.5	1,379.5		1,379.5	1,413.9	1,449.8
-----											
Total Expenditures	2,247.9	2,225.3	2,408.0	2,424.4		2,424.4	2,424.4		2,424.4	2,485.0	2,548.0
=====											
Positions											
Academic	7.2	11.3	8.9	8.9		8.9	8.9		8.9	8.9	8.9
Civil Service	13.3	24.3	19.2	19.2		19.2	19.2		19.2	19.2	19.2
-----											
Total	20.5	35.6	28.1	28.1		28.1	28.1		28.1	28.1	28.1
=====											

ACTIVITY: PLANT BIOMASS ENERGY RESEARCH  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To generate and disseminate the technical information base needed to increase the production of biomass as an alternative energy source.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1984</u>	<u>F.Y. 1985</u>	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>
Number of publications	13	15	14	14
Number of presentations and seminars	19	15	16	16

DESCRIPTION:

The Plant Biomass Special facilitates biomass development in 2 categories:

1) Education and Outreach Activities:

Provides funds through the Bio-Energy Coordinating Office for

- a) sponsoring public seminars by local, national, and international leaders in the areas of biomass production and utilization,
- b) publishing and disseminating biomass related articles, and
- c) making presentations to interested groups from the scientific community, governmental agencies, and the general public.

2) Research:

Provides funds through the Bio-Energy Coordinating Office for basic and applied research in the areas of biomass production, equipment development, land use planning and economics. Production research is oriented toward a) an assessment of the productivity of potential woody and herbaceous biomass species on managed marginal lands, b) an assessment, using multi-acre field test plots, of numerous establishment and management options for biomass production on marginal land, and c) an examination of potential biomass plants for use in the reclamation of mined peatlands. The equipment development project is constructing and testing experimental harvesters for both the above and below ground portion of emergent aquatic plants as well as modifying equipment for biomass stand establishment and management in wetlands. Land use planners have developed and applied methodologies in 3 case studies examining land availability for biomass production. Economists have examined the economics of biomass production for both short rotation woody and herbaceous biomass crops.

CHANGE REQUESTS:

The University seeks to discontinue base funding for this activity effective with the 1985-87 biennium.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: PLANT BIOMASS ENERGY RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	40.9	36.9	41.4	43.0	( 43.0)		43.0	( 43.0)		-0-	-0-
Civil Service	49.4	56.3	60.6	60.6	( 60.6)		60.6	( 60.6)		-0-	-0-
Fringe Benefits	8.5	9.6	10.3	10.3	( 10.3)		10.3	( 10.3)		-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	98.8	102.8	112.3	113.9	( 113.9)		113.9	( 113.9)		-0-	-0-
Supplies, Expense and Equipment	33.3	33.3	29.2	29.2	( 29.2)		29.2	( 29.2)		-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	132.1	136.1	141.5	143.2	( 143.2)		143.2	( 143.2)		-0-	-0-
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	1.9	1.8	1.4	1.4	( 1.4)		1.4	( 1.4)		-0-	-0-
Civil Service	2.5	2.9	3.1	3.1	( 3.1)		3.1	( 3.1)		-0-	-0-
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	4.4	4.7	4.5	4.5	( 4.5)		4.5	( 4.5)		-0-	-0-
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: PLANT BIOMASS ENERGY RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Plant Biomass Energy Research				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$(143.2)	(4.5)	\$(143.2)	(4.5)
Governor's Recommendation	\$(143.2)	(4.5)	\$(143.2)	(4.5)
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST OBJECTIVES:

To discontinue base funding effective with the 1985-87 biennium.

RATIONALE:

At this time, effective research has been completed in this activity. Thus the University seeks to discontinue base funding effective with the 1985-87 biennium.

F.Y. 1987 Base		Increase over F.Y. 1987				
		F.Y. 1988		F.Y. 1989		
		\$	Pos.	\$	Pos.	
O&M						
Special	\$143.2	Academic	\$ (43.0)	(1.4)	\$ (43.0)	(1.4)
Federal		Civil Service	(60.6)	(3.1)	(60.6)	(3.1)
Private		Fringe Benefits	(10.3)		(10.3)	
Income		Expense/Service				
Total	<u>\$143.2</u>	Supplies/Materials	(29.2)		(29.2)	
		Equipment				
		Total	<u>\$(143.2)</u>	<u>(4.5)</u>	<u>\$(143.2)</u>	<u>(4.5)</u>

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the system's request as stated above.

ACTIVITY: **PRODUCTIVITY CENTER**  
 Program: **SPECIAL APPROPRIATIONS**  
 Agency: **UNIVERSITY OF MINNESOTA**

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To coordinate and expand instructional and research activities in automated design and manufacturing technologies such as computer aided design, robotics, intelligent manufacturing systems, and flexible manufacturing systems.
- 2) Technology transfer to Minnesota and national industry of advances in automated design and manufacturing technologies.

DESCRIPTION:

The Productivity Center provides and maintains advanced computer-based research and instructional facilities to foster automated design and manufacturing technologies in the state.

- 1) Instructional Programs and Technology Transfer Services:  
 The Center provides specialized facilities and course programs for undergraduate and graduate engineering students in computer-based methods of design and manufacturing. Coherent programs in CAD and CAM systems are offered to undergraduate and graduate students in the University.

Statistics	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of courses	18	16	16	16	16
No. of students enrolled	590	650	700	750	800
No. of graduate students enrolled	117	120	120	120	120
No. of participating instruct. faculty	10	14	15	16	16
No. of participating research faculty	14	15	16	17	17
No. of departments	4	4	4	6	6

A part of the technology transfer program is designed to assist practicing professionals in industry to update themselves in CAD, CAM, robotics and associated disciplines by way of short courses. As computer-based methods require class room and laboratory instruction, the programs are offered jointly with the Department of Professional Development and Continuing Education using Center facilities. Video-tele-conferencing is being pursued as an additional means of technology transfer through non-traditional means (with the IEEE program).

Direct transfer of new knowledge and innovations resulting from the Center's research are transferred to the private sector through software and patents licenses. Software developed by Center personnel are now in use in several companies (Linkages Package). One patent claim filed (arc coating) has been licensed (overseas). Two other claims are now being processed for filing.

- 2) Research Needs Serviced & Developed for Advanced Instruct./Res. facilities.  
 To expand the application domain of computer-based methods in design and manufacture, the Center personnel pursue a vigorous program of funded research. Funding from federal agencies and the private sector have been secured. The number of sponsored projects and their aggregate value are shown below:

Statistics	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of Projects	22	20	20	24	24
Aggregate dollar value (in thousands)	\$1,300*	\$1,200	\$1,200	1,400	\$1,400

\* Grants & donations (\$340.8), Woksape-IBM (\$300), licensing & royalties (\$187.5) and state special for 1985 (\$309) excluded.

To service the particular needs of Minnesota industries, a Computer Integrated Manufacturing Consortium has been organized with funding from participating companies. Six Minnesota companies (Control Data, Honeywell, Graco, Onan, Toro, and IXI Graphics) are presently active participants in the CIM Consortium with activities spanning CAD and CAM. Consortium activity will be expanded to include robotics and sensors in the next 4 years.

A significant part of the Center's budgetary resources are used to procure and maintain advanced facilities for automated design and manufacture. The CAD and Robotics laboratories have been modernized and equipped in the present biennium with state allocations made available to match private sector donations and grants. Equipment and facilities exceeding \$1 million have been secured and made operational in the laboratories as a part of the Center's facility development program. To further develop these facilities and expand the scope of research in manufacturing, the Center maintains a vigorous program to secure gifts and donations for facility development. The CIM Consortium is a significant part of this activity.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: PRODUCTIVITY CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	77.7	97.7	73.1	76.6	50.0	126.6	76.6	50.0	126.6	78.5	80.5
Civil Service	5.1	13.4	9.5	9.5	36.0	45.5	9.5	36.0	45.5	9.7	10.0
Fringe Benefits	4.1	5.3	3.8	3.8	19.9	23.7	3.8	19.9	23.7	3.9	4.0
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	86.9	116.4	86.4	89.9	105.9	195.8	89.9	105.9	195.8	92.1	94.5
Supplies, Expense and Equipment	213.1	192.6	235.0	235.0	78.1	313.1	235.0	91.1	326.1	240.9	247.0
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	300.0	309.0	321.4	324.9	184.0	508.9	324.9	197.0	521.9	333.0	341.5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	4.2	5.5	3.8	3.8	1.0	4.8	3.8	1.0	4.8	3.8	3.8
Civil Service	.3	.9	.6	.6	1.0	1.6	.6	1.0	1.6	.6	.6
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	4.5	6.3	4.4	4.4	2.0	6.4	4.4	2.0	6.4	4.4	4.4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: PRODUCTIVITY CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

companies. One patent claim filed (arc coating) has been licensed to a private company. The Center personnel are carrying out 20 sponsored CAD/CAM research projects. To serve the needs of Minnesota industries, a Computer Intergrated Manufacturing Consortium has been organized (CDC, Honeywell, Graco, Onan, and Toro). The consortium program spans CAD and CAM. This activity will be expanded in coming years.

RATIONALE:

A large part of the Center's resources are used to procure and maintain advanced facilities for automated design and manufacture for research and instruction. Equipment in the Center's laboratories have been purchased with state allocations, private sector donations, grants, and federal support. Equipment and facilities valued at over one million dollars have been installed to support Center programs.

To develop these facilities further and keep them up to date, the Center seeks incremental funding. The CIM consortium is an initiative of the Center to serve the technical/research needs of Minnesota industry - an outreach effort, without release time for the Center personnel involved in the program. A one-half time research engineer has been hired to assist in the increased research/development load arising from the Consortium program related to technology transfer/outreach. The incremental request submitted is intended to support faculty release time and additional support staff.

