

1996-97 BIENNIAL BUDGET

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HIGHER EDUCATION

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1. The first of these is the  
 fact that the Government  
 has not yet decided whether  
 it will accept the offer  
 of the United States to  
 purchase the surplus  
 stocks of the Strategic  
 Materials Corporation.  
 2. The second is the  
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 has not yet decided whether  
 it will accept the offer  
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 Materials Corporation.  
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 it will accept the offer  
 of the United States to  
 purchase the surplus  
 stocks of the Strategic  
 Materials Corporation.

1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: HIGHER EDUCATION COORDINATING BOARD (HECB)

PROGRAM

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(Continuation)

Some research shows that students who participate in a campus work program tend to remain enrolled instead of dropping out and, therefore, complete their degrees more quickly than students who work off campus. The State Work Study Program allows students to work on campus and become more involved with their education. It also allows students to continue their education without borrowing an excessive amount of money.

**Federal/State Risk Sharing**

The federal government is encouraging states to make defaults an issue in state licensing and governing decisions by requiring states to share the costs of student loan defaults. To remain eligible for federal Title IV student aid funds, states will need to pay a risk sharing fee beginning in F.Y. 1996. The fee will be based on the volume of federal educational loan defaults associated with institutions that have a cohort default rate greater than 20%. Based on preliminary data, staff estimate that Minnesota's risk sharing fee will be \$30,000 in F.Y. 1996 and \$60,000 in F.Y. 1997.

**MINITEX**

The board recommends an increase in the funding for MINITEX of \$450,000 in F.Y. 1996 and \$510,000 in F.Y. 1997.

The request for additional funding consists of 4 areas of MINITEX activities: 1) The major portion of the requested amount, \$325,000 in F.Y. 1996 and \$360,000 in F.Y. 1997, will be targeted to extend the use of information and telecommunications technologies to improve resource sharing and to position library resources to support the state's parallel initiatives to establish a distance delivery network for education. The proposal targets \$300,000 per fiscal year to assure continuation and development of licensing agreements and access developed in the last biennium. \$25,000 in F.Y. 1996 and \$60,000 in F.Y. 1997 are targeted for the purchase of equipment and extension of leased subscriptions to make government documents and newspapers available online to academic and state agency libraries. 2) Demand for MINITEX services has grown substantially over the years and thereby held down otherwise required expenses by the state's many academic, public, and participating private libraries through the sharing of common resources. This request of \$45,000 for each year will be targeted to absorb the projected 9.7% increase in consumer demand for document delivery. 3) A pilot project initiated during 1994-95 to use scanning technologies for sharing material has proven successful for 3 sites. \$30,000 in F.Y. 1996 and \$55,000 in F.Y. 1997 will be targeted to expand the pilot test to 11 sites around the state. 4) \$50,000 for each year is required to provide training to staff from participating libraries. One of the issues facing MINITEX is how to minimize the amount of work (and rework) that MINITEX staff must do in handling document delivery requests. These funds will provide training to staff members at participating libraries so that they can use MINITEX processes and electronic data bases and technologies more effectively to minimize both the number of documents requested and problems in the requests made.

**Student/Parent Information**

The board is recommending \$280,000 per year to expand and target information to students and parents about post-high school opportunities and how to plan for them. Specific emphasis will be placed on needs of families of color, low income families, and families with no post-secondary education experience. The board proposes to fund the initiative from 2 sources:

- internal reallocation of \$130,000 per year; and
- new funding of \$150,000 per year.

The request is based on 2 research studies, one of which concluded that families from communities of color and families with low incomes are in serious need of accurate information, and that when they do receive the information, they lack the tools necessary to interpret it.

**GOVERNOR'S RECOMMENDATION:**

The Governor's budget recommends adoption of the Agency's reallocation plan to meet the appropriations limit required by 1993 law, and provides additional appropriations of \$8,269,000 over the biennium. These appropriations are targeted to maintain need-based financial assistance for undergraduate students; to strengthen programs aimed at increasing post-secondary participation among minority and low income students, and to cover increased demand by colleges and universities for the MINITEX inter-library loan program.

While the Governor agrees with the conclusion of the Financial Aid Task Force that taxpayer investments in higher education be targeted more to students from low income families, state budget constraints do not permit funding of HECB's initiative to implement the Task Force's recommendations. The Governor's budget maintains funding at F.Y. 1995 levels for the State Work Study and Child Care Grant programs, and recommends an increase in appropriations for the State Grant Program of \$7,434,000 over the biennium.

The State Grant Program budget will cover annual tuition and fee increases of up to 3%, and allow a 3% adjustment in the allowance for miscellaneous and living expenses in F.Y. 1995 for students attending a public college or university. In the event that tuition and fees at public institutions increase by more than the 3% which has been budgeted, the Governor recommends that the public higher education systems be required to pay for the additional cost of grants awarded to their students.

The Governor concurs with HECB's recommendation to replace the current method of capping state grant assistance to students attending private institutions with the concept of a maximum award. The Governor's budget provides for maximum state grant awards of \$5,889 for students attending 4-year colleges and universities, and \$5,007 for students attending 2-year institutions. These awards equal the maximum amount of state and federal aid awarded in F.Y. 1995 to students attending private institutions. Because of state budget constraints, the Governor does not recommend an inflation adjustment in the maximum awards.

The Governor's budget also includes funding for initiatives aimed at increasing participation in post-secondary education among students from low income families and students of color. An appropriation of \$100,000 is provided in each year of the biennium to increase the Board's efforts at providing college-readiness information to families of color, low income, and first generation college students and parents. This appropriation is also to expand the Board's efforts at educating parents about financial planning for college, including ways to promote saving for post-high school education.

Finally, the Governor recommends an appropriation of \$485,000 over the biennium to continue and expand the Summer Scholarships for Academic Enrichment Program. The Governor recommends that the appropriation for this Program, which has historically been included in the Education Aids budget, be placed permanently in the budget of the Higher Education Coordinating Board.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD

			Est.	FY 1996			FY 1997		
				Agency	Agency	Governor	Agency	Agency	Governor
PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
STUDNT FINANCIAL AID	98,925	109,809	114,316	111,472	130,820	114,534	111,472	149,750	116,389
STATE STUDNT LOAN	47,004	28,511	48,817	48,907	48,907	48,907	49,037	49,037	49,037
PLANNING & COORDINTN	5,598	8,522	11,620	11,027	11,627	11,146	11,035	11,695	11,146
AGENCY ADMINISTRATION	8,174	9,154	11,333	10,850	10,850	10,850	10,850	10,850	10,850
TOTAL EXPENDITURES BY PROGRAM	159,701	155,996	186,086	182,256	202,204	185,437	182,394	221,332	187,422
CURRENT SPENDING:				184,375	184,375	184,375	184,505	184,505	184,505
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	101,238	113,765	121,628	117,720	137,668	120,927	117,720	156,658	122,782
HEALTH CARE ACCESS	59	488	707	797	797	797	927	927	927
SPECIAL REVENUE	38	31	38						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	88	110	148	174	174	148	182	182	148
FEDERAL	2,695	2,707	3,003	3,003	3,003	3,003	3,003	3,003	3,003
AGENCY	1,938	2,657	2,762	2,762	2,762	2,762	2,762	2,762	2,762
HECC LOAN	53,645	36,238	57,800	57,800	57,800	57,800	57,800	57,800	57,800
TOTAL FINANCING	159,701	155,996	186,086	182,256	202,204	185,437	182,394	221,332	187,422

STATE OF MINNESOTA - DEPARTMENT OF FINANCE  
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT  
BY SEC SEQ

AGENCY: HIGHER ED COORD BD

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	186,086	186,086	121,628	121,628	61,455	61,455	3,003	3,003
BASE ADJUSTMENTS								
BIENNIAL APPROPRIATIONS	1,101	1,231	1,011	1,011	90	220		
APPROPRIATIONS CARRIED FWD	<2,812>	<2,812>	<2,812>	<2,812>				
DOCUMENTED RENT/LEASE INC/DEC	2	2	2	2				
ATTORNEY GENERAL COSTS	<2>	<2>	<2>	<2>				
SUBTOTAL BASE ADJ.	<1,711>	<1,581>	<1,801>	<1,801>	90	220		
CURRENT SPENDING	184,375	184,505	119,827	119,827	61,545	61,675	3,003	3,003

## 1996-97 Biennial Budget

**PROGRAM:** Student Financial Aid

**AGENCY:** Higher Education Coordinating Board (HECB)

### PROGRAM DESCRIPTION:

Student financial aid programs exist to remove economic barriers to the pursuit of post-secondary education for Minnesota residents.

The 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 funding to the public systems and tuition revenue related to instructional cost. The state's financial aid policy, Shared Responsibility, is intended to help ensure equal educational opportunity for all Minnesota residents to attend the institution of their choice, regardless of their economic status.

The primary foundation program is the State Grant Program. It is supplemented by the State Work Study Program and several other targeted campus based programs.

These financial aid programs contribute directly to the Minnesota Milestone theme: Learning. Within this theme, the board administers financial aid programs that assist in the achievement of the goal that "Minnesotans will have the skills for lifelong learning and good citizenship."

### PROGRAM STATUS:

Student financial aid programs have helped Minnesota residents attend post-secondary institutions by providing program funds to students demonstrating financial need. Such assistance helps to remove economic barriers that would prevent such individuals from pursuing post-secondary education at an institution that best meets their individual needs and career aspirations.

For the 1996-97 biennium, the objectives for student financial aid are:

- to increase access to educational opportunities for Minnesota citizens by continuing to attempt to equalize financial accessibility, regardless of the student's ability to pay;
- to ensure that higher education tuition (less student financial aid) as a percentage of available family income does not increase significantly, particularly for needy students; and
- to better target State Grant funds to the lowest income students.

### PLANNED RESULTS:

To help ensure that all residents have an opportunity to pursue post-secondary education if they choose, regardless of economic factors, the board is recommending an increase in the State Grant Program. This increase would be caused primarily by a reduction in the assigned student share and inflation funding for the Living and Miscellaneous Expense (LME) allowance.

In an attempt to provide high quality and timely services to Minnesota residents participating in financial aid programs, the agency has implemented the principles of Total Quality Management

through the agency and will continue to automate processing procedures to enhance program efficiency.

The board will continue to encourage the use of the decentralized delivery of State Grant awards to students. Under this delivery method, the institution, rather than the agency, calculates individual student awards. Currently, 100 institutions use decentralized delivery for State Grants, up from 45 2 years ago. The other financial aid programs use campus-based delivery systems to award program monies to students (institutions receive program allocations according to varying formulas, and in turn calculate individual student awards). Such delivery systems will ensure the most efficient and effective method of program operation while providing better service to students.

In addition to the State Grant Program, other financial aid programs included in this program are: Child Care Grants; Pre-Nursing Grants; Public Safety Officers Survivors; Interstate Tuition Reciprocity; Work Study; Nursing Grants to Persons of Color; the RN and LPN Nursing Grants; the Federal Paul Douglas Teacher Scholarship Program and the Youth Works Post Service Benefit Program.

### BUDGET AND REVENUE SUMMARY:

Summary of the Agency Plan is as follows:

- The Living and Miscellaneous Expense (LME) allowance used in the price of attendance to calculate the State Grant was \$4,115 in F.Y. 1994 and 1995. This allowance represents the 18th percentile based on a board analysis of the Midwest student portion of a 1993 national survey of student expenses. The board proposes an inflationary increase of 3% for each year of the biennium.
- State Grant Student Share: The student share of the price of attendance was set at 50% in 1983. As the price of attendance has increased over the past decade, so has the student share. Fifty percent of the price of attendance may be too high for many students to finance. The board believes that the student share should be lowered to 40% of the price of attendance by the end of the biennium.
- State Grant Family Share - The family share is currently determined by the Federal Need Analysis. The board recommends that the family share be increased by a factor of 1.15 in the second year of the biennium.
- Maximum Award - The board recommends eliminating use of the private college tuition cap to limit the amount of awards to students attending private institutions and instead using maximum awards of \$6,500 for students at private 4-year institutions and \$5,500 for students at private 2-year institutions by F.Y. 1997.
- The board recommends increasing the funding for the Non-AFDC Child Care Program to \$4 million per year and increasing the funding cap per child from \$1,500 to \$1,700. This will amount to an annual increase of \$460,000.
- The plans calls for the discontinuance of the Prenursing Grant Program, the Nursing Grant Program for LPNs, and the Nursing Grant Program for RNs. If these programs are continued, however, they should be consolidated into a comprehensive grant program that take all the needs into consideration.

1996-97 Biennial Budget

**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board  
(Continuation)

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- The federal government is encouraging states to make loan defaults an issue in state licensing and governing decisions by requiring states to share the costs of loan defaults. It is estimated that Minnesota's risk sharing fee will be \$30,000 in F.Y. 1996 and \$60,000 in F.Y. 1997.
- The board recommends an increase in funding for State Work Study of \$581,000 in F.Y. 1996 and \$1,281,000 in F.Y. 1997. A strong Work Study Program is an important component of the state's overall financial aid effort. Both students and financial aid administrators indicated support for increased funding. They cite several benefits to students, including expanded learning opportunities and high rates of student retention. Financial aid administrators indicate that they can use additional work study money.

**GOVERNOR'S RECOMMENDATION:**

While the Governor agrees with the conclusion of the Financial Aid Task Force that taxpayer investments in higher education be targeted more to students from low income families, state budget constraints do not permit funding of HECB's initiative to implement the Task Force's recommendations. The Governor's budget maintains funding at F.Y. 1995 levels for the State Work Study and Child Care Grant programs, and recommends an increase in appropriations for the State Grant Program of \$7,434,000 over the biennium.

The State Grant Program budget will cover annual tuition and fee increases of up to 3%, and allow a 3% adjustment in the allowance for miscellaneous and living expenses in F.Y. 1996 for students attending a public college or university. In the event that tuition and fees at public institutions increase by more than the 3% which has been budgeted, the Governor recommends that the public higher education systems be required to pay for the additional cost of grants awarded to their students.

The Governor concurs with HECB's recommendation to replace the current method of capping state grant assistance to students attending private institutions with the concept of a maximum award. The Governor's budget provides for maximum state grant awards of \$5,889 for students attending 4-year colleges and universities, and \$5,007 for students attending 2-year institutions. These awards equal the maximum amount of state and federal aid awarded in F.Y. 1995 to students attending private institutions. Because of state budget constraints, the Governor does not recommend an inflation adjustment in the maximum awards.