F.Y. 1987 Base

	<u>Increase over F.Y. 1987</u>			
	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
	<u>\$</u>	<u>Pos.</u>	<u>\$</u>	<u>Pos.</u>
O&M				
Special	\$ 321.4		\$ 50.0	1.0
Federal			36.0	1.0
Private			19.9	
Other			15.1	
Total	\$ 321.4		10.0	
			53.0	
			13.0	
			60.0	
			<u>\$184.0</u>	<u>2.0</u>
			\$197.0	2.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

Request Title: Productivity Center

Agency Request	<u>F.Y. 1988</u>		<u>F.Y. 1989</u>	
	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$184.0	2.0	\$197.0	2.0
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST OBJECTIVES:

The Center seeks incremental funding for ongoing programs to 1) secure faculty release time for orderly growth in Center activities; 2) develop additional resources and expertise to cover areas not now within the competence of Center personnel; 3) secure civil service assistance for equipment construction and maintenance; and 4) maintain computer-based equipment.

DESCRIPTION/BACKGROUND:

Currently, the Center maintains and provides specialized facilities and course programs for undergraduate and graduate engineering students in computer-based methods of design and manufacture including robotics. Coherent programs in CAD and CAM are offered to undergraduates and graduate students. The Center carries out technology transfer programs by developing new computer-based software tools, and by new technology development. Center programs also assist practicing professionals in industry to update themselves in CAD, CAM, robotics, and associated disciplines by way of short courses offered jointly with the Department of Professional Development and Continuing Education at the University. Video-conferences and satellite broadcasts are also being used as media for technology transfer (jointly with the National Technological University and with IEEE). Direct transfer of new knowledge and innovations resulting from the Center's research are transferred to the private sector through software and patents licenses. Software developed by Center personnel are now in use in several

ACTIVITY: **RURAL PHYSICIAN ASSOCIATE PROGRAM**  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To provide an adequate number of physicians choosing to specialize in primary care medicine and practice in rural and geographically isolated communities in Minnesota.

EFFECTIVENESS MEASURES:

Program Participants 1971-1986      514  
 Currently in Med. Practice        323  
 In Residency Training            123  
 Other                                    68

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Students in Program	28	24	24	24

Practice Location of former Rural Physician Associate Program (RPAP) students:

Minnesota rural communities    116  
 Rural communities elsewhere    66  
 Minnesota urban communities    85  
 Urban Communities elsewhere    56  
    323

Number currently practicing at location of former RPAP experience: 34

DESCRIPTION:

The Rural Physician Associate Program (RPAP) provides an extended (9-12 months) educational experience/practicum for selected 3rd year medical students at rural communities throughout the state of Minnesota. The student experiences first hand the whole spectrum of primary care, integrating his/her background in the basic sciences with newly acquired skills in clinical and behavioral medicine in a "one to one" type of medical apprenticeship. Although removed from campus by many miles, the student maintains contact with the medical center through frequent visits by RPAP faculty, University Medical School faculty in all the major departments, and most recently through a computer network. The RPAP staff review physical examination and interviewing skills and teach basic family counseling through videotaping student-patient encounters. This allows them to relate interpersonally with people for understanding, persuasion, and to experience how patients see them as practicing student physicians. Medical School faculty provide on-site consultation, update professional education, and enhance the interaction between University and rural health professionals. RPAP students also learn to utilize computer technology to access up-to-date information from medical data bases, enhance their education through-computer assisted instruction, and communicate directly with University Health Sciences resources.

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: RURAL PHYSICIAN ASSOCIATES PROGRAM  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	160.5	194.8	223.1	228.4		228.4	228.4		228.4	234.1	240.0
Civil Service	53.7	53.4	59.7	59.7		59.7	59.7		59.7	61.2	62.7
Fringe Benefits	44.0	52.1	58.2	58.2		58.2	58.2		58.2	59.7	61.2
-----											
Total Personal Services	258.3	300.2	341.0	346.3		346.3	346.3		346.3	355.0	363.9
Supplies, Expense and Equipment	254.8	228.3	208.6	208.6		208.6	208.6		208.6	213.8	219.3
-----											
Total Expenditures	513.1	528.5	549.6	554.9		554.9	554.9		554.9	568.8	583.2
=====											
Positions											
Academic	2.3	3.1	3.3	3.3		3.3	3.3		3.3	3.3	3.3
Civil Service	2.9	2.7	3.0	3.0		3.0	3.0		3.0	3.0	3.0
-----											
Total	5.2	5.8	6.3	6.3		6.3	6.3		6.3	6.3	6.3
=====											

ACTIVITY: SEA GRANT COLLEGE PROGRAM  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To support research and extension programs that serve the needs of the industries, communities, and individuals who depend on the Great Lakes for recreational, business, and economic growth.

EFFECTIVENESS MEASURES:

Ratio of Federal to State Dollars (Thousands)

	F.Y. 1980	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988
Federal Support	\$355.0	\$670.0	\$720.0	\$713.1	\$800.0
State Special Appropriation	\$100.0	\$121.0	\$275.2	\$305.2	\$320.5
Ratio, Federal:State	3.6:1	5.5:1	2.6:1	2.3:1	2.5:1

DESCRIPTION:

The Sea Grant Program provides funding for research and extension activities in the areas of fisheries, aquaculture, biotechnology, water quality, shipping, economic development, water safety, and water policy and law. Sea Grant researchers, graduate students, agents, and specialists are located on both Duluth and Twin Cities campuses. Sea Grant is 1 of only 2 federally funded programs at the University dealing with Minnesota's water resources, the other being the Water Resources Research Center. Staff from these two programs cooperate closely in designing and conducting research and outreach efforts.

In F.Y. 1985 and 1986, Sea Grant added a new extension specialist at the Duluth campus to work on local pollution problems; funded new research in water policy and law, which included projects on water diversion and how to stop sewage from entering Minnesota lakes and rivers; helped communities along the North Shore develop marinas and boat launches; patented a new ingredient for biodegradable herbicides; funded researchers in the first submersible exploration of Lake Superior; and helped fish hatcheries develop faster, more efficient fish breeding techniques.

STATISTICS:

	F.Y. 1980	F.Y. 1985	F.Y. 1986	F.Y. 1987	F.Y. 1988
Number of research projects by program area:					
Recreational & commercial fisheries	4	5	7	7	7
Tourism/recreation and economics		3	5	10	10
Marine products	0	1	3	5	10
Water Safety	1	1	1	0	0
Coastal pollution	3	2	5	5	8
New areas	0	0	3	3	3
Graduate students	0	10	15	15	15
Research papers published	4	8	20	30	53
Extension agents employed	5	5	5	5	5
Extension specialists employed	0	1	1	2	2
Extension contracts	3,050	5,040	6,000	8,000	8,000

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: SEA GRANT COLLEGE PROGRAM  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	59.4	101.1	128.8	130.6		130.6	130.6		130.6	133.9	137.3
Civil Service	9.3	38.4	48.3	48.3		48.3	48.3		48.3	49.5	50.8
Fringe Benefits	7.1	20.3	25.5	25.5		25.5	25.5		25.5	26.1	26.8
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	75.9	159.9	202.6	204.4		204.4	204.4		204.4	209.5	214.9
Supplies, Expense and Equipment	45.6	115.3	102.6	102.6		102.6	102.6		102.6	105.2	107.8
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	121.5	275.2	305.2	307.0		307.0	307.0		307.0	314.7	322.7
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	2.2	3.1	3.8	3.8		3.8	3.8		3.8	3.8	3.8
Civil Service	.6	2.0	2.4	2.4		2.4	2.4		2.4	2.4	2.4
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	2.8	5.1	6.2	6.2		6.2	6.2		6.2	6.2	6.2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

ACTIVITY: SPECIAL HOSPITALS, SERVICES & EDUCATIONAL OFFSET 1987-89 Biennial Budget  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To provide high quality, cost effective, specialized education, training, research, and patient care in an academic medical center.

DESCRIPTION:

The University of Minnesota Hospital and Clinic forms the core of a complex academic medical center which, in addition to providing patient care, also provides teaching and research facilities necessary for the training of nearly 4,600 students enrolled in a number of health science programs as well as graduate residency and post graduate medical training. Operating a complex academic medical center requires providing many expensive programs and services which are not found in a traditional community hospital. In the case of highly specialized care and service, the University Hospital and Clinic serves as a regional as well as a national resource and referral center. Since these additional costs associated with operating an academic medical center cannot be fully recovered through patient charges, the state of Minnesota has, over the years, recognized and provided support in the form of a special appropriation.