The Governor recommends an appropriation of \$485,000 over the biennium to continue and to expand the Summer Scholarships for Academic Enrichment Program. The Governor recommends that the appropriation for this Program, which has historically been included in the Education Aids budget, be placed permanently in the budget of the Higher Education Coordinating Board.

The Governor also concurs with HECB's recommendation to discontinue the Prenursing, LPN and RN grant programs. A one-time appropriation of \$60,000 is provided to cover the costs of the federal student loan risk sharing fee.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STUDNT FINANCIAL AID

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
STATE GRANTS	88,505	97,840	100,934	97,853	116,620	100,915	97,853	134,850	102,770
INTERSTATE TUITION RECIPROCITY	3,657	3,061	4,039	4,500	4,500	4,500	4,500	4,500	4,500
STATE WORK STUDY	5,796	8,045	8,393	8,219	8,800	8,219	8,219	9,500	8,219
STUDENT ASSIST ADMIN	967	863	950	900	900	900	900	900	900
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	98,925	109,809	114,316	111,472	130,820	114,534	111,472	149,750	116,389
CURRENT SPENDING:				113,607	113,607	113,607	113,607	113,607	113,607
AGENCY PLAN ITEMS:			FUND						
-----			-----						
STATE GRANTS INITIATIVE			GEN		18,277	2,827		36,477	4,607
CHILD CARE INITIATIVE			GEN		460			460	
FEDERAL RISK SHARING			GEN		30			60	60
STATE WORK STUDY INITIATIVE			GEN		581			1,281	
SUMMER SCHOLARSHIPS			GEN			235			250
PARENT INFORMATION INITIATIVE			GEN	<40>	<40>	<40>	<40>	<40>	<40>
APPROPRIATION CAP REDUCTION, STUDENT ASSN ADMN			GEN	<10>	<10>	<10>	<10>	<10>	<10>
APPROPRIATION CAP REDUCTION, RECIPROCITY			GEN	<550>	<550>	<550>	<550>	<550>	<550>
APPROPRIATION CAP REDUCTION, PNRSG/YTHWKS/STATE			GEN	<1,497>	<1,497>	<1,497>	<1,497>	<1,497>	<1,497>
RN & LPN LICENSING			SR	<38>	<38>	<38>	<38>	<38>	<38>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<2,135>	17,213	927	<2,135>	36,143	2,782
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	97,193	108,065	112,539	109,733	129,081	112,795	109,733	148,011	114,650
SPECIAL REVENUE	38	31	38						
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	23	11	25	25	25	25	25	25	25
FEDERAL	1,671	1,702	1,714	1,714	1,714	1,714	1,714	1,714	1,714
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	98,925	109,809	114,316	111,472	130,820	114,534	111,472	149,750	116,389

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** State Grants  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)

### ACTIVITY DESCRIPTION:

The State Grant Activity provides financial aid for Minnesota residents attending Minnesota post-secondary institutions in several categories.

#### 1. State Grant Program - M.S. 136A.121

The program provides financial assistance to Minnesota undergraduate post-secondary students who demonstrate financial need to obtain an education from a Minnesota institution of their choice.

Participation in this program is available to post-secondary students who attend institutions approved by the board, meet eligibility requirements set by the legislature, and demonstrate financial need.

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

- Enrolled for at least 3 credits per term in a program or course of study that applies to a degree, diploma, or certificate
- U.S. citizen or permanent resident of the United States
- Enrolled in an institution approved by the board's executive director
- Seventeen years of age or older or possess a high school degree or GED
- Maintaining satisfactory progress as defined by the school and approved by the board during the academic period covered by the award
- Graduated from a Minnesota high school, or obtained a Minnesota GED, or dependent applicant's parents resided in Minnesota when application was completed, or independent student resided in Minnesota for 12 months for purposes other than education

The following students are not eligible to participate in the State Grant Program:

- Graduate/professional students
- Students who have obtained a baccalaureate degree
- Students who have attended college for the equivalent of 4 full-time academic years
- Students who defaulted on a student loan
- Students who are more than 30 days in arrears for child support payment owed a public child enforcement agency, unless a repayment plan for the past due amount is being complied with
- Students who owe HECB for a State Grant overpayment

The State Grant award is based on a concept called Shared Responsibility, which assigns specific responsibilities for paying attendance costs to students, parents, and the government.

The price of attendance consists of tuition and fees plus an allowance established by the legislature for room and board, books, supplies and miscellaneous expenses. For students attending certain private institutions, a cap is placed on the actual tuition and fees used in the calculation. The caps are tied to the state's cost of instruction at comparable public institutions, which is used in

appropriating funds to public institutions. The price of attendance for a full-time State Grant is based on 15 credits per term and the price of attendance used to calculate the grant is reduced if the student enrolls for fewer credits.

Students are required to contribute 50% of the price of attendance from savings, earnings, loans, or other assistance from institutional or private sources. This 50% of the price of attendance is called the Student Share. The remaining 50% of the price of attendance is the responsibility of parents if the student is dependent; parents are expected to meet this obligation to the extent they are financially able. If the student is independent, this portion is the responsibility of the student to the extent he or she is financially able. Because families' financial resources vary significantly, both federal and state governments have established programs to assist those parents and students who cannot contribute the full 50% of the remaining price of attendance. The State Grant program funds the portion of the remaining 50% price of attendance that is not covered by a parent or student contribution or the Federal Pell Grant program, with the minimum State Grant set at \$100.

If the program is not fully funded, available funds are rationed by the board by (1) placing a surcharge on the parental contribution; (2) increasing the Student Share; (3) a combination of (1) and (2) as described in statute.

#### 2. Non-AFDC Child Care Grant Program - M.S. 136A.125

The program provides financial assistance to students who have children 12 and under (14 and under if handicapped), do not receive Aid to Families with Dependent Children, and who need child care assistance in order to attend a eligible Minnesota post-secondary institution. Assistance may cover up to 40 hours per eligible child. The board allocates program funds to eligible schools, which are all public post-secondary schools and private, baccalaureate degree granting colleges and universities and private, non-profit vocational institutions granting associate degrees located in Minnesota.

The maximum award is \$1,500 per eligible child per year. The award calculation is based on family income, number of eligible children, and level of enrollment. The campus financial aid administrator uses a chart that shows the amount of grants based on these factors.

To be eligible to participate in the program, a recipient must:

- be a resident of Minnesota
- have a child 12 years or younger, or 14 years of age or younger who is handicapped as defined in M.S. 120.03 and receiving care on a regular basis
- not have earned a baccalaureate degree or have completed the equivalent of 4 academic years of post-secondary education
- be pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate
- be enrolled for at least 8 credits per term
- be making satisfactory academic progress as determined by the school and approved by the board
- not be a recipient of AFDC (aid to families of dependent children)
- meet the program's income guidelines
- not be receiving tuition reciprocity
- not be in default of any educational loan, or, if in default, have made satisfactory arrangements to repay the loan with the holder of the note.

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** State Grants  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)  
(Continuation)

### 3. Pre-Nursing Grant Program, RN Nursing Grant, LPN Nursing Grant, Public Safety Officers' Survivor Grant, Nursing Grants for Persons of Color, Youth Works Post Service Benefits

M.S. 136A.1351;136A.1352  
M.S. 136A.121,136A.1354  
M.S. 136A.121,136A.1353  
M.S. 136A.121  
M.S. 299A.41-299A.45  
M.S. 136A.1358

The programs promote educational opportunities for specific groups of Minnesota residents and use financial incentives to promote work opportunities in Greater Minnesota by providing financial assistance for post-secondary education for special populations.

The Pre-Nursing Grant program provides financial assistance for Minnesota residents who have no previous nursing training or education, are enrolled in an RN or LPN program, agree to practice for 3 of the first 5 years following licensure in a designated rural area, and demonstrate financial need based on criteria used in the State Grant Program. The minimum award is \$100.

The RN and LPN Nursing Grant programs provide financial assistance to LPNs who are enrolled in a program that leads to licensure as an RN, and to RNs who are enrolled in a baccalaureate or master's degree program of nursing. Each program has a minimum award of \$500 and a maximum of \$2,500. Financial need is determined by the institution. The funding for these grants comes from fees, obtained from RN and LPN license renewals.

The Nursing Grant Program for Persons of Color provides financial assistance to students who are persons of color pursuing an educational program that leads to licensure as a registered nurse. Grants are \$2,500 per year. Recipients agree to practice in Minnesota for at least 3 years following licensure. Board staff, in consultation with the nursing community, have discussed some changes to the program that could improve participation by the target population of this program.

Dependent children less than 23 years old and the surviving spouse of a public safety officer killed in the line of duty on or after 1-1-73, are eligible to receive financial assistance for post-secondary education from the Safety Officers' Survivor Grant Program. The applicant must be enrolled in an undergraduate or certificate program at a Minnesota post-secondary institution. The amount of the award at a public school is the actual tuition and fee charges. At a private school, the tuition and fees are capped if they exceed the highest tuition and fees charged by a public school.

The Youth Works Post Service Benefits was meant to fund benefits earned by students who perform community service. The amount of funds needed will depend on the number of students who complete the required service each year and the number of students who request the benefits each year. The amount appropriated for F.Y. 1993 and 1994 was \$100,000 each year.

## BUDGET ISSUES:

- In order to deliver the same level of service, it is anticipated that funding needs for the F.Y. 1996-97 State Grant Program will increase due to several changes affecting the program, as described under 'Planned Results' for the Student Financial Aid Program. In addition to the factors outlined in that section, inflationary increases in tuition and fees and living expenses would also drive up program costs.
- In addition, the board proposes the following changes to the State Grant Program.
  - a. Living and Miscellaneous Expense-The Living and Miscellaneous Expense (LME) allowance used in the price of attendance to calculate the State Grant was \$4,115 in F.Y. 1994 and 1995. This allowance represents the 18th percentile based on a board analysis of the Midwest student portion of a 1993 national survey of student expenses. The board recommends an inflationary increase in each year of the 1996-97 biennium. Despite recent improvements, the current expense allowance has not kept up with inflation and remains frugal. An increase in the LME would increase State Grant funding.
  - b. Student Share-The student share of the price of attendance was set at 50% in 1983. As the price of attendance has increased over the past decade, so has the student share. At this point in time, 50% of the price of attendance may be too high for many students to finance. The board supports the recommendation of the Financial Aid Task Force and recommends that the student share drop to 40% by the end of the biennium in order to better target grants to the lowest income students.
  - c. The Family Share-The family share is currently determined by the Federal Need Analysis. The board recommends that the family share be increased by a factor of 1.15 by the end of the biennium.
  - d. Maximum Award-The board recommends eliminating use of the private tuition cap to limit the amount of awards to students attending private institutions and instead using maximum awards of \$6,500 for students at private 4-year institutions and \$5,500 for students at private 2-year institutions in F.Y. 1997.
- Three nursing grant programs (Pre-Nursing, RN and LPN grants) do not appear to be meeting their policy objectives because of limited participation by licensed practical nurses and registered nurses in the voluntary fee approach and changes in the nursing needs throughout the state. The board recommends discontinuance of these 3 programs. The nursing community believes that a consolidated nursing grant program is warranted to improve program effectiveness and to better meet the nursing needs of the state. However, sufficient financial resources would have to be budgeted to this consolidated program to make it worthwhile.
- The board recommends increasing the funding for the Non-AFDC Child Care Program to \$4 million per year - an increase of \$460,000 for each year of the biennium. This will not cover all the expressed needs, but is an amount that the board feels is justifiable in this period of constrained resources.
- The federal government is encouraging states to make defaults an issue in state licensing and governing decisions by requiring states to share the costs of student loan defaults. To remain

**1996-97 Biennial Budget**

**BUDGET ACTIVITY:** State Grants  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)  
 (Continuation)

eligible for federal Title IV student aid funds, which includes the State Student Incentive Grant (SSIG) and Pell Grant programs, states will need to pay a risk sharing fee beginning in F.Y. 1996. The fee will be based on the volume of federal educational loan defaults associated with institutions that have a cohort default rate greater than 20%. Based on preliminary data, staff estimate that Minnesota's risk sharing fee will be \$30,000 in F.Y. 1996 and \$60,000 in F.Y. 1997.

Increases in funding for the other programs in this section are not anticipated.

**REVENUE:**

This activity generates dedicated and non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Non-dedicated - Gen'l	\$146	\$684	\$100	\$100	\$100
Dedicated - Special	0	31	38	38	38
Dedicated - Federal	<u>1,399</u>	<u>1,409</u>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>
Total	\$1,545	\$2,124	\$1,538	\$1,538	\$1,538

**GOVERNOR'S RECOMMENDATION:**

The Governor's budget maintains funding at F.Y. 1996 levels for the State Work Study and Child Care Grant programs, and recommends an increase in appropriations for the State Grant Program of \$7,434,000 over the biennium.

The State Grant Program budget will cover annual tuition and fee increases of up to 3%, and allow a 3% adjustment in the allowance for miscellaneous and living expenses in F.Y. 1996 for students attending a public college or university. In the event that tuition and fees at public institutions increase by more than the 3% which has been budgeted, the Governor recommends that the public higher education systems be required to pay for the additional cost of grants awarded to their students.

The Governor concurs with HECB's recommendation to replace the current method of capping state grant assistance to students attending private institutions with the concept of a maximum award. The Governor's budget provides for maximum state grant awards of \$5,889 for students attending 4-year colleges and universities, and \$5,007 for students attending 2-year institutions. These awards equal the maximum amount of state and federal aid awarded in F.Y. 1995 to students attending private institutions. Because of state budget constraints, the Governor does not recommend an inflation adjustment in the maximum awards.

The Governor recommends an appropriation of \$485,000 over the biennium to continue and to expand the Summer Scholarships for Academic Enrichment Program. The Governor recommends that the appropriation for this Program, which has historically been included in the Education Aids budget, be placed permanently in the budget of the Higher Education Coordinating Board.