With the current emphasis on cost containment and the changes taking place in the area of health care reimbursements, continued state support is essential.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Health Sciences headcount enrollments:	4,578	4,548	4,504	4,454
State appropriation	\$13,105,900	\$13,860,000	---	---
Average hospital inpatient census:	399	428	428	428
Total patient admissions	17,663	18,600	18,600	18,600
Appropriation as a percent total hospital expenditures:	7.4%	6.4%	---	---

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: SPECIAL HOSPITALS, SERVICE AND EDUCATION  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	829.9	880.7	731.7	888.5		888.5	888.5		888.5	910.7	933.8
Civil Service	6,137.4	6,495.1	6,851.8	6,851.8		6,851.8	6,851.8		6,851.8	5,375.8	5,553.9
Fringe Benefits	1,241.7	1,401.5	1,475.8	1,475.8		1,475.8	1,475.8		1,475.8	1,159.9	1,198.3
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Personal Services	8,209.0	8,777.3	9,059.3	9,216.1		9,216.1	9,216.1		9,216.1	7,446.4	7,686.0
Supplies, Expense and Equipment	4,729.7	4,328.6	4,800.6	226.8		226.8	226.8		226.8	232.5	238.4
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Expenditures	12,938.7	13,105.9	13,859.9	9,442.9		9,442.9	9,442.9		9,442.9	7,678.9	7,924.4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	31.1	30.7	13.0	13.0		13.0	13.0		13.0	13.0	13.0
Civil Service	270.4	279.9	258.9	258.9		258.9	258.9		258.9	205.6	205.6
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total	301.5	310.6	271.9	271.9		271.9	271.9		271.9	218.6	218.6
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

ACTIVITY: ST. ANTHONY FALLS HYDRAULICS LAB  
Program: SPECIAL APPROPRIATIONS  
Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

EFFECTIVENESS MEASURES:

DESCRIPTION:

CHANGE REQUESTS:

This is a new activity. See Change Request.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: ST. ANTHONY FALLS HYDRAULICS LABORATORY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
				SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic					265.3	265.3		296.2	296.2	-0-	-0-
Civil Service					105.6	105.6		116.2	116.2	-0-	-0-
Fringe Benefits					79.1	79.1		87.0	87.0	-0-	-0-
----- Total Personal Services					450.0	450.0		499.4	499.4	-0-	-0-
Supplies, Expense and Equipment					50.0	50.0		50.6	50.6	-0-	-0-
----- Total Expenditures					500.0	500.0		550.0	550.0	-0-	-0-
=====					=====	=====		=====	=====	=====	=====
Positions											
Academic					8.0	8.0		8.0	8.0	-0-	-0-
Civil Service					3.0	3.0		3.5	3.5	-0-	-0-
----- Total					11.0	11.0		11.5	11.5	-0-	-0-
=====					=====	=====		=====	=====	=====	=====



ACTIVITY: STUDENT LOANS MATCHING FUNDS  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

To participate in the federal loan capital contribution programs.

DESCRIPTION:

Federal law requires that the University annually provide 1/9 of the federal capital contribution to the National Direct Student Loan Program (NDSL) and the Health Professions Loan Program (HDL). This appropriation is for that purpose.

STATISTICS:

F.Y. 1987 Federal Capitation Contribution Appropriations

	<u>Twin Cities</u>	<u>Crookston &amp; Waseca</u>	<u>Morris</u>	<u>Duluth</u>	<u>Total</u>
NDSL Program	-	-	\$33,297	\$363,503	\$396,800
HDL Program	-	n.a.	n.a.	-	-
Total	-	-	\$33,297	\$363,503	\$396,800

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: STUDENT LOANS MATCHING  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
-----											
Total Personal Services											
Supplies, Expense and Equipment	92.8	47.6	49.4	99.4	( 50.0)	49.4	99.4	( 50.0)	49.4	51.9	54.5
-----											
Total Expenditures	92.8	47.6	49.4	99.4	( 50.0)	49.4	99.4	( 50.0)	49.4	51.9	54.5
=====											
Positions											
Academic											
Civil Service											
-----											
Total											
=====											



ACTIVITY: TALENTED YOUTH MATHEMATICS  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To provide a special accelerated mathematics program covering high school and collegiate mathematics for talented students throughout Minnesota.
- 2) To provide educational options for gifted mathematics students which are not available within a standard high school curriculum.

DESCRIPTION:

The University of Minnesota Talented Youth Mathematics Project (UMTYMP), operated by the School of Mathematics, is a highly accelerated program for very talented mathematics students in grades 5-12. For a 30-week period from September to June, students come to the University or 5 outreach sites in Rochester, Northfield, St. Cloud, Moorhead, and the Duluth/Iron Range area for 2 hours of classes one afternoon per week after school. The students average 5-10 hours of homework per week. In the first 2 years (the high school component), students study algebra I and II and geometry and math analysis, for which they receive 4 years of secondary school mathematics credit, as mandated by the state Legislature. In the 3 year college component, the students study calculus of one and several variables, linear algebra, and differential equations in special classes for which they may receive 30 honors-level University of Minnesota quarter credits in mathematics. Special lectures by scientists and engineers and tours of laboratories, are provided. Students who finish the 5-year program and remain in high school have opportunities to take special upper-division mathematics courses at the University. The high school component is taught by outstanding high school teachers and the college component by senior University professors with excellent teaching skills.

STATISTICS:

	<u>Number Testing</u>	<u>High School Component</u>	<u>Calculus Component</u>
F.Y. 1986			
Twin Cities	1,762 students	221 students	94 students
Outreach	966 students	124 students	0 students
F.Y. 1987			
Twin Cities	1,550 students	185 students	105 students
Outreach	800 students	130 students	36 students
F.Y. 1988			
Twin Cities	1,650 students	195 students	110 students
Outreach	850 students	135 students	36 students
F.Y. 1989			
Twin Cities	1,750 students	205 students	115 students
Outreach	900 students	140 students	45 students

Fund Sources

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
Special	\$ 137,800	\$ 227,800	\$ 242,000	\$ 242,000
O & M Fund	48,000	48,000	48,000	48,000
Private	25,000	25,000	27,000	30,000
Dedicated Fees	47,100	45,600	46,600	47,600
	<u>\$ 257,900</u>	<u>\$ 346,400</u>	<u>\$ 363,600</u>	<u>\$ 367,600</u>

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: TALENTED YOUTH MATH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	54.2	97.3	153.3	153.3	14.2	167.5	153.3	14.2	167.5	157.1	161.1
Civil Service	2.3	.6	1.0	1.0		1.0	1.0		1.0	1.0	1.1
Fringe Benefits	.1	.9	1.5	1.5		1.5	1.5		1.5	1.6	1.6
----- Total Personal Services	56.7	98.8	155.7	155.7	14.2	169.9	155.7	14.2	169.9	159.7	163.8
Supplies, Expense and Equipment	18.3	59.0	92.1	92.1		92.1	92.1		92.1	94.3	96.6
----- Total Expenditures	75.0	157.8	247.8	247.8	14.2	262.0	247.8	14.2	262.0	254.0	260.4
=====				=====	=====	=====	=====	=====	=====	=====	=====
Positions											
Academic	3.9	6.2	9.4	9.4	1.0	10.4	9.4	1.0	10.4	9.4	9.4
Civil Service	.2	.1	.1	.1		.1	.1		.1		
----- Total	4.1	6.2	9.5	9.5	1.0	10.5	9.5	1.0	10.5	9.4	9.4
=====				=====	=====	=====	=====	=====	=====	=====	=====

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

ACTIVITY: TALENTED YOUTH MATHEMATICS  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Students who finish the 5 year program and remain in high school have opportunities to take special upper division mathematics courses at the University. The high school component is taught by outstanding high school teachers and the college component by senior University professors with excellent teaching skills.

RATIONALE:

The major use of the funds are for part-time staff salaries. In addition, natural growth at the various outreach sites will probably necessitate an additional class at 1 of these sites. The remaining funds will be used to support this part-time staff position.

Request Title: Talented Youth Mathematics	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$14.2	1.0	\$14.2	1.0
Governor's Recommendation	-0-	-0-	-0-	-0-

Request requires statutory change:  Yes  No  
 Statutes Affected: None

F.Y. 1987 Base

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988	Pos.	F.Y. 1989	Pos.
	\$		\$	
O&M	\$ 48.0			
Special	227.8			
Federal	0			
Private	25.0			
Income	45.6			
Total	\$346.4			
Academic	\$14.2	1.0	\$14.2	1.0
Civil Service				
Fringe Benefits				
Expense/Service				
Supplies/Materials				
Equipment				
Total	\$14.2	1.0	\$14.2	1.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

STATEMENT OF REQUEST/OBJECTIVES:

The University of Minnesota Talented Youth Mathematics Project (UMTYMP) seeks funding for ongoing special, accelerated mathematics programs covering high school and collegiate mathematics for talented students throughout Minnesota.

DESCRIPTION/BACKGROUND:

The University of Minnesota Talented Youth Mathematics Project (UMTYMP), operated by the School of Mathematics, is a highly accelerated program for very talented mathematics students in grades 5-12. For a 30-week period from September to June, students come to the University or 5 outreach sites in Rochester, Northfield, St. Cloud, Moorhead, and the Duluth/Iron Range for 2 hours of classes 1 afternoon per week after school. The students average 5 to 10 hours of homework per week. In the first 2 years (the high school component), students study algebra I and II and geometry and math analysis, for which they receive 4 years of secondary school mathematics credit, as mandated by the state legislature. In the 3 year college component, the students study calculus of 1 and several variables, linear algebra, and differential equations in special classes for which they may receive 30 honors level University of Minnesota quarter credits in mathematics. Special lectures by scientists and engineers and tours of laboratories are provided.