The Governor also concurs with HECB's recommendation to discontinue the 3 nursing grant programs. A one-time appropriation of \$60,000 is provided to cover the costs of the federal student loan risk sharing fee.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STUDNT FINANCIAL AID  
ACTIVITY: STATE GRANTS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	15	15	18	18	18	18	18	18	18
EXPENSES/CONTRACTUAL SRVCS	4		10	10	10	10	10	10	10
MISC OPERATING EXPENSES	1	1	2	2	2	2	2	2	2
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	20	16	30	30	30	30	30	30	30
AIDS TO INDIVIDUALS	88,485	97,724	100,804	97,723	116,490	100,785	97,723	134,720	102,640
LOCAL ASSISTANCE		100	100	100	100	100	100	100	100
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	88,505	97,840	100,934	97,853	116,620	100,915	97,853	134,850	102,770
CURRENT SPENDING:				99,388	99,388	99,388	99,388	99,388	99,388
AGENCY PLAN ITEMS:			FUND						
-----			-----						
STATE GRANTS INITIATIVE			GEN		18,277	2,827		36,477	4,607
CHILD CARE INITIATIVE			GEN		460			460	
FEDERAL RISK SHARING			GEN		30			60	60
SUMMER SCHOLARSHIPS			GEN			235			250
APPROPRIATION CAP REDUCTION, PNRSG/YTHWKS/STATE			GEN	<1,497>	<1,497>	<1,497>	<1,497>	<1,497>	<1,497>
RN & LPN LICENSING			SR	<38>	<38>	<38>	<38>	<38>	<38>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<1,535>	17,232	1,527	<1,535>	35,462	3,382
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	87,068	96,400	99,496	96,453	115,220	99,515	96,453	133,450	101,370
SPECIAL REVENUE	38	31	38						
STATUTORY APPROPRIATIONS:									
FEDERAL	1,399	1,409	1,400	1,400	1,400	1,400	1,400	1,400	1,400
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	88,505	97,840	100,934	97,853	116,620	100,915	97,853	134,850	102,770

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Student Financial Aid  
**ACTIVITY:** State Grants

**ITEM TITLE:** Targeting State Grants to Lower Income Students

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$18,277	\$36,477	\$36,477	\$36,477
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

**Statutory Change?** Yes  X  No

**If yes, statutes(s) affected:** 136A.121

### RATIONALE

The 1993 Legislature created a Financial Aid Task Force to:

Study and make recommendations on Minnesota's system of financial aid, focusing particularly on the State Grant Program. The purpose of the task force was to evaluate state financial aid policy, examine alternative policies, and recommend changes to the legislature. The task force shall consider current resource constraints among other factors.

The Task Force recommended that more of the investment taxpayers make through Minnesota State Grants be targeted to students from low-income families. To accomplish this, the Task Force recommended lowering the assigned student responsibility and increasing the assigned family responsibility. In addition, the Task Force recommended dropping the private institution tuition cap concept and using a maximum award concept.

Incorporating recommendations of the Financial Aid Task Force in the board's biennial budget request will help better target State Grant aid to students from low income families and reduce economic barriers to post-secondary education. Using the maximum award concept will focus debate on the central policy issue--the maximum amount of taxpayer investment to be made to the "lowest" income students attending private institutions. Adjusting the living and miscellaneous expense allowance will prevent students from falling farther behind in paying for these post-secondary education expenses.

Based on a review of trends in financing Minnesota post-secondary education, recent trends in student aid funding, the Design for Shared Responsibility, and proposals of the Financial Aid Task Force, the board recommends:

- State Grant funding be increased from the adjusted base in F.Y. 1996 of \$94.0 million (includes \$92.6 million in state appropriations and \$1.4 million in federal matching funds) to \$112.3 million F.Y. 1996 and \$130.5 million in F.Y. 1997 (including federal State Student Incentive Grant matching funds). The proposal is based on the following:

- inflationary increase in Living and Miscellaneous Expense allowance of 3% per year in both F.Y. 1996 and F.Y. 1997;
- adoption of central proposals of the Financial Aid Task Force, which include:

- reduction in the Assigned Student Responsibility of the price of attendance from the current 50% to 45% in F.Y. 1996 and 40% in F.Y. 1997.
- increase in the Assigned Family Responsibility based on a standard percentage adjustment to the result of the Federal Need Analysis (the result of the Need Analysis would be increased by a factor of 15% in F.Y. 1997). No adjustment would be needed in F.Y. 1996 because 1995 changes in the Federal Need Analysis accomplish the same effects as increasing the Assigned Family Responsibility.

Elimination of the use of private college tuition caps to limit the amount of awards to students attending private institutions and instead using maximum awards (\$6,500 for students attending private 4-year institutions and \$5,500 for students attending private 2-year institutions in F.Y. 1997 at an Assigned Student Responsibility of 40%. The maximum would be \$5,958 and \$5,042 in F.Y. 1996 with an Assigned Student Responsibility of 45%. The current maximums are \$5,889 and \$5,007).

- tuition and fee increase of 3% per year in public institutions (State Grant appropriation typically is adjusted based on actual tuition increases proposed by governor and budgets adopted by legislature).
- change in maximum federal Pell Grant from the current \$2,300 to \$2,340 (this reduces state funding requirements by \$3.1 million over the biennium).

### PROGRAM OUTCOMES:

These recommendations will target more taxpayer investment to lower income students, those who can least afford to pay for their post-secondary education. By doing this, the lower income students' chances of successful completion of their post-secondary education will be significantly increased, as they will have more time to spend on their post-secondary education, work less and have less debt when they complete their education. Their education will allow them to get better jobs and contribute more to the economic and social structure of their communities.

### LONG-TERM IMPACT:

This funding level will continue into the future, but will be changed by other variables in the state grant formula such as inflation, tuition, economic conditions, Pell grant funding and changes to the Federal Needs Analysis. These funding levels will allow students to complete their education faster, thereby allowing them to become contributing taxpayers rather than continuing to receive financial assistance.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Student Financial Aid  
**ACTIVITY:** State Grants

**ITEM TITLE:** Targeting State Grants to Lower Income Students  
(Continuation)

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**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an appropriation to the Minnesota State Grant Program of \$96,630,000 in F.Y. 1996 and \$98,410,000 in F.Y. 1997. State budget constraints do not permit full funding of the Coordinating Board's request.

This appropriation will accommodate a 3% annual increase in the tuition and fee allowance used to calculate state grant awards for students attending the University of Minnesota or an institution within the Minnesota State College and University system. It will also fund a 3% increase in the Living and Miscellaneous Expense Allowance in F.Y. 1996.

If actual tuition and fees for state grant recipients attending either of the public higher education systems increase at a rate greater than 3% per year, then the associated increase in State Grant expenditures will be assessed against the operating budget of the higher education system which the grant recipient attends.

The Governor concurs with the Coordinating Board's recommendation that maximum awards be established for grants to students attending private 4- and 2-year institutions. The Governor's budget sets the maximum award at \$5,889 for students attending 4-year colleges and universities, and \$5,007 for students attending 2-year institutions in each year of the F.Y. 1996-97 biennium.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Higher Education Coordinating Board (HECB)  
PROGRAM: Student Financial Aid  
ACTIVITY: State Grants

ITEM TITLE: Non AFDC Child Care

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations				
- Grants	\$460	\$460	\$460	\$460
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_\_ No X

If yes, statutes(s) affected:

### RATIONALE

The 1987 legislature appropriated \$26 million for child care to the Department of Human Services for the 1988-89 biennium in 4 categories, one of which was Non-AFDC priority (\$2.1 million). This category was to assist post-secondary students who are parents with child care expenses. Funds were provided to students through county Human Services departments. This approach was cumbersome and difficult for students and student aid administrators. The student first would go to the financial aid office and then be referred to the county. Some counties were reluctant to participate, and others did not release funds until after the start of the school year.

Given growing concerns about the program and the needs for increased child care assistance, the higher education community identified this as a possible joint system and HECB initiative for the 1989 legislative session. The 1989 legislature established a new Non-AFDC Child Care Grant Program and assigned the board responsibility for its administration, rather than the counties. The legislation reflected a compromise established between higher education representatives and the executive branch, including the Department of Human Services.

Prior to 7-1-94, campus financial aid administrators subtracted a sliding fee copayment from the applicant student's child care expenses. The administrator then awarded a child care grant to cover remaining child care expenses. Award amounts were not capped. Students were served on a first come, first served basis until the money ran out.

The 1994 legislature capped the child care award amount at \$1,500 per child in order to serve more students with child care assistance. The board was instructed to prepare an award chart. The

board staff prepared the award chart based on the \$1,500 per child award cap. The change took effect July 1, 1994. The board is recommending that the award cap be increased to \$1,700 per child in F.Y. 1996 and F.Y. 1997.

Although this increase will not fully fund the need for child care assistance on campuses, it was determined by the board to be a realistic request given the current economic conditions.

### PROGRAM OUTCOMES:

This initiative maintains and improves access to higher education for those students who need help with their child care expenses. While the 1994 legislative changes reduced the child care award for some students, the changes increased the number of students who benefit from this program.

### LONG-TERM IMPACT:

The requested increase in funds will increase access to post-secondary education for students who need help with child care expenses in order to attend.

### GOVERNOR'S RECOMMENDATION:

The Governor does not concur with the agency's request. Because of budget constraints, the appropriation will be maintained at its F.Y. 1995 level.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Student Financial Aid  
**ACTIVITY:** State Grants

**ITEM TITLE:** Federal/State Risk Sharing

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$30	\$60	\$120	\$120
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

**Statutory Change?** Yes \_\_\_\_ No X

**If yes, statutes(s) affected:**

**RATIONAL:**

The 1992 amendments to the Higher Education Act provided the U.S. Department of Education with more tools for managing its loan programs. One of the tools was the concept of sharing the risks involved in guaranteed student loans between federal and state governments. Under this concept, the federal government picks up all defaults on institutions with default rates below 20%. Under risk sharing, part of the cost of defaults on institutions whose default rate exceeds 20% will be picked up by the federal government and the remainder will be charged back to the states as a fee for institutions in the state to participate in federal Title IV programs in the following year.

The state payment is computed as follows:

- A. New loan dollar volume for all institutions in the state for the current fiscal year is multiplied by 12.5% in F.Y. 1995, 20% in F.Y. 1996, and 50% in F.Y. 1997.
- B. For each institution with a cohort default rate over 20%, the dollar amount by which defaulted loans exceed 20% is determined. The numerator in this step is the sum of those amounts for each institution. The amounts in this step are for the fiscal year used for the calculation of the cohort default rate.

The denominator is the total amount of loans to students at all institutions in the state entering repayment in that year. The amounts in this step are for the fiscal year used for the calculation of the cohort default rate.

- C. The amount from step A is multiplied by the amount from step B.
- D. The result is the risk sharing fee the state is to pay the federal government.

It is anticipated that Minnesota's risk sharing obligation will be \$30,000 in F.Y. 1996, \$60,000 in F.Y. 1997, and \$120,000 in F.Y. 1998 based on the current estimates.

**PROGRAM OUTCOMES:**

The federal government is encouraging states to make defaults an issue in state licensing and governing decisions by requiring states to share the costs of student loan defaults. To remain eligible for federal Title IV student aid funds, states will need to pay a risk sharing fee beginning in F.Y. 1996. The fee will be based on the volume of federal educational loan defaults associated with institutions that have a cohort default rate greater than 20%. Based on preliminary data, staff estimate that Minnesota's risk sharing fee will be \$30,000 in F.Y. 1996 and \$60,000 in F.Y. 1997.

The federal government assumes that by making student loan defaults a financial issue in the state's licensing of post-secondary institutions, states will take steps in the licensure process to reduce student loan default rates at institutions with high default rates.

**LONG-TERM IMPACT:**

It is estimated that Minnesota's obligation for risk sharing will increase to \$120,000 for F.Y. 1998 and then continue at that level. Since Minnesota has a history of monitoring its post-secondary schools to assure that all schools are legitimate, its exposure is relatively minor compared to other states.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an appropriation of \$60,000 in F.Y. 1997 to fund the estimated costs of this federally-mandated fee. No appropriation is recommended for the first year of the biennium because the agency now anticipates that, due to delays in federal rule-making, the \$30,000 assessment for F.Y. 1996 will be waived. This appropriation is intended as a one-time cash flow aid for the HECB. The Governor recommends that the HECB begin billing in F.Y. 1997 the institutions responsible for the assessment and pay future fees from those proceeds.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Higher Education Coordinating Board  
**PROGRAM:** Student Financial Aid  
**ACTIVITY:** State Grants

**ITEM TITLE:** Summer Scholarship Program

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- Grants	\$235	\$250	\$250	\$250
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes  X  No

If yes, statutes(s) affected: M.S. 126.56

**RATIONALE:**

This appropriation supports scholarships of up to \$1,000 to students from low income families to attend summer academic programs sponsored by Minnesota post-secondary institutions. The Program has become increasingly successful in attracting students from its target population: low income students and students of color.

The Governor's recommendation will maintain the base appropriation for this program and provide additional appropriations of \$21,000 in F.Y. 1996 and \$36,000 in F.Y. 1997 to allow scholarship awards to eligible students from families with adjusted gross incomes of up to \$25,000. Under current funding levels, the parental adjusted gross income must be less than \$18,000.

**PROGRAM OUTCOMES:**

This initiative maintains and improves access to academic summer enrichment programs for students from low income families. The recommended appropriation will support grants for up to 400 eligible students per year.

**LONG-TERM IMPACT:**

Summer academic enrichment programs reinforce and expand the skills and knowledge students develop during the regular school year. These experiences often increase students' interest in academic subject areas and their desire to continue their education beyond high school.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an appropriation of \$235,000 in F.Y. 1996 and \$250,000 F.Y. 1997 to continue and expand the Summer Scholarships for Academic Enrichment Program for junior and senior high school students. The Governor recommends that the appropriation for this Program, which has historically been included in the Education Aids budget and appropriated to HECB, be placed in the budget of the Higher Education Coordinating Board.

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# 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Interstate Tuition Reciprocity  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)

## **ACTIVITY DESCRIPTION:**

This program reduces cost barriers and increases access and choice of public post secondary educational opportunities for Minnesota residents, and it encourages the maximum use of educational facilities. A Minnesota resident may enroll full or part time in an undergraduate or graduate program at a public institution in Wisconsin, North Dakota, South Dakota, the province of Manitoba, and one school in Iowa without paying non-resident tuition rates. Students from these same states, province, or district may enroll in Minnesota public institutions without paying non-resident tuition rates.

## **BUDGET ISSUES:**

The reciprocity program continues to be a cost effective way to provide quality education to Minnesota residents at the lowest possible cost to the Minnesota taxpayer. Direct legislative appropriations per student to Minnesota institutions have increased over the past several years. Over the same period, however payments per net student by Minnesota to reciprocity states have decreased or remained the same. This has been accomplished through contract renegotiations.

The board is negotiating with the province of Ontario to establish tuition reciprocity between Minnesota and Ontario. It is not anticipated that a payment will be part of this agreement.

The board has entered into discussions with North Dakota regarding the negotiation of the terms of the existing agreement and is entering preliminary discussions with Wisconsin on a new agreement after this agreement ends in 1998. Because the Minnesota/Wisconsin agreement is in Wisconsin Statutes, the negotiation process requires considerable lead time. Preliminary to the discussions with the neighboring states, the board held discussions with public higher education system staff to get their input on areas they felt should be changed.

The plan calls for a reduction in the base of this program by \$550,000 in both F.Y. 1996 and F.Y. 1997. This reduction assists the board in meeting its budget cap.

Because of a request by the University of Minnesota, the board has requested that the University's Law School be removed from the existing agreement beginning in the 1995-96 academic year. This would increase Minnesota's payment obligation by about \$120,000 per year beginning in F.Y. 1998, \$240,000 in F.Y. 1999, and \$360,000 in F.Y. 2000.

**EFFICIENCY MEASURES:** The following shows the activity for the program for the last 2 academic years and estimated activity for academic years 1994-95 and 1995-96:

ACTIVITY *	ACTUAL F.Y. 1993	ACTUAL F.Y. 1994	EST. F.Y. 1995	EST. F.Y. 1996	EST. F.Y. 1997
MN residents to WI	11,150	10,877	10,366	10,350	10,350
WI residents to MN	6,383	6,802	7,240	7,240	7,240

ACTIVITY *	ACTUAL F.Y. 1993	ACTUAL F.Y. 1994	EST. F.Y. 1995	EST. F.Y. 1996	EST. F.Y. 1997
MN residents to ND	5,731	5,936	6,059	6,060	6,060
ND residents to MN	4,933	4,743	4,584	4,600	4,600
MN residents to SD	1,449	1,638	1,758	1,760	1,760
SD residents to MN	1,877	1,770	1,583	1,600	1,600
MN residents to IA	54	50	52	52	52
IA residents to MN	111	52	59	50	50
MN residents to MA	2	4	6	6	6
MA residents to MN	48	54	58	58	58

\* Activity data reported are Fall term headcount.

The formulas for determining the student tuition rates and the state compensation rates vary for each state and are summarized as follows:

## Wisconsin

Student rates - Students pay tuition rates that are charged at comparable institutions in their home state.

Payment - No. of student credits earned X cost per credit\* = \$xxx  
Deduct tuition paid by student = (xxx)  
State liability \$xxx

\* Cost per credit = 64% of total instructional cost of Wisconsin institutions for the appropriate academic year.

## North Dakota

Student rates - Students pay 125% of the resident tuition rate of the institution attended.

Payment - The state sending the larger number of students shall pay to the state educating the larger number of students an amount equal to 25% of the resident undergraduate tuition at the University of North Dakota times the number of FTE students creating the difference except if the difference is less than 100 FTE students, no payment shall be required.

## South Dakota

Student rates - Students pay resident tuition of the institution attending  
Payment - none

## Iowa

Student rates - Students pay resident tuition of the institution attending  
Payment - none

## Manitoba

Student rates - Students pay resident tuition of the institution attending  
Payment - none

## **REVENUE:**

None.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STUDNT FINANCIAL AID  
ACTIVITY: INTERSTATE TUITION RECIPROCITY

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	3,657	3,061	4,039	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	3,657	3,061	4,039	4,500	4,500	4,500	4,500	4,500	4,500
CURRENT SPENDING:				5,050	5,050	5,050	5,050	5,050	5,050
AGENCY PLAN ITEMS:			FUND						
-----			-----						
APPROPRIATION CAP REDUCTION, RECIPROCITY			GEN	<550>	<550>	<550>	<550>	<550>	<550>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<550>	<550>	<550>	<550>	<550>	<550>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	3,657	3,061	4,039	4,500	4,500	4,500	4,500	4,500	4,500
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,657	3,061	4,039	4,500	4,500	4,500	4,500	4,500	4,500

# **1996-97 Biennial Budget**

**BUDGET ACTIVITY:** State Work Study  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)

## **ACTIVITY DESCRIPTION:**

The State Work Study activity was created to assist in meeting the financial needs of students enrolled in public and private institutions in Minnesota, by providing the opportunity to obtain valuable work experiences, and to assist governmental and nonprofit service agencies with student assistance at a low cost.

## **BUDGET ISSUES:**

The program supplements the Federal College Work Study program in that it is able to assist students in moderate income brackets who show financial need but who may not be eligible for any type of grant assistance. Larger institutions in Minnesota find this program to be a valuable resource, because a large number of their students are in the medium income bracket.

A strong Work Study Program is an important component of the state's overall financial aid effort. Both students and financial aid administrators indicated support for increased funding. They cite several benefits to students, including expanded learning opportunities and high rates of student retention. Financial aid administrators indicate that they can use additional work study money. Therefore, the board recommends that the funding for this program be increased to \$8.8 million in F.Y. 1996 and \$9.5 million in F.Y. 1997.

## **EFFICIENCY MEASURES:**

The following shows the activity for the program for the last 2 years and estimated activity for F.Y. 1995-97:

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Appropriation (000 omitted)	\$5,869	\$8,219	\$8,219	\$8,800	\$9,500
Total Students in Program	7,483	9,621	10,102	10,810	11,670
Average State Contribution per Student	\$784	\$854	\$814	\$814	\$814

## **REVENUE:**

This activity generates non-dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Prior Year Refunds					
Non-Dedicated General	\$51	\$-0-	\$50	\$-0-	\$50

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STUDNT FINANCIAL AID  
ACTIVITY: STATE WORK STUDY

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
AIDS TO INDIVIDUALS	5,796	8,045	8,393	8,219	8,800	8,219	8,219	9,500	8,219
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	5,796	8,045	8,393	8,219	8,800	8,219	8,219	9,500	8,219
CURRENT SPENDING:				8,219	8,219	8,219	8,219	8,219	8,219
AGENCY PLAN ITEMS:			FUND						
-----			-----						
STATE WORK STUDY INITIATIVE			GEN		581			1,281	
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS					581			1,281	
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	5,796	8,045	8,393	8,219	8,800	8,219	8,219	9,500	8,219
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	5,796	8,045	8,393	8,219	8,800	8,219	8,219	9,500	8,219

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Student Financial Aid  
**ACTIVITY:** Work Study

**ITEM TITLE:** Work Study Increase

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations				
- Grants	\$581	\$1,281	\$1,281	\$1,281
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes _____ No <u>X</u>				
If yes, statutes(s) affected:				

### RATIONALE

The State Work Study Program was established in 1975 to be similar to the federal program and gives students the opportunity to earn money to pay for their education while they are attending a post secondary school. The recipient must be a resident of Minnesota, enrolled in an eligible Minnesota institution. The work study program is a campus based program which means HECB allocates funds to the campus, and the aid administrator selects the recipients. The allocation formula is based on the number of full-time-equivalent Minnesota residents enrolled at each institution. Work study jobs should be relevant to the student's academic goals.

The board recommends that the State Work Study Program be funded a level of \$8.8 million for F.Y. 1996 and \$9.5 million for F.Y. 1997.

### PROGRAM OUTCOMES:

Some research shows that students who participate in a campus work program tend to remain enrolled instead of dropping out and tend to, therefore, complete their degrees more quickly than students who must work off-campus. The State Work Study Program allows students to work on campus and become more involved with their education. It also allows students to continue their education without borrowing an excessive amount of money.

Post-secondary education will allow these students to become employed and thereby strengthen the economy. Because they were allowed to complete their education with less debt, they will be able to more readily purchase a house or start a business and, therefore, become more involved with their community.

### LONG-TERM IMPACT:

An increase of \$581,000 in F.Y. 1996 will allow the State Work Study Program to serve approximately 722 additional Minnesota students. The increase in funding will enable these students to reduce the amount of their educational borrowing and will help institutions pay some of their labor costs. The additional increase of \$700,000 in F.Y. 1997 will allow the State Work Study Program to assist approximately 840 additional students. It is anticipated that this level of spending will continue through the 1998-99 biennium.

### GOVERNOR'S RECOMMENDATION:

Because of budget constraints, the Governor recommends maintaining the appropriation at its F.Y. 1995 level.

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**1996-97 Biennial Budget**

**BUDGET ACTIVITY:** Student Assistance Administration  
**PROGRAM:** Student Financial Aid  
**AGENCY:** Higher Education Coordinating Board (HECB)

**ACTIVITY DESCRIPTION:**

The Student Assistance Activity administers 12 state student financial assistance programs, 2 federal student assistance programs, coordinates financial aid activity throughout the state, and represents the state in federal student aid matters. The administration of these programs 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 programs also provide administrative assistance to the institutions' financial aid offices by helping them establish operating procedures.

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

**Grants:** State Grant Program  
 Federal State Student Incentive Grant Program  
 Summer Scholarship for Academic Enrichment  
 Federal Paul Douglas Teacher Scholarship  
 Veteran's Dependents Grant  
 Non-AFDC Child Care Grants  
 Pre-Nursing Grant  
 Registered Nursing Grant  
 Licensed Practical Nursing Grant  
 Nursing Grants for Persons of Color  
 Safety Officers' Survivors Program  
 Youth Works Post Service Benefits

**Other:** Interstate Tuition Reciprocity  
 State Work Study

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

During F.Y. 1994, approximately 160,000 applications will be received, reviewed, and acted upon, resulting in \$123 million in financial assistance being provided to approximately 100,000 students.

The direct clientele of this program includes Minnesota students and their families attending both public and private post-secondary educational institutions. Also included are 18,330 post-secondary reciprocity students attending public institutions in Wisconsin, North Dakota, South Dakota, parts of northern Iowa, and Manitoba, Canada. The activity will administer any activity generated by the Midwest Compact.

**BUDGET ISSUES:**

As the agency has moved more to decentralized delivery of state grants, it has been able to significantly reduce operating expenses. Currently, more than 90% of students receiving State Grants, have their grants calculated on the campus they're attending. This has allowed the HECB through reallocation of resources to increase its auditing capability and to administer new financial aid programs assigned to it without additional resources.

In F.Y. 1994, students who attended decentralized institutions could apply for the State Grant by using the free federal financial aid application. In F.Y. 1995, all students will apply using the free federal financial aid application. Since the state application used to cost students approximately \$10.00 and since approximately 130,000 apply for a State Grant, this change will save students and their families \$1,300,000.

The board has also implemented the Total Quality Management principles in order to better serve customers and streamline processing. The resulting increase in efficiency, primarily because of decentralized delivery of State Grants, has allowed the number of staff in the financial aid division to be reduced by 1.0 through retirement without replacement. The board used a portion of the savings to increase its audit capability.

**EFFECTIVENESS MEASURES:**

The Financial Aid Division administers about \$115 million of State financial aid programs with 7.0 processing staff. These staff administer the following programs. The \$100 million State Grant program has 3.0 staff. The reciprocity and work study programs totaling \$11 million have 2.0 staff. The numerous small financial aid programs totaling approximately \$4 million have 2.0 staff.

**REVENUE:**

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Dedicated - Special	\$28	\$36	\$25	\$30	\$30
Dedicated - Federal	<u>272</u>	<u>293</u>	<u>314</u>	<u>314</u>	<u>314</u>
Total	\$300	\$329	\$339	\$344	\$344

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STUDNT FINANCIAL AID  
ACTIVITY: STUDENT ASSIST ADMIN

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	303	297	327	317	317	317	317	317	317
EXPENSES/CONTRACTUAL SRVCS	98	146	114	114	114	114	114	114	114
MISC OPERATING EXPENSES	134	118	169	129	129	129	129	129	129
SUPPLIES/MATERIALS/PARTS	15	6	23	23	23	23	23	23	23
HIGHER EDUCATION			3	3	3	3	3	3	3
SUBTOTAL STATE OPERATIONS	550	567	636	586	586	586	586	586	586
AIDS TO INDIVIDUALS	272	293	314	314	314	314	314	314	314
LOCAL ASSISTANCE	145	3							
TOTAL EXPENDITURES	967	863	950	900	900	900	900	900	900
CURRENT SPENDING:				950	950	950	950	950	950
AGENCY PLAN ITEMS:			FUND						
PARENT INFORMATION INITIATIVE			GEN	<40>	<40>	<40>	<40>	<40>	<40>
APPROPRIATION CAP REDUCTION, STUDENT ASSN ADMN			GEN	<10>	<10>	<10>	<10>	<10>	<10>
TOTAL AGENCY PLAN ITEMS				<50>	<50>	<50>	<50>	<50>	<50>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	672	559	611	561	561	561	561	561	561
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	23	11	25	25	25	25	25	25	25
FEDERAL	272	293	314	314	314	314	314	314	314
TOTAL FINANCING	967	863	950	900	900	900	900	900	900

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## 1996-97 Biennial Budget

**PROGRAM:** State Student Loans  
**AGENCY:** Higher Education Coordinating Board (HECB)

### PROGRAM DESCRIPTION:

The following loan programs are discussed in this section: the Stafford/Guaranteed Student Loan (GSL), now called the Federal Stafford Student Loan, the Student Educational Loan Fund Program, called the SELF loan, the Graduated Repayment Income Protection Program (GRIP), and the MnCare loan repayment programs.

HECB is not an active lender in the Federal Stafford Student Loan/Guaranteed Student Loan (GSL) Program. HECB was a major lender in that program from 1974 to 1988. Due to the dramatic rise in participation by Minnesota's commercial lending community, the HECB decided to discontinue making these loans in 1988. Approximately \$560 million of GSLs were made by the HECB during that time to students who enrolled in Minnesota's post-secondary institutions or to Minnesota residents enrolled in out-of-state post-secondary institutions. Over time, the portfolio has diminished in size through repayment, or through sales in the secondary market to the Student Loan Marketing Association (SLMA). The board holds a GSL portfolio worth \$16.2 million. No legislative appropriation was used to operate this program.