ACTIVITY: UMD CENTER FOR AMERICAN INDIAN AND MINORITY HEALTH 1987-89 Biennial Budget  
Program: SPECIAL APPROPRIATIONS  
Agency: UNIVERSITY OF MINNESOTA

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

EFFECTIVENESS MEASURES:

DESCRIPTION:

CHANGE REQUESTS:

This is a new activity. See Change Request.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: UMD CENTER FOR AMERICAN INDIAN AND MINORITY HEALTH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic					90.0	90.0		93.6	93.6	-0-	-0-
Civil Service					25.0	25.0		26.0	26.0	-0-	-0-
Fringe Benefits					27.6	27.6		28.7	28.7	-0-	-0-
-----											
Total Personal Services					142.6	142.6		148.3	148.3	-0-	-0-
Supplies, Expense and Equipment					5.0	5.0		5.0	5.0	-0-	-0-
-----											
Total Expenditures					147.6	147.6		153.3	153.3	-0-	-0-
=====											
Positions											
Academic					2.0	2.0		2.0	2.0	-0-	-0-
Civil Service					1.0	1.0		1.0	1.0	-0-	-0-
-----											
Total					3.0	3.0		3.0	3.0	-0-	-0-
=====											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: UMD CENTER FOR AMERICAN INDIAN AND MINORITY HEALTH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$ 147.6	3.0	\$ 153.3	3.0
Governor's Recommendation	-0-	-0-	-0-	-0-

Request Title: UMD Center for American Indian and Minority Health

Request requires statutory change:  Yes  No  
 Statutes Affected: None

STATEMENT OF REQUEST/OBJECTIVES:

The School of Medicine-Duluth is seeking state funding in order to establish a Center for Indian and Minority students.

DESCRIPTION/BACKGROUND:

Although limited progress has been made in recent years, there continues to exist a severe underrepresentation of American Indians in medicine and research. Since the UMD campus is ideally located to address the needs of a large segment of the state's Indian population, the School of Medicine-Duluth has developed several unique programs designed to encourage and attract potential students to careers in medicine, research, and other areas.

The success of such programs as Native Americans into Medicine (N.A.M.), Indians into Research Careers (I.R.C.), and American Indians in Marine Science (A.I.M.S.) are reflected in the number of students served both at the high school and college level. Since 1973, a total of 442 high school, undergraduate, and graduate level American Indian and other minority students have participated in educational and research training opportunities. These programs have been funded by the federal government. In spite of their success, they are faced with potential reduction in funding or elimination.

RATIONALE:

The faculty of the School of Medicine-Duluth have endorsed a proposal to establish a Center for Indian and Minority Health. The Center will build on the accomplishments and success of current programs and develop new initiatives. It will serve as a major catalyst in research and development of programs to serve the needs of Indian and other minority populations.

The four main goals of the Center can be summarized as follows:

- 1) Continuation of the successful recruitment of minority students into medicine.
- 2) Research in minority health problems.
- 3) Education of non-minority students in health problems faced by minority groups.
- 4) Establishment of a firm funding base to enable the Center to compete successfully for non-state funding.

The request will provide core funding for the Center which will include a director and a faculty position essential for the administrative, educational, and research program of the Center. A community program specialist is necessary to maintain ongoing contact with Indian communities in Minnesota.

F.Y. 1987 Base	Increase over F.Y. 1987			
	F.Y. 1988		F.Y. 1989	
	\$	Pos.	\$	Pos.
O&M				
Special				
Federal	\$57.0			
Private				
Other				
Total	\$57.0			
Academic	\$ 90.0	2.0	\$ 93.6	2.0
Civil Service	25.0	1.0	26.0	1.0
Fringe Benefits	27.6		28.7	
Expense/Service				
Supplies/Materials	5.0		5.0	
Equipment				
Total	\$147.6	3.0	\$153.3	3.0

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

ACTIVITY: UNDERGROUND SPACE CENTER  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To serve as a focal point for the planning and coordination of underground space use in Minnesota;
- 2) to carry out research in areas affecting the use of underground space;
- 3) to provide an information and referral service on all aspects of underground utilization; and
- 4) to serve as a base for international cooperation on research and information transfer.

EFFECTIVENESS MEASURES:

- 1) With the assistance of the Underground Space Center, Minneapolis and St. Paul have developed active programs for the creation of mined commercial/industrial underground space.
- 2) The Underground Space Center has received approximately \$2.6 million in specific research project funding since its creation in December 1977.
- 3) The Underground Space Center has held 17 conferences attracting over 3,000 people nationally and participated in organizing other major conferences. The Center currently handles 50-100 inquiries per week and has handled up to 400 inquiries per day relating to earth sheltered housing.
- 4) The Underground Space Center is visited by foreign researchers and government delegations 20-40 times per year. The Center has participated in organizing several international conferences or workshops and is internationally recognized for its pioneering work in this field.
- 5) In its 10th Anniversary issue, Solar Age Magazine selected the Underground Space Center as one of the four best organizations in the country active in areas related to solar energy.

DESCRIPTION:

The Underground Space Center (USC) is a research and information center for the development and utilization of underground space. It is a part of the Department of Civil and Mineral Engineering and was created by the Legislative Commission on Minnesota Resources (LCMR) in 1977. It operates in each of the objective areas outlined above and has an interdisciplinary technical staff including expertise in structural/geotechnical engineering, mechanical engineering, heat transfer and architecture. Referrals of requests for information from other units of state government are routinely handled in addition to the direct inquiries from the public, building professionals, and other research institutions. The Center has become a focus of international interest in underground construction utilization.

STATISTICS:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
Personnel-Academic	5	5	5	5
Civil Service	2	2	2	2
Federal grants	\$106,000	\$ 80,000	n.a.	n.a.
Other grants	53,650	n.a.	n.a.	n.a.
State special appropriation	\$206,000	\$214,000	\$214,000	\$214,000

CHANGE REQUESTS:

None

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: UNDERGROUND SPACE CENTER  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	81.3	142.1	144.1	146.5		146.5	146.5		146.5	150.2	154.0
Civil Service	38.2	27.8	27.7	27.7		27.7	27.7		27.7	28.4	29.1
Fringe Benefits	24.1	33.0	32.9	32.9		32.9	32.9		32.9	33.7	34.6
-----											
Total Personal Services	143.5	202.9	204.7	207.1		207.1	207.1		207.1	212.3	217.7
Supplies, Expense and Equipment	56.5	3.1	9.5	9.5		9.5	9.5		9.5	9.7	9.9
-----											
Total Expenditures	200.0	206.0	214.2	216.6		216.6	216.6		216.6	222.0	227.6
=====											
Positions											
Academic	2.1	4.5	4.4	4.4		4.4	4.4		4.4	4.4	4.4
Civil Service	2.2	1.4	1.3	1.3		1.3	1.3		1.3	1.3	1.3
-----											
Total	4.3	5.9	5.7	5.7		5.7	5.7		5.7	5.7	5.7
=====											

ACTIVITY: VETERINARY DIAGNOSTIC LABORATORY  
 Program: SPECIAL APPROPRIATIONS  
 Agency: UNIVERSITY OF MINNESOTA

1987-89 Biennial Budget

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

OBJECTIVES:

- 1) To reduce economic loss from disease in the state's livestock, poultry, wildlife and companion animals.
- 2) To assist the Minnesota Board of Animal Health in the conduct of animal disease control and eradication programs.
- 3) To help protect the public health.
- 4) To help prevent widespread, devastating epidemics of highly contagious animal diseases in the state.
- 5) To monitor and maintain a data base of the animal disease incidence throughout the state.
- 6) To facilitate interstate shipment of livestock.
- 7) To reduce the risk of entry of exotic diseases in the state's animal populations.
- 8) To facilitate international trade.

EFFECTIVENESS MEASURES:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
No. of animal owners served	21,748	22,000	22,200	22,500

DESCRIPTION:

The Veterinary Diagnostic Laboratory provides essential animal health services to the state's livestock and poultry industries. A primary function of the laboratory is to identify and characterize animal diseases accurately and promptly so that appropriate control and preventive measures can be implemented without delay. As the official laboratory of the Minnesota Board and Animal Health, it supports the state's animal disease control and eradication programs. Prompt recognition of the more than 100 diseases that are transmissible from animals to humans helps to protect the public health. Detection of natural or synthetic toxins in animal tissues decreases the likelihood of entry of these harmful substances into the human food chain. The Laboratory maintains a data base of animal disease incidence throughout the state to give advice for control measures and to aid in establishing research priorities in animal health. It is the first line of defense against devastating exotic diseases such as foot and mouth disease, African swine fever, exotic newcastle disease, and hog cholera which are a constant threat to the livestock and poultry industries. The Laboratory is certified to conduct official tests for diseases as required by other states and foreign nations prior to importation of animals from Minnesota.

STATISTICS:

	<u>F.Y. 1986</u>	<u>F.Y. 1987</u>	<u>F.Y. 1988</u>	<u>F.Y. 1989</u>
1) No. of laboratory procedures				
a) pathology	54,711	55,000	55,200	55,500
b) microbiology	130,048	131,000	132,000	135,000
c) toxicology	2,085	3,000	3,500	4,000
Total	<u>186,844</u>	<u>189,000</u>	<u>190,700</u>	<u>194,500</u>
2) Serologic test (selected)				
anaplasmosis	11,766	12,000	12,000	12,000
bluetongue	1,146	1,200	1,200	1,200
bov. resp. syncytial virus	1,308	1,400	1,400	1,400
bovine leucosis	1,100	1,100	1,100	1,200
bovine virus diarrhea	4,496	4,500	4,500	4,500
infectious bov. rhinotrach.	4,513	4,500	4,500	4,500
equine infect. anemia	1,842	2,000	2,000	2,000
porcine parvovirus	2,216	2,500	2,500	2,500
pseudorabies	27,961	28,000	30,000	30,000
3) Cattle tested for foreign export	2,211	2,000	2,000	2,000

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: VETERINARY DIAGNOSTIC LABORATORY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	458.5	445.2	481.5	499.9	100.3	600.2	499.9	100.3	600.2	512.4	525.4
Civil Service	530.6	560.8	583.3	583.3	119.9	703.2	583.3	119.9	703.2	597.9	613.0
Fringe Benefits	197.4	210.2	218.7	218.7	44.8	263.5	218.7	44.8	263.5	224.2	229.9
-----											
Total Personal Services	1,186.4	1,216.2	1,283.5	1,302.0	265.0	1,567.0	1,302.0	265.0	1,567.0	1,334.5	1,368.3
Supplies, Expense and Equipment	.8	6.6	( 11.8)	( 11.8)		( 11.8)	( 11.8)		( 11.8)	( 12.1)	( 12.4)
-----											
Total Expenditures	1,187.2	1,222.8	1,271.7	1,290.2	265.0	1,555.2	1,290.2	265.0	1,555.2	1,322.4	1,355.9
=====											
Positions											
Academic	9.8	9.4	9.5	9.5	4.0	13.5	9.5	4.0	13.5	9.5	9.5
Civil Service	29.7	27.4	27.6	27.6	6.0	33.6	27.6	6.0	33.6	27.6	27.6
-----											
Total	39.5	36.8	37.1	37.1	10.0	47.1	37.1	10.0	47.1	37.1	37.1
=====											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY: VETERINARY DIAGNOSTIC LABORATORY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERISTY OF MINNESOTA

Request Title: <b>Veterinary Diagnostic Laboratory</b>	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	\$265.0	10.0	\$265.0	10.0
Governor's Recommendation	-0-	-0-	-0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected: None				

STATEMENT OF REQUEST/OBJECTIVES:

The Veterinary Diagnostic Laboratory seeks additional funding to support its present services adequately and improve its diagnostic microbiology/serology section.

DESCRIPTION/BACKGROUND:

Established in 1904, the Veterinary Diagnostic Laboratory of the College of Veterinary Medicine is the official laboratory of the Minnesota Board of Animal Health for monitoring the state's disease control programs. The Laboratory helps reduce loss from disease in Minnesota's livestock, poultry, wildlife, and companion animals, and helps protect the public health by providing animal health diagnostic services for livestock and poultry producers, veterinary practitioners and the general public. The Laboratory's primary function is to identify accurately and promptly the cause of animal disease so that appropriate control measures can be implemented without delay.

EFFECTIVENESS MEASURES:

	F.Y. 1986	F.Y. 1987	F.Y. 1988	F.Y. 1989
No. of animal owners served	21,748	22,000	22,200	22,500
1) No. of laboratory procedures				
a) pathology	54,711	55,000	55,200	55,500
b) microbiology	130,048	131,000	132,000	135,000
c) toxicology	2,085	3,000	3,500	4,000
Total	186,844	189,000	190,700	194,500
2) Serologic test (selected)				
anaplasmosis	11,766	12,000	12,000	12,000
bluetongue	1,146	1,200	1,200	1,200
bov. resp. syncytial virus	1,308	1,400	1,400	1,400
bovine leucosis	1,100	1,100	1,100	1,200
bovine virus diarrhea	4,496	4,500	4,500	4,500
infectious bov. rhinotrach.	4,513	4,500	4,500	4,500
equine infect. anemia	1,842	2,000	2,000	2,000
porcine parvovirus	2,216	2,500	2,500	2,500
pseudorabies	27,961	28,000	30,000	30,000
3) Cattle tested for foreign export	2,211	2,000	2,000	2,000

RATIONALE:

Historically, operation of the Veterinary Diagnostic Laboratory has been funded through a combination of special state appropriations and laboratory services fees. The State Special has provided funds to pay the salaries of a specific number of full time faculty and civil service staff plus related fringe benefits. The laboratory service fees have paid for salaries of part time and temporary employees, their fringe benefits, and all supplies and equipment. Over the years, this arrangement has worked reasonably well. However, with the continually increasing costs of running the laboratory, it has become apparent that the income can no longer keep pace with demands being placed on it. As a result, the laboratory has been forced to keep vacant the position of microbiologist/serologist, provided by the 1983 Legislature, in order to cover all expenses.

It has become apparent that operating costs are increasing at a faster rate than can be sustained by service fee income. With holding vacant 1 faculty position and maintaining a modest reserve, it will be possible to cover the projected budget shortfall for fiscal 1987. Once this reserve has been exhausted, there is no identified funding source for covering full operating costs of the Laboratory. The Diagnostic Laboratory would be forced to curtail needed services or operate with a deficit. Neither alternative is acceptable.

CHANGE REQUEST

1987-89 Biennial Budget

Agency     Program     Activity

(Continuation)

ACTIVITY: VETERINARY DIAGNOSTIC LABORATORY

PROGRAM: SPECIAL APPROPRIATIONS

AGENCY: UNIVERISTY OF MINNESOTA

Based on projected increases in staff and related costs and projected service fee income, it becomes clear that the Laboratory is facing a shortfall of \$265,000 each year.

In order to avoid a deficit and establish a stable funding base for operations in future years, it is proposed that additional state funds be appropriated to fill the microbiologist/serologist vacancy and transfer 3 full time faculty and 6 civil service positions and related fringe benefits to state funding. This proposal is estimated to cost \$265,000 each year or the equivalent of the projected deficit.

<u>F.Y. 1987 Base</u>		<u>Increase over F.Y. 1987</u>				
		<u>F.Y. 1988</u>		<u>F.Y. 1989</u>		
		<u>\$</u>	<u>Pos.</u>	<u>\$</u>	<u>Pos.</u>	
O&M						
Special	\$1,271.7*	Academic	\$100.3	4.0	\$100.3	4.0
Federal		Civil Service	119.9	6.0	119.9	6.0
Private		Fringe Benefits	44.8		44.8	
Income(est)	495.0	Expense/Service				
Total	<u>\$1,766.7</u>	Supplies/Materials				
		Equipment				
		Total	<u>\$265.0</u>	<u>10.0</u>	<u>\$265.0</u>	<u>10.0</u>

\* \$31,531 of this amount is included for the Raptor Research and Rehabilitation Program of the College of Veterinary Medicine.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. Recommended consolidation of special appropriations could permit funding of this request through reallocation of existing resources.

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: ENVIRONMENTAL PATHOLOGY LABORATORY  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
-----											
Expenditures by Category											
Personal Services											
Academic	44.9										
Civil Service	41.2										
Fringe Benefits	13.0										
-----											
Total Personal Services	99.1										
Supplies, Expense and Equipment	.9										
-----											
Total Expenditures	100.0										
=====											
Positions											
Academic	1.0										
Civil Service	1.8										
-----											
Total	2.8										
=====											

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: FACULTY TRAVEL  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
-----											
Total Personal Services											
Supplies, Expense and Equipment	89.3										
-----											
Total Expenditures	89.3										
=====											
Positions											
Academic											
Civil Service											
-----											
Total											
=====											

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: IMMIGRATION HISTORY RESEARCH  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic											
Civil Service											
Fringe Benefits											
Total Personal Services											
Supplies, Expense and Equipment	46.7										
Total Expenditures	46.7										
Positions											
Academic											
Civil Service											
Total											

ACTIVITY FISCAL SUMMARY - BIENNIAL BUDGET  
 \* \* \* Dollars in Thousands (137,522 = 137.5) \* \* \*

ACTIVITY: SUMMER SESSION / CEE SUPPLEMENT  
 PROGRAM: SPECIAL APPROPRIATIONS  
 AGENCY: UNIVERSITY OF MINNESOTA

	ACTUAL	ACTUAL	ESTIMATED	F.Y. 1988 REQUEST LEVELS			F.Y. 1989 REQUEST LEVELS			GOVERNOR'S RECOMMENDATIONS	
	F.Y. 1985	F.Y. 1986	F.Y. 1987	SAME	CHANGE	TOTAL	SAME	CHANGE	TOTAL	F.Y. 1988	F.Y. 1989
Expenditures by Category											
Personal Services											
Academic	278.9										
Civil Service	126.4										
Fringe Benefits	87.2										
Total Personal Services	492.4										
Supplies, Expense and Equipment	860.4										
Total Expenditures	1,352.8										
Positions											
Academic	10.1										
Civil Service	6.7										
Total	16.7										

CHANGE REQUEST

1987-89 Biennial Budget

Agency     Program     Activity

ACTIVITY: INSTRUCTIONAL IMPROVEMENT/QUALITY ASSESSMENT  
 PROGRAM: INSTRUCTION  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Instructional Improvement/Quality Assessment	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	-0-	-0-	-0-	-0-
Governor's Recommendation	\$ 500.0	-0-	\$1,500.0	-0-

Request requires statutory change:     Yes     No  
 Statutes Affected: None

GOVERNOR'S RECOMMENDATION:

The Governor recommends a 1987-89 appropriation of \$2,000.0 to permit the system to study and implement instructional improvement and quality assessment programs. A plan for assessment of instructional quality is to be submitted to the legislature and the Department of Finance in the Fall of 1987. Actual reporting of performance in relation to instructional standards and objectives is expected to begin in the Fall of 1988.

BACKGROUND/DESCRIPTION:

Budget cutbacks between 1980 and 1986, together with other social and economic factors, have limited the system's ability to free up resources needed for instructional improvement and assessment efforts. Further, the state's high level of investment in post-secondary education requires that each post-secondary system show that public funds are being used effectively and productively. Recognizing this need for accountability and quality, the Governor recommends a special instructional improvement appropriation for each of the four post-secondary systems. These funds, besides being used in developing quality assessment techniques, could be used for experimental or innovative instructional programs, for review of different methods of delivery of instructional services, and/or for exploring ways of making instructional programs more cost-effective.