The SELF Program, started in 1985, helps Minnesota residents and residents of other states attend post-secondary education institutions in Minnesota and Minnesota residents attend post-secondary institutions in other states by providing long-term, low-interest loans. Primarily, the SELF Program serves students who are ineligible for subsidized federal student loans, students who need to borrow more than is allowed under existing loan programs, and students who have limited access to other need-based financial aid programs. There is no legislative appropriation needed for the SELF Program. Funding for SELF loans is obtained through the issuance of tax-exempt revenue bonds, from repayment of outstanding loans, and from revenues of the program in excess of program expenses.

With the gap widening between the rising price of post-secondary education and the availability of state and federal government grants increasing numbers of students are forced to borrow from student loan programs to pay their educational expenses. Furthermore, as the federal government restricted access to its only middle income financing tool, the GSL Program, it became necessary for Minnesota to develop its own financing opportunity. The HECB began the SELF program in 1985 as a way to help as many Minnesota residents as possible afford their educational choice.

The GRIP Program helps graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine and Minnesota residents graduating from optometry and osteopathy programs repay their student loans with repayments based on their projected annual income. The intent is to provide participants relief from high loan payments during their first few years of practice and spread their payments out over a longer time frame. There is no legislative appropriation for the GRIP program. Funding comes from the HECB's Loan Capital Fund, which obtains money from repayments of the GSL, SELF, and GRIP loan programs in excess of program expenses.

The MnCare loan repayment programs include, the Rural Physician Loan Repayment Program, the Underserved Urban Communities Physicians Loan Repayment Program, the Rural Midlevel

Practitioner Loan Repayment Program, the Nurses Who Serve in Nursing Home or Intermediate Care Facility Loan Repayment Program, and the state match for the National Health Service Corps State Loan Repayment Program. The intent of these programs is to get participants to practice in certain areas in exchange for the repayment of a specified portion of their educational loans.

### PROGRAM STATUS:

The payments from the outstanding GSL portfolio are used to fund SELF loans. The portfolio is a mature one, with most of the loans in repayment. Currently, the HECB does not lend in the GSL program, and there is no need for the HECB to resume lending because 600 private lending institutions in Minnesota are providing GSLs to Minnesota students.

The need for the SELF Program continues to be great. In spite of Minnesota's strong commitment to funding the State Grant Program, there is still a great need for student loan funds.

When the federal government started a non-subsidized Stafford Student Loan Program in the fall of 1992, SELF volume declined, but many Minnesota residents still prefer the SELF loan's lower interest rate and no origination cost. Because of rising educational costs, some Minnesota residents may need loans from both programs.

During the 15 years the HECB was a lender in the Guaranteed Student Loan Program, the agency made approximately \$560 million worth of loans, which helped provide access to higher education for over 240,000 students in Minnesota.

Since 1985, the HECB has made over 94,000 SELF loans worth over \$243 million to students from all sectors of higher education. These figures suggest that SELF loans are contributing to the number of persons employed full-time per 1,000 over the age of 20. Because of SELF, Minnesota students, and those students who come to Minnesota to complete their higher educations, are more able to afford the institution of their choice, and ultimately find employment sufficient to maintain a decent standard of living.

The repayment history of SELF loans has been much stronger than the federal program. The cumulative default rate on SELF loans originated from Phase I of operation (7/85 to 9/88) is about 7%. The cumulative default rate on SELF loans from Phase II of operation (9/88 to present) is less than 1%. Furthermore, because of the program's co-signer requirement, and other collection capabilities, the HECB is able to get more than half of those in default to either pay the loan in full, or to return to a repayment plan. HECB staff were able to collect almost \$1,300,000 from SELF defaulters in F.Y. 1994.

### PLANNED RESULTS:

For the upcoming biennium, the objective of the HECB for the Guaranteed Student Loan program is to service the remaining portfolio so that it remains a viable asset from which repayments can be used to make SELF loans. The board does not see a need to return to lending in this loan program.

During the 1996-97 biennium, annually the SELF Program expects to serve 13,000 students enrolled at Minnesota post-secondary schools and Minnesota students attending post-secondary schools in other states. As the price of higher education continues to escalate, SELF will continue to be available to those Minnesota students who seek higher education, and are underserved by the federal and state grant and loan programs. Because the SELF Program does not require a legislative

1996-97 Biennial Budget

PROGRAM: State Student Loans

AGENCY: Higher Education Coordinating Board  
(Continuation)

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appropriation, the only program plan is to continue to monitor the annual lending amounts and available funds in the Loan Capital Fund to ensure that adequate funding remains available from which to make loans. With the introduction of the new Non-Subsidized Federal Stafford Loan Program, it is not anticipated that there will be significant growth in annual SELF expenditures. The board successfully completed a \$44.5 million tax-exempt bond issue in fall 1994. This should provide sufficient funds to make SELF and GRIP loans through 1997.

The board restructured the mechanics of the loan origination process using the Total Quality Management concepts of continuous improvement to achieve a more efficient operation, reduced processing time, and lowered loan servicing costs. The new system was in full operation in the spring of 1993 and enabled the loan origination process to reduce the number of staff from 7.0 to 4.0 through attrition.

The board expects to continue to administer the MnCare loan repayment programs at the same participant level as F.Y. 1995.

**BUDGET AND REVENUE SUMMARY:**

- The agency's plan anticipates continuation of its SELF loan program at the same level of operation. It is not anticipated that its SELF loan volume will significantly increase.
- The increase in the MnCare loan repayment programs reflects the maturity of the programs. The same number of new participants are coming into the program each year. The increase reflects the funding needs as the participants are performing their service obligations, which can take up to 4 years.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STATE STUDNT LOAN

			Est.	FY 1996			FY 1997		
	FY 1993	FY 1994	FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
ACTIVITY RESOURCE ALLOCATION:									
STAFFORD LOAN	475	334	455	455	455	455	455	455	455
STATE SUPPLEMENTAL LOANS	44,831	25,915	45,521	45,521	45,521	45,521	45,521	45,521	45,521
OTHER LOAN PROGRAMS	1,698	2,262	2,841	2,931	2,931	2,931	3,061	3,061	3,061
TOTAL EXPENDITURES BY ACTIVITY	47,004	28,511	48,817	48,907	48,907	48,907	49,037	49,037	49,037
CURRENT SPENDING:				48,907	48,907	48,907	49,037	49,037	49,037
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS	11	188	457	547	547	547	677	677	677
STATUTORY APPROPRIATIONS:									
FEDERAL		3	84	84	84	84	84	84	84
HECC LOAN	46,993	28,320	48,276	48,276	48,276	48,276	48,276	48,276	48,276
TOTAL FINANCING	47,004	28,511	48,817	48,907	48,907	48,907	49,037	49,037	49,037

1996-97 Biennial Budget

**BUDGET ACTIVITY:** Stafford Loan  
**PROGRAM:** State Student Loan  
**AGENCY:** Higher Education Coordinating Board (HECB)

**ACTIVITY DESCRIPTION:**

The Higher Education Coordinating Board (HECB) ceased making Stafford/Guaranteed Student Loans (GSL) in 1988 because private lenders provided the access necessary for any eligible student to obtain a Stafford Loan. The Stafford/Guaranteed Student Loan Program helped assure access and choice of post-secondary education and provided financial assistance to those post-secondary students who were unable to secure loans from commercial lending sources. This program provided long-term, low-interest loans to Minnesota residents who were enrolled at least half-time in post-secondary institutions located in Minnesota and Minnesota students attending out of state higher education institutions. The program served students in all sectors of higher education from the lowest priced public institutions to the most expensive private institutions.

On July 1, 1994, an optional federal student loan program, Federal Direct Student Loan Program (FDSLP), started. In the FDSLP, no banks or guarantee agencies are involved. The participating school (selected by the U.S. Department of Education on a competitive application basis) draws loan capital from the U.S. Treasury, and makes loans directly to eligible students enrolled at that campus. Starting with a small number of schools (105) as a trial, FDSLP will expand slowly each year with more schools joining the program until 1998, when Congress hopes that at least 60% of the current Federal Family Education Loan Program (FFELP) loan volume will be absorbed by the FDSLP. At that point, Congress will evaluate the FDSLP, and determine whether it will be discontinued, continue as the sole source of federal student loans, or exist in tandem with the FFELP.

**BUDGET ISSUES:**

Because the HECB is no longer lending in the program, and because state appropriations never were used as a program funding source, the agency budget plan has no impact. HECB currently has an outstanding GSL loans portfolio of approximately \$16.2 million.

**EFFICIENCY MEASURES:**

Repayments of these loans are used to make SELF loans.

**REVENUE:**

This activity generates dedicated revenues.

	Dollars in Thousands				
	Actual F.Y. 1993	Actual F.Y. 1994	Estimate F.Y. 1995	Estimate F.Y. 1996	Estimate F.Y. 1997
Type of Revenue:					
Dedicated-HECB Loan Fund	\$14,826	\$11,200	\$8,900	\$6,200	\$5,200

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STATE STUDNT LOAN  
ACTIVITY: STAFFORD LOAN

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	475	334	450	450	450	450	450	450	450
HIGHER EDUCATION			5	5	5	5	5	5	5
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	475	334	455	455	455	455	455	455	455
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	475	334	455	455	455	455	455	455	455
CURRENT SPENDING:				455	455	455	455	455	455
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
HECC LOAN	475	334	455	455	455	455	455	455	455
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	475	334	455	455	455	455	455	455	455

**1996-97 Biennial Budget**

**BUDGET ACTIVITY:** State Supplemental Loans  
**PROGRAM:** State Student Loans  
**AGENCY:** Higher Education Coordinating Board (HECB)

**ACTIVITY DESCRIPTION:**

This activity is designed to augment existing need-based financial aid programs. The Student Educational Loan Fund (SELF) program helps Minnesota residents and residents of other states attend post-secondary institutions in Minnesota, and Minnesota residents attend post-secondary institutions in other states by providing long-term, low-interest loans. Before a student can access the SELF Program, he/she must prove that either no eligibility for need-based financial aid programs exists, or that any existing eligibility has been exhausted. Because SELF neither is guaranteed nor subsidized by the federal government, borrowers must pay interest while they attend school, and all borrowers must provide a credit worthy co-signer before the loan can be approved.

Since the SELF program does not require that the student show financial need, a high level of borrowing does not mean that the students in that system have a high level of financial need. In F.Y. 1994, students in Minnesota's state universities accounted for 33% of all monies loaned. Those who attend Minnesota's private colleges borrowed about 31% of the funds. The public community colleges, technical colleges and private vocational schools together used about 17% of the loan volume, while the University of Minnesota students used about 11%. The remaining 8% of the funds were used at out-of-state post-secondary institutions.

**BUDGET ISSUES:**

There are 3 major sources of funding for the SELF program: earnings from the SELF and Guaranteed Student Loans (GSL) programs, repayments of outstanding SELF and GSL loans, and the issuance of tax-exempt revenue bonds. It is anticipated that the 1994 Revenue Bond Issue of \$44.8 million, along with program repayments, will provide sufficient funds to make loans through F.Y. 1997.

This activity does not receive a state appropriation.

**EFFECTIVENESS MEASURES:**

	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Number of Applications Received	16,407	9,568	11,960	12,500	13,000
Number of Applications Processed/Loans Originated	15,823	8,933	11,400	11,900	12,450
Average Loan Amount	\$2,700	\$2,465	\$2,800	\$2,900	\$3,000
Average Process Time (Weeks)	3	1	1	1	1

	<u>F.Y. 1993</u>		<u>F.Y. 1994</u>	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
SELF Loans Outstanding	48,224	\$176,224,000	49,996	\$179,502,000

**Claims By Type**

Bankruptcy	53	\$141,183	44	\$105,734
Death	22	\$62,709	23	\$57,461
Disability	2	\$7,869	4	\$14,741
Defaults	361	\$1,064,011	533	\$1,702,325

**REVENUE:**

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Dedicated - HECB Loan Fund	\$19,020	\$23,049	\$26,100	\$29,800	\$31,800

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STATE STUDNT LOAN  
ACTIVITY: STATE SUPPLEMENTAL LOANS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	387	318	298	298	298	298	298	298	298
EXPENSES/CONTRACTUAL SRVCS	4,496	4,172	5,045	5,045	5,045	5,045	5,045	5,045	5,045
MISC OPERATING EXPENSES	29	29	32	32	32	32	32	32	32
SUPPLIES/MATERIALS/PARTS	7	2	7	7	7	7	7	7	7
CAPITAL EQUIPMENT	1								
HIGHER EDUCATION	39,911	21,394	40,139	40,139	40,139	40,139	40,139	40,139	40,139
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	44,831	25,915	45,521	45,521	45,521	45,521	45,521	45,521	45,521
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	44,831	25,915	45,521	45,521	45,521	45,521	45,521	45,521	45,521
CURRENT SPENDING:				45,521	45,521	45,521	45,521	45,521	45,521
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
HECC LOAN	44,831	25,915	45,521	45,521	45,521	45,521	45,521	45,521	45,521
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	44,831	25,915	45,521	45,521	45,521	45,521	45,521	45,521	45,521

# 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Other Loan Programs  
**PROGRAM:** State Student Loans  
**AGENCY:** Higher Education Coordinating Board (HECB)

## ACTIVITY DESCRIPTION:

This activity includes the Graduated Repayment Income Protection (GRIP) Program, the Rural Physician Loan Repayment Program, the Underserved Urban Communities Physician Loan Repayment Program, the Rural Midlevel Practitioner Loan Repayment Program, the Nurses Who Serve in Nursing Homes or Intermediate Care Facilities Loan Repayment Program, the state match portion of the National Health Service Corps State Loan Repayment Program, and the phaseout of the Minnesota Medical and Osteopathy Loan Program (MMOLP).

The GRIP Program is to help graduates of Minnesota schools in dentistry, medicine, pharmacy, veterinary medicine, public health, and chiropractic medicine and Minnesota residents graduating from optometry and osteopathy programs repay their student loans with a repayment loan based on their projected annual income. The intent of this program was to provide participants relief from high loan payments during their first few years of practice and spread their payments over a longer time frame. The HECB lends to borrowers the amount necessary to reduce their loan payment to 10% of income. Borrowers then make payments until the GRIP Loan is repaid. Loans are made at a fixed interest rate of 8%, with a 10 to 20 year repayment term. A credit-worthy co-signer is obtained on each GRIP loan.

The Rural Physician Loan Repayment Program helps physicians in rural Minnesota by paying up to \$12,000 of qualified loans for each year of practice in a designated rural area, for up to 4 years. Up to 12 participants a year are accepted into the program. The intent of this program is to provide a financial incentive for physicians to practice in rural Minnesota. This program is part of the MnCare legislation.