CHANGE REQUEST

1987-89 Biennial Budget

Agency    Program    Activity

ACTIVITY: TUITION RECIPROCITY ADJUSTMENT  
 PROGRAM: INSTRUCTION  
 AGENCY: UNIVERSITY OF MINNESOTA

Request Title: Tuition Reciprocity Adjustment	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
Agency Request				
General Fund	-0-	-0-	-0-	-0-
Governor's Recommendation	\$ 985.0	-0-	\$ 985.0	-0-

Request requires statutory change:    Yes    No  
 Statutes Affected: None

GOVERNOR'S RECOMMENDATION:

The Governor recommends that direct general fund appropriations to the University of Minnesota be increased in the amount of \$985.0 for each year of the 1987-89 biennium. The purpose of this adjustment is to reimburse the University for loss of tuition income under the Minnesota-Wisconsin interstate tuition reciprocity agreement. The amount recommended continues the 1985-87 level of funding.

BACKGROUND/DESCRIPTION:

Under the terms of the Minnesota-Wisconsin reciprocity agreement, Wisconsin students attending the University of Minnesota pay Wisconsin tuition rates. Since these rates tend to be lower than the rates paid by the Minnesota residents attending the University, the result is a "loss" of tuition revenue. The University can make up the resulting loss by foregoing income entirely or by raising tuition rates paid by Minnesota students. To avoid either of these two options, the difference has been made up by state appropriations. Although the University did not specifically request this item in its 1987-89 budget, it was assumed that this adjustment would be continued.

1987-89 BIENNIAL BUDGET  
PROGRAM STRUCTURE

AGENCY: MAYO MEDICAL FOUNDATION

Section      Page  
9

PROGRAM

ACTIVITIES

MAYO FOUNDATION



- Mayo Medical School
- Family Practice and Graduate Residency Program

3  
5

AGENCY: MAYO FOUNDATION

1987-89 Biennial Budget

AGENCY PURPOSE:

Mayo Foundation is a nonprofit, charitable corporation which provides patient care services under the name Mayo Clinic and conducts medical education and research as an integral part of this activity. The institution is best described as a private trust for public purposes. It is governed by a Board of Trustees on which a majority of members represent the public. The Trustees assure its operation in conformance with the public interest and provide liaison between the institution and the public.

AGENCY OBJECTIVE:

- To offer, to both the sick and the well, comprehensive medical care of the highest standard through a coordinated and integrated group practice of medicine.
- To offer outstanding young men and women opportunities for education in clinical medicine, in the sciences related to medicine, and in the allied health professions; and to contribute thereby to improved standards of medical care, and to broader availability of medical care, in this country and in other countries.
- To advance and enlarge knowledge and skill in medicine, and the sciences related to medicine, through research directed toward a broader understanding of man in health and disease, prevention of illness, and diagnostic and therapeutic measures applicable to disease.

OPERATION AND CLIENTELE:

As a national health resource, Mayo Clinic/Mayo Foundation has a significant impact on the economy of the state:

- In 1985, 282,000 patient registrations or about 1.2 million physician visits were recorded.
- Considering patients and those who accompany them, an estimated half million people visited Rochester in 1985.
- Mayo Foundation is one of the largest employers in Minnesota--more than 14,000.
- A direct dollar contribution amounting to \$650 million was made to the Minnesota economy in 1985. Of this amount \$441 million was from out-of-state patients.
- Over the past six years, Mayo's growth has been equivalent to adding a new company each year employing 483 people.

ACTIVITY GENERATES NON-DEDICATED REVENUE	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATE F.Y. 1987	ESTIMATE F.Y. 1988	ESTIMATE F.Y. 1989
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	-0-	-0-	-0-	-0-	-0-

INDEX	Agency Request 1987-89 Biennium All Funds		Governor's Recommendation 1987-89 Biennium All Funds		Page
	F.Y. 1988	F.Y. 1989			
Mayo Medical School:					
F.Y. 1987 base	\$756.0	\$756.0	\$	1,512.0	
Volume change (fewer students)	(78.2)	(61.7)	\$	(139.9)	
Subtotal F.Y. 1987/88 same	677.8	694.3	\$	1,372.1	
MD/PhD students returning to MMS		18.2		18.2	9
Program enhancement	15.6	32.8		-0-	9
Subtotal Mayo Medical School	\$693.4	\$745.3	\$	1,390.3	
Family Medicine Graduate Residency:					
F.Y. 1987 base and F.Y. 1987/88 same	\$177.1	\$177.1	\$	354.2	
Volume change	0	0		-0-	
Program enhancement	3.6	7.2		-0-	8
Subtotal Family Medicine Graduate Residency	\$180.7	\$184.3	\$	354.2	
Agency Totals:					
F.Y. 1987 base	\$933.1	\$933.1	\$	1,866.2	
Volume change (Mayo Medical School)	(78.0)	(61.7)		(139.9)	
Subtotal F.Y. 1987/88 same	854.9	871.4		1,726.3	
Volume changes	0	0		-0-	
MD/PhD students returning to MMS		18.2		18.2	
Program enhancements	19.2	40.0		-0-	
Totals	\$874.1	\$929.6	\$	1,744.5	

AGENCY: MAYO FOUNDATION  
(Continuation)

1987-89 Biennial Budget

Mayo Medical School, Mayo Graduate School of Medicine and Mayo School of Health-Related Sciences are the major components within the Foundation for conducting its educational programs. Mayo Medical School, established in 1971, is responsible for all undergraduate education leading to the M.D. degree. With a student body of 160 and a renowned faculty of more than 800, students receive as personalized a medical education as is available anywhere. Mayo Graduate School of Medicine, established in 1915, administers graduate training programs in virtually all specialties of medicine, including the primary care fields of family medicine, general internal medicine, pediatrics, and obstetrics/gynecology. Mayo Graduate School has approximately 900 physicians and scientists in training who augment the senior faculty and also contribute to the medical students' education. Mayo School of Health-Related Sciences was established in 1972 for the training of allied health professionals. Twelve programs included 295 full and part-time students in 1985. With the exception of state support for Minnesota students to attend Mayo Medical School and funding for 12 family medicine residency positions, the remaining education programs are funded by Mayo Foundation. This support from Mayo will total more than \$36 million in 1986.

Perhaps more important than numbers of students or residents in training is the quality and emphasis of a medical education at Mayo. All of the institution's experience and resources are available to help prepare physicians of the future to serve the people of this state and the nation. The Mayo tradition of high standards of professionalism and the practice of medicine by caring physicians is very much a part of each student's medical education. By example and precept what Mayo has learned and shared is passed on to its students, and by many of them, in turn, to the people of Minnesota.

Mayo Foundation requests that 20 Minnesota residents in each of four medical school classes and four family medicine physician residents per entering class in each year of the three-year program have the opportunity of receiving their medical education at Mayo. Reflected in the dollar request is a \$200 increase per medical student for each year of the biennium. A \$300 increase per family medicine resident physician per year is requested. (See justification for increase in Change Request narrative.) The institution continues to work seriously at the task of holding down the cost of medical education and anticipates being able to keep increases at a modest level during the next biennium. The overall institutional request is down 11% for 1987-89 compared to initially authorized levels for 1985-87. This has occurred because the number of entering medical students supported by the state of Minnesota will now have dropped to 20 in all four medical school classes.

Authority for this program is found in M.S. 16A.095.

MAYO MEDICAL SCHOOL: PURPOSE, OPERATION, STATISTICS

Mayo Medical School was established by Mayo Foundation in 1971 to award the doctor of medicine degree. Eleven classes of approximately 40 students each have now been graduated. From its inception the school has received capitation in support of Minnesota residents. For classes entering between 1972 and 1983 capitation has been available for up to 40 Minnesotans. Beginning with 1984, capitation was authorized in support of 20 state students. Because of capitation, Minnesota residents have the opportunity to attend Mayo Medical School at a tuition level comparable to other schools in the state. No state funds are being requested for capital expenditures. Buildings and facilities have been and will continue to be provided by Mayo Foundation.

Minnesota students accepted at Mayo Medical School learn the art and science of medicine in a curriculum that is designed to take full advantage of the many and varied resources of Mayo Clinic/Mayo Foundation. Particular emphasis is given to the primary care disciplines of general internal medicine, family medicine, pediatrics, and obstetrics/gynecology in an effort to encourage students to select one of these fields when making career choices. Mayo Medical School's goal is to train compassionate, highly-skilled, cost-conscious physicians. This objective is achieved because students are carefully selected to represent a broad socioeconomic spectrum. They are trained by the staff of the Mayo Clinic, which is nationally recognized for emphasizing cost-effective, compassionate medicine.

Applications for Mayo Medical School are received from approximately 350 Minnesotans and 1,250 nonresidents each year. Students selected over the past 15 years have received their undergraduate education from the University of Minnesota in the Twin Cities, Duluth, and Morris, six state universities, and 16 private colleges in the state. Considering both Minnesotans and out-of-state students, more than 100 colleges and universities are represented. Of the 465 Minnesotans enrolled since 1972, 232 have come from the Twin Cities metro area. Ninety-five other Minnesota communities have been represented. Of 148 Mayo Medical School students expected to matriculate in 1986-87, 85 are Minnesota residents, 63 are women, and 11 are minority students.

The 241 students who graduated from the first six classes, 1976 through 1981, have completed their residency training (three or more post M.D. years) and are now practicing. The first column in the table that follows illustrates the fields they have chosen. Fields chosen for residency training also provide an indication of the kind of practice in which graduates are likely to settle and are shown in the second column for years 1982-1986. There were 197 graduates during these years.

AGENCY: MAYO FOUNDATION  
(Continuation)

1987-89 Biennial Budget

	Fields of Practice Chosen, Classes of 1976-1981	Fields for Residency Training Chosen, Classes of 1982-1986
Primary Care Fields:		
Family Medicine	49	36
Internal Medicine	56	67
Pediatrics	10	7
Obstetrics/Gynecology	6	6
Total	121	116
Percent	50%	59%
Other Specialties		
Total	120	81
Percent	50%	41%

As might be anticipated, more than half of the graduates from the first six classes have chosen to practice in Minnesota or contiguous states as illustrated by this table:

	Practice Locations Chosen, Classes of 1976-1981	Residency Training Locations Chosen, Classes for 1982-86
Practicing in:		
Minnesota	107	102
Wisconsin or Iowa	17	15
Total	124	117
Percent	51%	59%

Fifteen years ago the state legislature concluded that Mayo Clinic/Foundation was not only a national resource but one which was Minnesota's as well. It was determined that the citizens of the state should benefit by utilizing this resource for a medical school. Time and experience has confirmed the judgment that Mayo is a good place for a portion of the state's medical students to receive their education. Briefly stated:

- Mayo is recognized nationally and internationally as a model for the integration of medical practice, education and research. Its small medical school classes benefit from a staff/faculty of more than 800 physicians and scientists and the more than quarter of a million patients seen annually.
- In his recently published book, The Best in Medicine, H. J. Dietrich, M.D., ranks Mayo hospitals as the best in the nation.
- The institution has demonstrated that high quality care is achievable at a reasonable cost. Dr. Walter McClure, noted medical economist, finds that the cost for the elderly at Mayo is 25% below the national average, whereas other known metropolitan areas of renown quality, such as Boston and Los Angeles, have costs 40% and 20% respectively above the national rate.

- Mayo Medical School is producing compassionate, cost-conscious physicians trained to provide high quality care.
- The school's curriculum places unusually strong emphasis on family medicine and primary care.

When in the early 1970's Mayo Foundation and the legislature worked together to establish Mayo Medical School, there was a shortage of physicians. Although circumstances may have changed to some degree, Mayo believes there remain strong reasons for this educational relationship to continue:

- By agreement the number of positions capitated per year already has been reduced from 40 to 20, i.e., from 160 Minnesotans to 80.
- Although some perceive there to be an ample supply of physicians in certain specialties, there is considerable agreement about the continued need for physicians in the primary care fields of internal medicine, family medicine, pediatrics, and obstetrics/gynecology--fields given special emphasis at Mayo Medical School.
- In most fields of practice, perhaps with the exception of metropolitan areas, the maldistribution of physicians continues to be a concern.
- Studies about the future supply of physicians frequently fail to take into consideration legislation that is dramatically reducing the number of foreign-trained MD's entering the U.S. (Currently, approximately 22% of all practicing physicians have been trained outside the U.S.)
- For many a patient more physicians might well mean a less hurried visit, a few more minutes of their doctor's time.
- Mayo is a part of the Governor's "Medical Alley" concept; providing M.D. degrees to Minnesota young people fits hand-in-hand with this plan.
- Each year a substantial number of University of Minnesota medical students spend six to eight weeks of their senior year in training at Mayo (70 since 1982). No financial support has been asked for this service.
- Capitating 20 Minnesotans per class at Mayo Medical School is financially sound in that no capital investment is involved and the state knows precisely what its costs per student will be and the quality of the end product.

EXPLANATION OF BUDGET REQUEST:

Approximately one half of the educational costs for each student is borne by Mayo Foundation. Out-of-state students pay tuition/fees equal to the other half. For Minnesotans, therefore, the tuition/fee is reduced because of state capitation. Tuition/fees have been set for 1986-87 at \$7,500 for Minnesotans and \$15,400 for nonresidents. A modest increase in tuition/fees is anticipated during the next biennium.

AGENCY: MAYO FOUNDATION  
(Continuation)

1987-89 Biennial Budget

From 1972-73 through 1982-83 capitation was authorized for up to 40 students per class. The amount of capitation had remained at or near the \$8,000 figure during these years. For the 1985-87 biennium the legislature increased the capitation amount to \$8,580 the first year and \$9,000 in the second year. Subsequently, due to the shortfall in state revenue, capitation was reduced, with the full amount of the reduction coming from the second year, bringing the figure down to \$8,690. An increase in the \$8,690 capitation figure of \$200 is requested for each year of the next biennium. (Justification for the increase may be found in the accompanying Change Request narrative.) Numbers and dollars are as follows:

	Projected Capitation for Minnesota Students					Per Student Capitation	Total Capitation
	Fresh.	Soph.	Jr.	Sr.	Total		
F.Y. 1987-88	20	20	19*	18	77	\$8,890	\$693,420
F.Y. 1988-89	20	20	20	22**	82	\$9,090	\$745,380

\* One Minnesota student will leave the class for three years of PhD work; return in 1990-91 for a combined junior/senior year and an MD/PhD degree.

\*\* Note there are 22 Minnesotans because three students are returning from three years of PhD work--no capitation was received during the three years these Minnesotans were pursuing the PhD portion of their combined MD/PhD degree.

FAMILY PRACTICE GRADUATE RESIDENCY PROGRAM: PURPOSE, OPERATION, STATISTICS

Recognizing the needs of Minnesota for physicians specializing in primary care fields, the Mayo Graduate School of Medicine developed a three-year graduate medical residency training program in the specialty of family medicine in 1978. The program initially admitted 4 residents per year, making a total of 12 residents in the program at any one time. Beginning in 1984, 6 first-year residents were recruited each year increasing the size of the residency program to a total of 18. Funding is requested for 12 of these positions.

The program currently is being supported financially by funds from Mayo Foundation and from the state of Minnesota. In addition to the educational goal of providing an excellent training program, one of the major goals is to train family physicians who will establish their practices in the towns of rural Minnesota and the Upper Midwest. It is anticipated that the majority of its graduates will be physicians engaged in the broad spectrum of primary care activities including preventive care, health maintenance and acute medical services for the entire family.

Mayo has a Department of Family Medicine with 13 full-time staff members. The Department is responsible for the family medicine residency program.

The objective of the Mayo Foundation family practice residency program is to train family physicians who will provide personal, comprehensive, continuing care to patients of all ages, regardless of their health problems. The Kasson-Mayo Family Practice Clinic provides a rural model for training, allowing family medicine residents to learn in a small town environment.

The program has been successful in recruiting high caliber medical school graduates in each of the nine entering classes. While there are no geographic constraints on admission to the program, a concerted effort is made to select persons who have an interest in practicing medicine in small communities. Graduates of the first six groups to enter the residency program have selected family practices in a variety of small communities. The Mayo Clinic is pleased that a significant percent of these graduates have begun their family medicine careers in Minnesota.

The family medicine residency program has all of the resources of the Mayo institution available to it in order to provide a sound graduate medical education of high caliber. In addition, the curriculum is designed to provide the resident physician with significant exposure to the practice of medicine in rural communities. This is accomplished in two important segments of the residency training curriculum.

First, the "Family Practice Center" is a vital element of any family medicine residency. Here the resident spends a major portion of his or her training time providing care for patients on an ambulatory basis in an environment stressing continuity of care and preventive medicine. This center is located in Kasson, Minnesota, a rural community of just over 2,700 people, located 12 miles west of Rochester. In a joint effort with the community, Mayo's Department of Family Medicine established the Kasson-Mayo Family Practice Clinic, 1) as a place for the delivery of primary medical care services to a rural area having a population of approximately 18,000, and 2) as a "classroom" for teaching family medicine to resident physicians.

EXPLANATION OF BUDGET REQUEST:

From 1978 through the 1985-87 biennium capitation has been authorized for 12 family medicine residents per year. During fiscal year 1987, capitation was reduced to \$14,758 for a total of \$177,100 supporting 12 family medicine residents. An increase in the \$14,758 capitation figure of \$300 is requested for each year of the next biennium. (Justification for the increase may be found in the accompanying Change Request narrative.) Numbers and dollars are as follows:

	Projected Capitation for Family Practice Graduate Residency Program		
	Total Residents	Capitation	Total Requested
F.Y. 1987-88	12	\$15,058	\$180,700
F.Y. 1988-89	12	\$15,358	\$184,300

AGENCY: MAYO FOUNDATION  
(Continuation)

1987-89 Biennial Budget

GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's SAME level request for 1987-89 funding of the medical school and family practice residency programs. CHANGE Level funding for returning medical students is recommended in F.Y. 1989. Other spending priorities preclude additional funding for program enhancement.

AGENCY FISCAL SUMMARY - BIENNIAL BUDGET

AGENCY: MAYO MEDICAL SCH

\*\*\* DOLLARS IN THOUSANDS (137,522 = 137.5) \*\*\*

SUMMARY OF EXPENDITURES AND REQUEST	ACTUAL F.Y. 1985	ACTUAL F.Y. 1986	ESTIMATED F.Y. 1987	F.Y. 1988 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1988	F.Y. 1989 REQUEST LEVELS			GOV. RECOMMEND F.Y. 1989
				SAME	CHANGE	TOTAL		SAME	CHANGE	TOTAL	
EXPENDITURES BY PROGRAM:											
MAYO MEDICAL SCHOOL	991.3	866.6	756.0	677.8	15.6	693.4	677.8	694.3	51.0	745.3	712.5
FAMILY PRACTICE-MAYO FOUND	163.4	168.3	177.1	177.1	3.6	180.7	177.1	177.1	7.2	184.3	177.1
TOTAL	1,154.7	1,034.9	933.1	854.9	19.2	874.1	854.9	871.4	58.2	929.6	889.6
EXPENDITURES BY CATEGORY:											
STATE OPERATIONS											
LOCAL ASSISTANCE	1,154.7	1,034.9	933.1	854.9	19.2	874.1	854.9	871.4	58.2	929.6	889.6
AIDS TO INDS.											
TOTAL EXPENDITURES	1,154.7	1,034.9	933.1	854.9	19.2	874.1	854.9	871.4	58.2	929.6	889.6
SOURCES OF FINANCING:											
DIRECT APPROPRIATIONS:											
GENERAL	1,154.7	1,034.9	933.1	854.9	19.2	874.1	854.9	871.4	58.2	929.6	889.6
DEDICATED APPROPRIATIONS:											
TOTAL FINANCING	1,154.7	1,034.9	933.1	854.9	19.2	874.1	854.9	871.4	58.2	929.6	889.6
POSITIONS BY FUND:											
TOTAL POSITIONS											

CHANGE REQUEST

Agency  Program  Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: Family Practice and Graduate Residency Program

AGENCY: Mayo Foundation

Request Title: Program Enhancement, Family Practice Residency				
	F.Y. 1988		F.Y. 1989	
Agency Request	<u>Amount</u>	<u>Positions</u>	<u>Amount</u>	<u>Positions</u>
General Fund	\$3,600	- 0 -	\$7,200	- 0 -
Governor's Recommendation				
General Fund	\$ -0-	-0-	\$ -0-	-0-
Request requires statutory change: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
Statutes Affected:				

STATEMENT OF REQUEST/OBJECTIVE:

Mayo Foundation requests continued capitation support for the Graduate School of Medicine residency training program in family medicine. The objective of the program is to train family physicians who will provide personal, comprehensive, continuing care to patients of all ages, regardless of their health problems. The Kasson-Mayo Family Practice Clinic provides a rural model for training, allowing family medicine residents to learn in a small town environment.