The Underserved Urban Communities Physicians Loan Repayment Program helps physicians in underserved urban communities in Minnesota by paying up to \$10,000 of qualified loans for each year of practice in an underserved urban community, for up to 4 years. Up to 4 participants a year are accepted into the program. The intent of the program is to provide a financial incentive to practice in underserved urban communities. This program is part of the MnCare legislation.

The Rural Midlevel Practitioner Loan Repayment Program helps midlevel practitioners who practice in rural Minnesota by repaying up to \$3,500 of qualified loans per year of practice in a designated rural area, for up to 4 years. Up to 8 participants a year are accepted into this program. The intent of this program is to help midlevel practitioners who practice in rural areas repay their education debt. This is also part of the MnCare legislation.

The Nurses Who Serve in Nursing Homes or Intermediate Care Facilities Loan Repayment Program helps registered nurses or licensed practical nurses who serve in a licensed nursing home or intermediate care facility for persons with mental retardation or related conditions by paying up to \$3,000 of qualified loans per year of service for up to 2 years. Up to 10 participants a year are accepted into this program. This program helps nurses repay their education loans. This program is a part of the MnCare legislation.

The National Health Service Corps State Loan Repayment Program provides state match to the federal program which helps physicians who practice in federally designated Health Professions Shortage Areas by paying up to \$20,000 of qualified loans per year of service for up to 2 years. Up to 8 participants a year are accepted into this program. This program is a part of the MnCare legislation.

## BUDGET ISSUES:

The agency funding plan includes the following suggestions and redesign of the programs included in the Other Loan Programs activity:

- The MMOLP is continuing to be phased out. Eight physicians either are completing their service obligation or repaying their loans. All payments received from their loans are deposited into the General Fund as non-dedicated receipts.
- The GRIP program is administered from revenues in the board's Loan Capital Fund. Because of the increasing number of defaults, with large debt loads and lack of co-signer financial resources, the financial requirements of the co-signers were tightened; the co-signer is expected to have a financial net worth large enough to cover the anticipated debt burden of the borrower. This may preclude potential participants with large debt loads from participating in this program, unless they find a co-signer with adequate resources to qualify.
- The activity administers the 5 loan repayment programs contained in the MnCare legislation. The HECB proposes that these programs remain at their current participant levels. However, since there is little interest in the Physicians Underserved Urban Community Loan Repayment Program (only one application has been received), it should be folded into the rural physicians program; 4 slots will be prioritized for the underserved urban community part, but if there are not sufficient applicants, the slots will be available for rural physician applicants. As the selection process for participants becomes more complex, the process should be transferred to the Department of Health which has more expertise in the health professions field. The HECB would continue to make the loan payments for the participants and collect the payments if a participant should cease participation in the program.

## REVENUE:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
Type of Revenue:	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
MMOLP					
Non-dedicated - Gen'l	\$140	\$110	\$29	\$20	\$20
GRIP Program					
Dedicated - HECB Loan Fund	<u>762</u>	<u>978</u>	<u>1,080</u>	<u>1,190</u>	<u>1,400</u>
Total	\$902	\$1,088	\$1,109	\$1,210	\$1,420



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: STATE STUDNT LOAN  
ACTIVITY: OTHER LOAN PROGRAMS

					FY 1996			FY 1997		
			Est.		Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995		Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====		=====	=====	=====	=====	=====	=====
EXPENDITURES:										
-----										
DETAIL BY CATEGORY:										
STATE OPERATIONS:										
EXPENSES/CONTRACTUAL SRVCS	23	324	500		500	500	500	500	500	500
HIGHER EDUCATION	1,664	1,750	1,884		1,884	1,884	1,884	1,884	1,884	1,884
=====	=====	=====	=====		=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,687	2,074	2,384		2,384	2,384	2,384	2,384	2,384	2,384
AIDS TO INDIVIDUALS	11	188	457		547	547	547	677	677	677
=====	=====	=====	=====		=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,698	2,262	2,841		2,931	2,931	2,931	3,061	3,061	3,061
CURRENT SPENDING:					2,931	2,931	2,931	3,061	3,061	3,061
SOURCES OF FINANCING:										
-----										
DIRECT APPROPRIATIONS:										
HEALTH CARE ACCESS	11	188	457		547	547	547	677	677	677
STATUTORY APPROPRIATIONS:										
FEDERAL		3	84		84	84	84	84	84	84
HECC LOAN	1,687	2,071	2,300		2,300	2,300	2,300	2,300	2,300	2,300
=====	=====	=====	=====		=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,698	2,262	2,841		2,931	2,931	2,931	3,061	3,061	3,061

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## 1996-97 Biennial Budget

**PROGRAM:** Planning and Coordination

**AGENCY:** Higher Education Coordinating Board (HECB)

### PROGRAM DESCRIPTION:

The Planning and Coordination Program provides centrally available cost effective and efficient data for policy development and planning, the coordination of higher education, and the administration of mandated programs.

The activities in this program improve effectiveness and efficiency in meeting Minnesotans' post-secondary education needs through: short-range and long-range planning leading to a sound basis for policy decisions and program actions; maintaining comprehensive databases; and administering state and federally mandated programs. The desired results are coordinated and comprehensive state post-secondary education efforts that meet the changing needs of Minnesotans efficiently and effectively, and which are conducted within a framework of responsible policy based on adequate data, consultation, and planning.

### PROGRAM STATUS:

This Program:

1. Conducts policy studies and prepares reports for the governor, legislature, and post-secondary education systems/institutions. In past biennia, much of division's resources have been focused on student financing issues; reciprocity and financial analyses in support of student financial aid programs and post-secondary financing.
2. Administers state and federal mandated programs:

The Minnesota legislature and the federal government have mandated a number of programs to provide consumer protection and accountability in the provision of post-secondary education programs; have funded activities to enhance the cost effectiveness in the provision of post-secondary education services; and have provided grants to stimulate the development of specific programs and services. A new federal program, the State Postsecondary Review Program, has consumed increasing staff resources.

#### ■ Mandated programs are:

- a. The Private Institution Registration Act (PIR), M.S. 136A.61-136A.71, provides quality control and fosters consumer protection relative to approximately 80 private post-secondary institutions that offer education programs in the state.
- b. Licensing of Private For-Profit Schools, M.S. 141, provides quality control and consumer protection relative to approximately 50 private for profit post-secondary institutions. This is a new program for the board as of July 1992, having been transferred from the Department of Education.
- c. The Minnesota Interlibrary Telecommunication Exchange (MINITEX); Coordinates cost-effective provision of library resources among the state's education and

public libraries.

- d. The federal Integrated Post-Secondary Education Data System (IPEDS). Coordinates legislatively mandated data to the U.S. Department of Education and establishes the basis for a Minnesota post-secondary student record data base. The data base provides important information for policy development and planning.
  - e. Title II of the federal Education for Economic Security Act (Eisenhower Grants). The division coordinates the application, allocation and administration of approximately \$882,000 of federal grants in 1993-94 to improve post-secondary educational programs that improves the quality of science and math instruction.
  - f. Grants to post-secondary education institutions under the National and Community Service Act of 1990 (Public Law 101-610, as amended).
  - g. Review and approval/disapproval of instructional programs proposed by all public and private post-secondary systems/institutions in the state by assessing appropriateness to institutional mission, need/demand, unnecessary duplication, institutional readiness, and compliance with degree guidelines. M.S. 136A.04(4).
  - h. Approval or disapproval of continuation or modification of existing programs for public institutions and recommendation of continuation or modification of existing programs for private institutions. M.S. 136.04(04).
  - i. Review and approval/disapproval of sites and centers of instruction other than the principal campus of all public post-secondary education institutions to maximize resources, avoid unnecessary duplication, and provide effective access to instructional programs. M.S. 136A.04(5).
  - j. Coordination of policies and programs for all public and private post-secondary education systems/institutions to address sexual violence and abuse in the post-secondary environment.
  - k. Grants for professional development and collaboration in preventing violence and abuse. Establish Higher Education Center for the Prevention of Violence and Abuse.
  - l. Administration of the federal State Postsecondary Review Program through designation as Minnesota's State Postsecondary Review Entity (SPRE) established by Congress to reduce fraud, waste, and abuse of federal Title IV financial aid programs.
  - m. Provide parents and students information on how a student prepares for post-secondary education, both from academic and financial viewpoints.
3. Maintains databases on enrollment, transfer, graduation, and job placement of graduates in all public and private institutions, and provides analytical reports based on the data to the Governor, legislature, post-secondary institutions, and the public.

As a result of legislative considerations and expressed post-secondary system/institution needs,

## 1996-97 Biennial Budget

**PROGRAM:** Planning and Coordination

**AGENCY:** Higher Education Coordinating Board

(Continuation)

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the board, in fall 1994, expanded the student record data base from a fall term-only to an all-term database. The data base is being expanded to include needed information for policy advice and system/institutional coordination. This expansion will provide transfer, academic progress, and persistence information. Degree-conferred and placement tracking databases are being developed to assess program effectiveness and program completion.

### **PLANNED RESULTS:**

The board will review its legislative mandates for institutional oversight, planning, and program and site and center approval in order to propose changes to the legislature that will achieve greater efficiency and service to the board's customers. The goal is to provide a more efficient and effective licensing/registration and program review process and a more user friendly process by eliminating unnecessary, duplicative processes.

The board will provide timely studies in response to legislative mandates.

The board will continue to develop its databases in order to create, maintain, and analyze a variety of data. To collect and analyze financial aid data as recommended by the Legislative Auditor in 1994, the board will need to reallocate existing staff resources or receive additional revenues.

### **BUDGET AND REVENUE SUMMARY:**

The Planning and Coordination summary of the agency plan is as follows:

- Enhance the parent and student information campaign by adding a component that focuses primarily on low income persons, persons of color, and potential first generation college students. The \$280,000 initiative is proposed to be funded by reallocating \$130,000 of agency resources and \$150,000 of new money for each year of the biennium.
- The agency plan requests additional funding of \$450,000 in F.Y. 1996 and \$510,000 in F.Y. 1997 for the MINITEX Library program. This would expand access to current data bases, including the government/newspaper Local Area Network, provide for additional scanning equipment and provide for the increased document delivery usage, and train users on capabilities of the MINITEX program to allow for more efficient use.
- This plan shows the reallocations necessary to bring the budgets into line with the agency's budget cap.
- The agency plan calls for an increase in licensure fees for Private for Profit Career Schools on a sliding fee scale. Larger institutions would pay a higher fee, because it takes more staff time to process their licenses.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
MINITEX LIBRARY	3,146	4,720	4,825	4,825	5,275	4,870	4,825	5,335	4,870
LEARNING NETWORK OF MINNESOTA		1,086	3,714	3,050	3,050	3,050	3,050	3,050	3,050
POLICY & PROGRAM PLNG	1,231	1,108	1,382	1,469	1,619	1,543	1,477	1,627	1,543
MISCELLANEOUS GRANT PROGRAMS	1,221	1,608	1,699	1,683	1,683	1,683	1,683	1,683	1,683
TOTAL EXPENDITURES BY ACTIVITY	5,598	8,522	11,620	11,027	11,627	11,146	11,035	11,695	11,146
CURRENT SPENDING:				10,946	10,946	10,946	10,946	10,946	10,946
AGENCY PLAN ITEMS:			FUND						
PARENT INFORMATION INITIATIVE			GEN	<50>	<50>	<50>	<50>	<50>	<50>
MINITEX INITIATIVE			GEN		450	45		510	45
PARENT INFORMATION			GEN	130	130	130	130	130	130
PARENT INFORMATION INITIATIVE			GEN		150	100		150	100
POST-SECONDARY LICENSING & REGISTRATION			SR	26	26		34	34	
APPROPRIATION CAP REDUCTION, POLICY & PGM PLNG			GEN	<17>	<17>	<17>	<17>	<17>	<17>
APPROPRIATION CAP REDUCTION, VLNC & ABUSE GRNTS			GEN	<2>	<2>	<2>	<2>	<2>	<2>
APPROPRIATION CAP REDUCTION, VLNCE COLLAB GRANT			GEN	<4>	<4>	<4>	<4>	<4>	<4>
APPROPRIATION CAP REDUCTION, PROFESSIONAL SERV			GEN	<2>	<2>	<2>	<2>	<2>	<2>
TOTAL AGENCY PLAN ITEMS				81	681	200	89	749	200
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	2,518	4,466	7,303	6,684	7,284	6,829	6,684	7,344	6,829
HEALTH CARE ACCESS	48	300	250	250	250	250	250	250	250
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	32	58	59	85	85	59	93	93	59
FEDERAL	1,024	1,002	1,205	1,205	1,205	1,205	1,205	1,205	1,205
AGENCY	1,938	2,657	2,762	2,762	2,762	2,762	2,762	2,762	2,762
HECC LOAN	38	39	41	41	41	41	41	41	41
TOTAL FINANCING	5,598	8,522	11,620	11,027	11,627	11,146	11,035	11,695	11,146

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** MINITEX Library Information Network  
**PROGRAM:** Planning and Coordination  
**AGENCY:** Higher Education Coordinating Board (HECB)

### ACTIVITY DESCRIPTION:

To maintain and facilitate a system of resource sharing of services among higher education libraries, state agency libraries, and other libraries that elect to contract for services. MINITEX services are designed to provide students, faculty, and other residents of Minnesota with maximum access to library resources around the state and region.

Since F.Y. 1988, MINITEX fulfilled this objective through 3 major activities: (1) document delivery, (2) creation and maintenance of a union list of serials holdings of the participating libraries, and (3) a common data base of participants' books and non-print holdings through participation in a national program of on-line shared cataloging. In addition, 2 secondary services MINITEX provided previously without a fee are now provided on a reimbursement basis. These services are periodical exchange and a reference service to participating libraries.

One hundred thirteen libraries serving Minnesota post-secondary institutions and state agencies currently participate in the MINITEX programs, supported by state appropriations to the board. Ninety-six additional libraries participate, including public libraries in Minnesota through the Office of Library Development and Services, and libraries in North and South Dakota under contracts that provide funding. Within Minnesota, 59% of MINITEX document delivery requests come from Greater Minnesota.

Over 60% of document delivery requests are filled from the University of Minnesota/Twin Cities library collections, the Minneapolis Public Library and Information Center, and the Minnesota Department of Health Library. These items are retrieved by MINITEX staff going to these key Twin Cities library facilities. The remaining requests are referred and filled from other MINITEX participating libraries that absorb the cost of retrieving the materials.