The program is supported financially by funds from Mayo Foundation and the state of Minnesota. In the current biennium there is state funding for 4 family medicine resident physicians per year in a three-year program, for a total of 12 residents funded. The request is for an increase of \$300 per resident physician in each year of the biennium.

The \$300 per resident increase results in an increase of \$3,600 from F.Y. 1987 to F.Y. 1988 and \$7,200 from F.Y. 1988 to F.Y. 1989.

DESCRIPTION/BACKGROUND:

Mayo Clinic/Mayo Foundation is a state and national health resource. More than a quarter million patients are treated each year at Mayo Clinic. Including patients, about one half million people visit Mayo per year. Serving these patients are nearly 14,000 Mayo Medical Center employees. A direct dollar contribution of \$650 million was made to the Minnesota economy by Mayo Medical Center in 1985, with \$441 million of this amount coming from outside the state.

The program has been successful in recruiting high caliber physicians in each of the nine entering classes. While there are no geographic constraints on admission to the program, a concerted effort is made to select persons interested in practicing medicine in small communities. Graduates have selected family practices in a variety of small communities. Mayo Clinic is pleased that a significant percentage have begun their family medicine careers in rural Minnesota.

The training program has all of the resources of Mayo available to provide a high quality graduate medical education. In addition, the curriculum provides the resident physician with extensive exposure to the practice of medicine in rural communities. This is accomplished in two segments of the residency training curriculum.

First, the "Family Practice Center" is an important element of the family medicine residency. Here the resident provides care for outpatients, stressing continuity of care and preventive medicine. This center is located in Kasson, Minnesota, a rural community of 2,700 people 12 miles west of Rochester. In a joint effort with the community, Mayo's Department of Family Medicine established the Kasson-Mayo Family Practice Clinic, 1) as a place to deliver primary medical care to a rural area of 18,000, and 2) as a "classroom" for teaching family medicine to resident physicians.

RATIONALE:

Mayo Foundation is requesting an increase of \$300 per capita per year for 12 family practice residents during the next biennium. This increase is needed to support an ever expanding curriculum in the family practice residency program. Changes and improvements in the forthcoming biennium in the family practice program will include: An increase in the behavioral science curriculum requiring more input from Mayo's Department of Psychiatry and Psychology as well as the Family Medicine faculty; new course electives in public health, geriatrics, and occupational medicine will also provide a needed expansion to the current curriculum; more procedural training in such areas as flexible sigmoidoscopy will provide the residents with additional skills; and additional training in pediatric emergency care. These improvements to the family practice curriculum will further our goal of preparing compassionate, well-trained family physicians.

GOVERNOR'S RECOMMENDATION:

The Governor's recommendation does not provide funding for this request. While the request has merit, other spending priorities preclude additional funding.

CHANGE REQUEST

Agency     Program     Activity

1987-89 Biennial Budget

ACTIVITY:

PROGRAM: Mayo Medical School

AGENCY: Mayo Foundation

DESCRIPTION/BACKGROUND:

Mayo Clinic/Mayo Foundation is a state and national health resource. Including patients and their families, about one-half million people visited Rochester in 1985, and nearly 14,000 Mayo Medical Center employees served 282,000 patients. A direct dollar contribution of \$650 million was made to the Minnesota economy by Mayo Medical Center with \$441 million coming from outside the state.

Mayo Medical School, with 160 students and a renowned faculty of more than 800 physicians and scientists, provides a highly personalized medical education. Mayo Foundation also operates and funds the Mayo Graduate School of Medicine, with about 900 physicians and scientists in training, and the Mayo School of Health-Related Sciences, with 12 allied health professional training programs involving 295 full and part-time students. Mayo Foundation underwrote 90% of the \$41 million education budget in 1985, the main exception being the funds being requested by this proposal.

The school has received capitation since it was established in 1971. Capitation is roughly the difference between resident and nonresident tuition. No state funds have been or are being requested for capital expenditures. About 350 Minnesotans and 1,250 non-Minnesotans apply each year to Mayo Medical School. Students selected in the past 15 years have received their undergraduate education at more than 100 colleges and universities 26 in Minnesota. Of the 465 Minnesotans, 232 have come from the Twin Cities metropolitan area; 95 other communities are represented. The 148 students matriculating in the 1986-87 academic year include 85 Minnesotans, 63 women, and 11 minority students.

Particular emphasis is given to the primary care disciplines of general internal medicine, family medicine, pediatrics, and obstetrics/gynecology. Mayo is pleased with the career choices and practice locations of its graduates. In the past five years about 60% of the graduates have chosen primary care fields, and nearly this percentage are practicing or doing residency training in Minnesota, Wisconsin or Iowa.

RATIONALE:

The \$200 per student per year increase in capitation is requested on the basis of additions and enhancements to the curricular program leading to the M.D. degree. Several improvements are being made which the school believes justify a modest increase in support required of Mayo Foundation and in capitation.

- Programs have been added at several points in the curriculum and in the Learning Resource Center to help students become skillful in the use of computers--as a self-instructional tool, for research and to aid in care of the patient. These important additions to the curriculum involve commitment of faculty time and the addition of equipment and software.
- Education of physicians in medical nutrition is a subject demanding greater attention in the curriculum of medical schools today because of its importance in preventive medicine. Additional class hours and faculty time are being added to the nutrition education curriculum.

Request Title: PROGRAM ENHANCEMENT, MAYO MEDICAL SCHOOL

Agency Request	F.Y. 1988		F.Y. 1989	
	Amount	Positions	Amount	Positions
General Fund	\$15,600	0	\$51,000	0
Governor's Recommendation				
General Fund	\$ -0-	0	\$18,200	0

Request requires statutory change:  Yes     No

Statutes Affected: Laws 1985, C.11X, Section 8, Subdivision 2

STATEMENT OF REQUEST/OBJECTIVE:

Mayo Foundation requests continued capitation to provide 20 Minnesotans the opportunity to attend Mayo Medical School at a tuition level comparable to other schools in the state. The objective of Mayo Medical School is to produce highly-skilled, compassionate, physicians who are cost-conscious. The medical school curriculum strongly emphasizes primary care specialties, especially family medicine.

The state of Minnesota has provided capitation for up to 40 Minnesotans per class. Beginning with the 1984-85 class the number supported was reduced to 20 students per class. Thus, the request is for capitation for fewer students. Beginning in 1987-88 the plan for the state capitating half of each class will be in place. The request also reflects an increase of \$200 in each year of the biennium per Minnesota resident.

Fewer students result in a reduction of \$78,200 from F.Y. 1987 to F.Y. 1988 and of \$61,700 from F.Y. 1988 to F.Y. 1989. The \$200 per student increase results in an increase of \$15,600 from F.Y. 1987 to F.Y. 1988 and of \$32,800 from F.Y. 1988 to F.Y. 1989. In F.Y. 1989 there is a net gain of two MD/PhD students returning from three years away for PhD work. No capitation was requested for them in those years. The effect of their returning in F.Y. 1989 is \$18,200. The result of all of the aforementioned is a reduction of \$62,600 from F.Y. 1987 to F.Y. 1988 and of \$10,700 from F.Y. 1988 to F.Y. 1989.

CHANGE REQUEST

1987-89 Biennial Budget

Agency  Program  Activity

(Continuation)

ACTIVITY:

PROGRAM: Mayo Medical School

AGENCY: Mayo Foundation

- The environment in which physicians practice is changing very rapidly. To help prepare future physicians graduating from Mayo Medical School, new hours and course material are being added on subjects such as Health Maintenance Organizations, Health Manpower Needs and Distribution, etc.
- The great majority of medical students entering school today are assuming significant debt loads. To assist them in planning intelligently for their financial obligations, debt management seminars have been added to the curriculum and the school's financial aid advisor has gone from part to full time.

GOVERNOR'S RECOMMENDATION:

Except for \$18.2 in F.Y. 1989, the Governor's recommendation does not provide funding for this request. Other spending priorities preclude additional funding at this time. The change amount recommended in the second year of the biennium is for Minnesota students who temporarily leave the Mayo Medical School to pursue a PHD/MD option. When these students return to the medical school, they temporarily increase the total number of Minnesota students receiving capitation support beyond the 20 now stipulated in law. Appropriation rider language will be required to provide capitation for these students.