In F.Y. 1994, the MINITEX office responded to 324,337 document delivery requests, provided 4,951 periodical exchanges, responded to 2,168 reference questions, provided administrative support and training for 164 libraries using the Online Computer Library Center (OCLC) services, supported the delivery of 28,125 items between libraries using the State University PALS online catalog, and provided cost savings to libraries through a cooperative purchasing program. 230,397 requests for documents and 111 libraries using OCLC services were supported by state appropriations. The balance was supported by contracts and fees.

The 1993-95 biennial appropriation extended online access to bibliographic citations for 2,500 journals and periodicals in Expanded Academic Index, Business Index, Magazine Index, Company Profiles, and Nursing Index and to full text of articles in 1,100 journals and periodicals by purchasing both cooperative licensing agreements for participating libraries and equipment and software to provide storage capacity for these data bases in the University of Minnesota and State University System automated library systems. Access to these data bases was extended to 65 academic and state agency libraries, including the University of Minnesota libraries, all state universities, 17 community colleges, 5 technical colleges, several private colleges, and 3 state agencies.

During the 1993-95 biennium, MINITEX added staff and equipment to respond to the increasing demand for document delivery. Direct inter-city delivery connections were established between Mankato, Moorhead, Rochester, and St. Cloud to increase the efficiency of direct borrowing between these cities. Overnight delivery services were also established between the MINITEX office and Crookston, Brainerd, Normandale Community College, and Anoka Community College.

### BUDGET ISSUES:

For the 1996-97 biennium, there are 3 primary issues regarding the direct state appropriations for MINITEX services to academic and state agency libraries.

1. Increasing requests for service. Requests by academic and state agency libraries for document delivery service increased 3.7% in F.Y. 1994 and are anticipated to increase by 6% in F.Y. 1995. As the number of community college campuses and technical college libraries increase in the next biennium, more libraries will request MINITEX services. Moreover, the increasing use of electronic indices, the rising cost of journal subscriptions, and the lack of inflation funding in many local library acquisitions budgets, are expected to increase the demand for service from libraries already being served. Finally, one of the issues facing MINITEX is how to minimize the amount of work that MINITEX staff must do in handling document delivery requests by providing training to the staff at participating libraries so that they can use MINITEX processes and technologies more effectively. In addition, libraries are requesting MINITEX to take the lead in encouraging coordinated collections development and to expand the document delivery system for the sharing of non-print materials (such as videos, cassettes, and compact disks).
2. Expanding access to information/electronic technologies. The F.Y. 1994 and 1995 appropriations covered only a portion of the cost of access to these data bases, and institutions have been required to provide some of the funds to purchase access for their libraries as well as to provide appropriate equipment in their libraries. Consequently, a few community college and private college libraries do not have access to these resources. MINITEX will require additional funding to extend access to the current and additional databases as well as to full text periodicals for all academic and state agency libraries in Minnesota, and to provide training and staff support in the maintenance and use of these databases and technologies. Funding also is needed to expand MINITEX's pilot test of the use of electronic scanning equipment from 3 to 11 sites around the state.
3. Providing salary enhancements and inflationary increases. As a program administered by the University of Minnesota, MINITEX will be subject to University salary and fringe benefit adjustments. This will require either an increase in funding or in a decrease in the current level of service.

### EFFICIENCY MEASURES:

	ACTUAL F.Y. 1992	ACTUAL F.Y. 1993	ACTUAL F.Y. 1994
Document Delivery Requests			
Number of Requests	283,811	309,501	324,337
Unit cost per Request	\$4.59	\$4.40	\$4.86
Average Cost to Purchase Book	\$45.05	\$43.26*	N/A
Average Cost for Subscription	\$117.11	\$123.55	\$135.37

**1996-97 Biennial Budget**

**BUDGET ACTIVITY:** MINITEX Library Information Network  
**PROGRAM:** Planning and Coordination  
**AGENCY:** Higher Education Coordinating Board  
 (Continuation)

	<u>ACTUAL</u> <u>F.Y. 1992</u>	<u>ACTUAL</u> <u>F.Y. 1993</u>	<u>ACTUAL</u> <u>F.Y. 1994</u>
Access to On-Line Shared Cataloging			
Number of Libraries	162	164	164
Administrative cost per Library	\$1,617	\$1,679	\$1,555
Cooperative Purchasing			
Number of Libraries	117	225	300*
Savings per Library	\$1,026	\$817.48	\$819.51
Union List of Serials (MULS)			
General Titles Listed	131,875	135,181	138,900
Number of Serials Held	349,050	358,258	348,925
Unit Cost per Record Holding	.36	.39	.34*

\*Estimates for F.Y. 1994

**REVENUE:**

This activity generates dedicated revenue.

	<u>Dollars in Thousands</u>				
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Dedicated - Special	\$1,938	\$2,657	\$2,762	\$2,762	\$2,762



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN  
ACTIVITY: MINITEX LIBRARY

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
EXPENSES/CONTRACTUAL SRVCS	3,146	4,720	4,825	4,825	5,275	4,870	4,825	5,335	4,870
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	3,146	4,720	4,825	4,825	5,275	4,870	4,825	5,335	4,870
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	3,146	4,720	4,825	4,825	5,275	4,870	4,825	5,335	4,870
=====									
CURRENT SPENDING:				4,825	4,825	4,825	4,825	4,825	4,825
=====									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MINITEX INITIATIVE			GEN		450	45		510	45
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS					450	45		510	45
=====									
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	1,208	2,063	2,063	2,063	2,513	2,108	2,063	2,573	2,108
STATUTORY APPROPRIATIONS:									
AGENCY	1,938	2,657	2,762	2,762	2,762	2,762	2,762	2,762	2,762
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	3,146	4,720	4,825	4,825	5,275	4,870	4,825	5,335	4,870

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## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Higher Education Coordinating Board (HECB)  
PROGRAM: Planning and Coordination  
ACTIVITY: MINITEX

ITEM TITLE: MINITEX Modernization

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$450	\$510	\$510	\$510
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statutes(s) affected:

### RATIONALE:

Over the years, MINITEX has proven to be an efficient, cooperative, and cost effective approach for providing library-based information to Minnesota's post-secondary institutions and public libraries. With effective cooperative planning and a major initiative in the 1994-95 biennium, MINITEX is integrating the new technologies into the delivery of its services thus enhancing further the efficient, cooperative, and cost effective delivery of library-based information. In addition, MINITEX will be an important part of the foundation to support the proposed Minnesota distance delivery system for educational programs.

The request for supplemental funding consists of 4 areas of MINITEX activities: 1) The major portion of the requested amount, \$325,000 in F.Y. 1996 and \$360,000 in F.Y. 1997, will be targeted to extend the use of information and telecommunications technologies to improve resource sharing and to position library resources to support the state's parallel initiatives to establish a distance delivery network for education. The appropriation for F.Y. 1994-95 covered only a portion of the cost of access to these data bases, and institutions have been required to provide some of the funds to purchase access for their libraries as well as to provide appropriate equipment in their libraries. Consequently, a few community college and private college libraries do not have access to these resources. Additional funding is needed to extend access of the current data bases to the academic and state agency libraries that do not now have access and to provide licensing agreements for access to additional databases and full text periodicals. The proposal targets \$300,000 per fiscal year to assure continuation and development of licensing agreements and access developed in the last biennium. \$25,000 in F.Y. 1996 and \$60,000 in F.Y. 1997 are targeted for the purchase of equipment and extension of leased subscriptions to make government documents and newspapers available online to academic and state agency libraries. 2) Demand for MINITEX services has grown substantially over the years and thereby held down otherwise re-

quired expenses by the state's many academic, public, and participating private libraries through the sharing of common resources. This request of \$45,000 for each year will be targeted to absorb the projected 9.7% increase in consumer demand for document delivery. 3) A pilot project initiated during 1994-95 to use scanning technologies for sharing material has proven successful for 3 sites. \$30,000 in F.Y. 1996 and \$55,000 in F.Y. 1997 will be targeted to expand the pilot test to 11 sites around the state. 4) \$50,000 for each year is required to provide training to staff from participating libraries. One of the issues facing MINITEX is how to minimize the amount of work (and rework) that MINITEX staff must do in handling document delivery requests. These funds will provide training to staff members at participating libraries so that they can use MINITEX processes and electronic data bases and technologies more effectively to minimize both the number of documents requested and problems in the requests made.

### PROGRAM OUTCOMES:

This initiative maintains and improves student access to increased library resources through sharing and would allow libraries to use their limited resources more effectively.

### LONG-TERM IMPACT:

This will improve services to MINITEX users through cost containment at post-secondary institutions through more efficient use of limited library resources, particularly in Greater Minnesota. This initiative also supports the distance learning effort being developed by enhancing the availability of library resources.

The costs for these initiatives are expected to continue past the next biennium. The cost for scanning equipment and technologies is expected to increase in the future if the pilot test is extended to include all academic and state agency libraries.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends an appropriation of \$45,000 in each year of the biennium to cover the costs of projected document delivery demand increases. The Governor is not able to recommend funding for the remainder of this initiative because of state budget constraints.

1996-97 Biennial Budget

**BUDGET ACTIVITY:** Learning Network of Minnesota  
**PROGRAM:** Planning and Coordination  
**AGENCY:** Higher Education Coordinating Board (HECB)

**ACTIVITY DESCRIPTION:**

This activity is administered by the Telecommunications Council through the Higher Education Coordinating Board. The Telecommunications Council and grants to regional telecommunications networks were established by the 1993 Minnesota Legislature. This legislation was in response to a statewide planning group that agreed that (a) all campuses should be linked at the regional level to allow use of instructional telecommunications across campuses and (b) all regions should be linked in a statewide network.

The membership of the Telecommunications Council includes representatives of the University of Minnesota, the State University System, the Community College System, the Technical College System, the Higher Education Board, the private colleges, the Department of Education, the Department of Administration, regional telecommunications networks, the state Senate, the Minnesota House of Representatives, and the Minnesota Higher Education Coordinating Board. The 1994 Minnesota Legislature amended the legislation to expand the council to include representatives of the elementary-secondary sector.

The intent of this initiative is to enhance and expand the use of telecommunications and other instructional technologies to expand the availability of courses and degrees throughout the state. This objective established 2 types of grants to interconnect institutions around the state: 1) regional coordination and planning grants that were aimed at supporting the coordination and management within each region, and 2) regional linkage grants that were intended to establish or complete telecommunications linkages among campuses within and between regions.

The Telecommunications Council recommended that funding for regional linkage grants be given in the following order of priority: 1) providing the equivalent of a full DS-1 bandwidth capacity between all campuses within a region, 2) interconnecting all regions, 3) connecting significant off-campus sites to regional networks, and 4) providing additional capacity between campuses.

Two different kinds of technology have been used to transmit video instruction, analog and digital. Pre-existing regional networks in northwest, southeast, and central Minnesota are analog-based, which allows full-motion video among multiple locations. The University of Minnesota network had relied on digital technology, relying on computer compression technology.

By F.Y. 1995, several regions were expanding existing linkages to new institutions, in some cases adding digital nodes to a pre-existing analog technology-based network. Linkages between regions were funded in F.Y. 1995, beginning with at least one node in each region. The nodes were connected through the Minnesota Department of Administration's MNET system in St. Paul. If funding allows, a second node will be established in each region to provide greater capacity and flexibility for transmission among the regions around the state.

**BUDGET ISSUES:**

It is anticipated that the base funding level is adequate to continue this part of the instructional telecommunications initiative. If additional components are added, funding will need to be attached to the initiative.

**REVENUE:**

None.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN  
ACTIVITY: LEARNING NETWORK OF MINNESOTA

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES		25	30	30	30	30	30	30	30
EXPENSES/CONTRACTUAL SRVCS		17	3,684	3,020	3,020	3,020	3,020	3,020	3,020
MISC OPERATING EXPENSES		2							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS		44	3,714	3,050	3,050	3,050	3,050	3,050	3,050
LOCAL ASSISTANCE		1,042							
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES		1,086	3,714	3,050	3,050	3,050	3,050	3,050	3,050
CURRENT SPENDING:				3,050	3,050	3,050	3,050	3,050	3,050
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL		1,086	3,714	3,050	3,050	3,050	3,050	3,050	3,050
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING		1,086	3,714	3,050	3,050	3,050	3,050	3,050	3,050

# 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Policy and Program Planning  
**PROGRAM:** Planning and Coordination  
**AGENCY:** Higher Education Coordinating Board (HECB)

## ACTIVITY DESCRIPTION:

The activities of Policy, Planning, and Coordination provide centrally available effective and cost efficient data for policy development and planning, the coordination of activities, and the administration of mandated programs. These activities contribute to the effectiveness and efficiency in meeting Minnesotans' post-secondary education needs through: short-range and long-range planning leading to a sound basis for policy decisions and program actions; maintaining comprehensive databases; and administering state and federally mandated programs. The desired results are coordinated and comprehensive state post-secondary education efforts that meet the changing needs of Minnesotans efficiently and effectively, and which are conducted within a framework of responsible policy based on adequate data, consultation, and planning. Students, parents, taxpayers, policymakers, and higher education providers are clients served.

## BUDGET ISSUES:

The agency proposes to enhance its parent and student information program, which provides information to parents and students on how to plan for post-secondary education by adding a component that will focus primarily on low income persons, persons of color, and potential first generation college students. This initiative is estimated to cost \$280,000, of which \$130,000 will be reallocated from within the agency administrative budget and \$150,000 will be an additional funding request for each year of the biennium.

Since 1990, the agency has developed and staffed the Graduate Follow-Up System with no additional resources. In 1993 and again in 1994, the agency requested funding for an audit of the data on graduate placement. Without an audit, data reported by institution cannot be verified. No funds were provided, and the agency cannot absorb the cost (\$250,000-\$300,000 per year). The agency proposes elimination of the program if audit funds are not available.

In the past biennium, the legislature and post-secondary systems have suggested that the board collect and analyze additional financial aid data. The 1994 Legislative Auditor's report recommended that the board do more analysis in student financing. This will require the agency to either discontinue other mandated functions and reallocate resources to this function, or request additional resources.

The agency proposes to increase the fees for Private for Profit Career Schools licensure to make it completely self supporting. The agency proposes a fee schedule based on the number of students, because the larger schools' licensure process requires more staff time and therefore, these schools should pay a higher fee. This would not impact the General Fund.

## REVENUE:

This activity generates dedicated revenue.

Type of Revenue:	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Dedicated - Special	\$22	\$67	\$73	\$82	\$92
Dedicated - Federal	<u>0</u>	<u>84</u>	<u>201</u>	<u>201</u>	<u>201</u>
<b>TOTAL</b>	<b>\$22</b>	<b>\$151</b>	<b>\$274</b>	<b>\$283</b>	<b>\$293</b>

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN  
ACTIVITY: POLICY & PROGRAM PLNG

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	793	841	1,008	1,044	1,044	1,018	1,052	1,052	1,018
EXPENSES/CONTRACTUAL SRVCS	309	182	260	303	351	351	303	351	351
MISC OPERATING EXPENSES	41	52	85	92	97	97	92	97	97
SUPPLIES/MATERIALS/PARTS	12	13	14	15	17	17	15	17	17
CAPITAL EQUIPMENT	1	16							
HIGHER EDUCATION		1	15	15	15	15	15	15	15
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	1,156	1,105	1,382	1,469	1,524	1,498	1,477	1,532	1,498
LOCAL ASSISTANCE	75	3			95	45		95	45
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,231	1,108	1,382	1,469	1,619	1,543	1,477	1,627	1,543
CURRENT SPENDING:				1,382	1,382	1,382	1,382	1,382	1,382
AGENCY PLAN ITEMS:			FUND						
-----			----						
PARENT INFORMATION INITIATIVE			GEN	<50>	<50>	<50>	<50>	<50>	<50>
PARENT INFORMATION			GEN	130	130	130	130	130	130
PARENT INFORMATION INITIATIVE			GEN		150	100		150	100
POST-SECONDARY LICENSING & REGISTRATION			SR	26	26		34	34	
APPROPRIATION CAP REDUCTION, POLICY & PGM PLNG			GEN	<17>	<17>	<17>	<17>	<17>	<17>
APPROPRIATION CAP REDUCTION, PROFESSIONAL SERV			GEN	<2>	<2>	<2>	<2>	<2>	<2>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				87	237	161	95	245	161
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	1,161	927	1,081	1,142	1,292	1,242	1,142	1,292	1,242
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	32	58	59	85	85	59	93	93	59
FEDERAL		84	201	201	201	201	201	201	201
HECC LOAN	38	39	41	41	41	41	41	41	41

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN  
ACTIVITY: POLICY & PROGRAM PLNG

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
ACTIVITY SUMMARY									
TOTAL FINANCING	1,231	1,108	1,382	1,469	1,619	1,543	1,477	1,627	1,543



# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Higher Education Coordinating Board (HECB)  
 PROGRAM: Planning and Coordination  
 ACTIVITY: Policy and Program Planning

ITEM TITLE: Student/Parent Information Needs

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$150	\$150	\$150	\$150
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_\_\_ No X

If yes, statutes(s) affected:

## RATIONALE: Student/Parent Information Needs

The board is requesting \$280,000 per year to expand and target information to students and parents about post-high school opportunities and how to plan for them. Specific emphasis will be placed on the needs of families of color, low income families, and families with no post-secondary experience. The board proposes to fund the initiative from 2 sources:

- internal reallocation of \$130,000 per year; and
- new funding of \$150,000 per year.

The request is based in large part on the results of 2 research projects completed for the board in summer 1994—Amherst H. Wilder Foundation Research Center, *Minnesota Post-High School Education and Career Information Sources, Needs, and Preferences-Responses from Students Parents, High School Counselors, and TRIO Directors* (July 1994), and Anderson, Niebuhr & Associates, Inc., *A Survey of Parents and Students Regarding Their Needs for Information To Help Plan for Education After High School* (July 1994).

The Wilder study was based on focus groups with students and parents from communities of color, low income families, and families with no experience in post-secondary education. Also 100 high school counselors and 10 federal TRIO Program personnel were interviewed. Anderson, Niebuhr surveyed 350 households (700 parents and students) throughout Minnesota and conducted several in-depth interviews.

The request stems from the board's longstanding belief that students and parents need objective, timely information in order to make sound decisions about their future education and careers; and

that without it, they may make ill informed decisions or rule out further education. Currently, under the auspices of the Post High School Planning Program (M.S. 136A.87), the board provides information to all eighth graders about planning for life after high school; informs parents with children of all ages about academic and financial planning for their children; distributes information about financial aid; and develops information for school counselors. The parent information project includes some outreach to families of color and low incomes; private financial contributions have made this possible.

The board already has demonstrated its commitment to this activity though an initial internal reallocation of \$30,000 in F.Y. 1994 and F.Y. 1995. The 1994 internal reallocation funded the 2 research projects. The 1995 internal reallocation is supporting the development of new materials and adaptation of existing materials for families of color, low income, and first generation college students and families. Key messages about the availability and achievability of educational opportunities and how to pursue them are being tailored for these populations, translated, and distributed.

In F.Y. 1996 and F.Y. 1997, the board proposes to further develop the focus of communication and outreach to target populations in several ways. Among these will be:

- Expanding *Get Ready* parent information outreach effort;
- Continuing to translate and distribute materials, including pilot direct mail efforts; and
- Employing part-time HECB "counselors" with diverse backgrounds to meet with groups or organizations from target populations to provide information and guidance.
- Establishing a program of grants to community- and minority-based organizations to encourage post-high school opportunities and planning; and
- Setting up a student/parent information "hotline" which includes possibility of communication in Spanish, Hmong, and other languages.

In addition, the board plans to expand information to parents and students about financing post-high school education. Among possible steps are:

- Developing a parent companion to the current student publication, *Future Choices*, that focuses on the financing aspects of planning;
- Conducting a direct mail pilot test for parents;
- Developing and implementing strategies to promote saving for post-high school education; and
- Developing a Post-High School Planning "kit" that can be used by groups of parents and families, schools, and other organizations.

The recommendations flow from the research reports. The Wilder study concluded that families from communities of color and families with low incomes are in serious need of accurate information. When they do receive the information, they do not have the tools necessary to interpret it. It takes more than just a publication or brochure or college catalog to make the information meaningful to families so that they can use it. Parents and students are looking for resources within their own communities. To reach them effectively, HECB should utilize community-based and ethnic-specific organizations and agencies. Through personal contact and interaction, the information available through HECB and others will be most useful.

# **F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Planning and Coordination  
**ACTIVITY:** Policy and Program Planning

**ITEM TITLE:** Private for Profit Career School Licensure

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
Special Revenues				
Dedicated	\$9	\$19	\$19	\$19

**Statutory Change?** Yes  X  No

**If yes, statutes(s) affected:** M.S. 141.25-141.26

## **RATIONALE:**

Prior to F.Y. 1993, the regulatory function for the Private for Profit Career Schools was the responsibility of the Minnesota Department of Education, and receipts were deposited to the General Fund as non-dedicated receipts. In the F.Y. 1994-95 Budget Request, the board proposed legislation to make the oversight of Private for Profit Career Schools self-supporting by adjusting the fee structure and requesting a change in the depositing of fees from the State General Fund to the board's Special Revenue Fund. The legislature approved these changes, and, as of F.Y. 1994, fees generated from Private for Profit Career School Licensure are deposited into the board's Special Revenue Fund. The Private Institution Registration Program, performed by the board, is funded entirely by registration fees collected. Statutory overlap of Private Institution Registration and Private for Profit Career Schools licensing has been eliminated, with the result that institutions previously were required to pay both fees, are now only required to pay one fee.

Currently, approximately 70 institutions are processed annually under Private Institution Registration. The annual registration fee for Private Institution Registration is \$350; the fee for a new institution is \$450. The approximately 45 private for-profit career schools pay an annual licensing fee of \$650. There are approximately 10 new license applications for new schools which also pay a fee of \$650. In addition, an estimated 40 solicitor's licenses are issued annually for a fee of \$250 each. The funds are retained by the board. The Private for Profit Career Schools oversight mandate requires substantially more staff time per institution than Private Institution Registration.

## **PROGRAM OUTCOMES:**

The board intends to make the oversight portion of the Private Institution Registration and Private for Profit Career Schools programs self-supporting by adjusting the current fee structure. Smaller Private for Profit Career Schools require significantly less staff time to regulate than larger Private for Profit Career Schools. Smaller schools require less staff time due to there being fewer materials reviewed during re-licensure, changes seldom made in curriculum, fewer new programs developed, and few, if any, student complaints. Larger schools, on the other hand, require more oversight due to more students attending these schools, a larger volume of materials to review during re-licensure, changes in curriculum and newly developed curriculum most be reviewed more often, more teachers are employed at these schools, there is a larger turnover of instructors, and there are more complaints filed by students attending larger institutions. In addition, initial applications for licensure for new institutions require higher levels of staff time than do renewal applications from existing institutions. More time is spent by staff on initial applications due to new materials, all instructors being required to gain approval, all programs requiring review and approval, and initial site visits being conducted. Due to this variance in staff time required to regulate institutions, the board proposes to develop a sliding fee scale based on fall quarter enrollment figures and implement a higher fee for initial applications for new institutions.

## **LONG TERM IMPACT:**

Private Institution Registration and Private for Profit Career Schools licensing currently funds 1.2 FTE. This is inadequate to provide a reasonable performance of duties. The board proposes to increase these levels to 1.95 F.T.E. for F. Y. 1996 and 2.20 FTE for F.Y. 1997. The following proposed fee increases would bring these programs closer to self-sufficiency.

	<u>F.Y. 1995</u>	<u>Proposed F.Y. 1996</u>	<u>Proposed F.Y. 1997</u>
PIR-new	\$450 (4) (= \$1,800)	\$450 (2) (= \$900)	\$450 (2) (= \$900)
PIR-existing	\$350 (70) (= \$24,500)	\$350 (70) (= \$24,500)	\$350 (70) (= \$24,500)
PTS-new	\$650 (10) (= \$6,500)	\$800 (10) (= \$8,000)	\$950 (10) (= \$9,500)
PTS-existing less than 100 students	\$650 (15) (= \$9,750)	\$700 (15) (= \$10,500)	\$700 (15) (= \$10,500)
PTS-existing more than 100 students	\$650 (32) (= \$20,800)	\$750 (35) (= \$26,250)	\$900 (35) (= \$31,500)
Solicitors	\$250 (40) (= \$10,000)	\$300 (40) (= \$12,000)	\$375 (40) (= \$15,000)
<b>Total</b>	<b>\$73,350</b>	<b>\$82,150</b>	<b>\$91,900</b>

## **GOVERNOR'S RECOMMENDATION:**

The Governor does not concur with the agency's request to increase dedicated fees for licensing private for profit career schools.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Higher Education Coordinating Board (HECB)  
**PROGRAM:** Planning and Coordination  
**ACTIVITY:** Policy and Program Planning

**ITEM TITLE:** Student/Parent Information Needs  
(Continuation)

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Additional Wilder report conclusions are that:

- Students in greatest need of information are from families with no previous post-secondary experience, with low incomes, with limited English, or poor academic records. They are most likely to drop out of school, less likely to attend college or apply for financial aid, and most likely to be overlooked by school staff.
- Lack of experience with the U.S. educational system and limited English present problems for Southeast Asian parents in knowing where to go for information. For American Indian parents, limited involvement with the schools prevents access to information, and frustration with schools presents problems for African Americans.
- Many parents are unable to identify information that would help them guide their children toward suitable educational decisions.
- Students and parents overestimate the cost of attending post-secondary institutions by 2 to 4 times the actual cost. Few demonstrate specific knowledge about financial aid.
- Counselors report that 2 of the greatest misconceptions parents have is that school is not an option due to cost and that students will receive all the money they need. They also reported that one way to help motivate parents to plan earlier is to provide them with accurate information about saving earlier and about the costs of higher education.

The Wilder study recommended that students and parents be provided information at an early stage (elementary years) in order to broaden their options in thinking about post-high school education and careers; that opportunities be provided for students and families to explore firsthand and experience various educational and career areas; that publications be available in other languages, such as Spanish and Vietnamese and be distributed directly to homes; and that programs that have been successful in reaching low income, limited English families, such as the federal TRIO programs, be promoted and used more by HECB.

The Anderson, Niebuhr survey found that, in general, attitudes of parents and students about higher education tend to reflect a realization that while higher education can make a difference in one's future employment and well being, it is not easily attainable due to financial obstacles.

- Only half (53%) of parents actually have put aside money for higher education. However, 93% of parents expect that their children will attend some type of post-secondary school, and 88 of students expect that they will attend a post-secondary school.
- 85% of parents think they should begin saving for a child's education some time before a child leaves elementary school; nearly two thirds (61%) of these parents believe that saving for a child's education should start earlier, some time from the day of a child's birth to the day a child starts kindergarten.

- 40% of parents and 47% of students do not feel at all informed about financial aid eligibility requirements.

The report offered several recommendations, including expansion of the board's statewide program of distributing information to schools throughout Minnesota. The consultant's report recommended that HECB address early on parents' predominant concern about their ability to pay for the higher education of their children, via both traditional and nontraditional communications channels; that information be provided to both parents in grades 9-11 about a range of topics pertaining to financial aid, and provide it directly to parents; and selectively differentiate strategies for providing information, based on different needs of the populations served.

The findings of the Wilder study, taken together with demographic trends and projections, elevate the importance and urgency of developing and implementing strategies that directly help low income and minority students have hope, plan for, and pursue educational opportunities beyond high school.

The State Demographer projects that over 24% of the state's children will be racial and ethnic minorities by the year 2020—more than double the current level. The Planning Agency also has pointed out that Minnesota's minority children are very economically disadvantaged relative to white children and are likely to be poorer than children in the rest of the United States. Research suggests that cost and financial aid are perhaps the greatest barriers to college attendance and graduation among first generation college bound students from families with low incomes.

**PROGRAM OUTCOMES:** As a result of this initiative, students and families will be informed about and motivated to pursue educational opportunities beyond high school. Parents will begin planning—both academically and financially—when their children are young.

In particular, families of color, of low income, and with no previous college experience will understand the wide range of options available to their children and will have the tools available to prepare for them. Language and cultural barriers will be bridged, and misinformation and misperceptions will be minimized or eliminated.

Information will help reduce their families' anxieties about financing post-high school education, and encourage families to begin early planning. As a result of increased information, families will increase their frequency and/or level of saving.

**LONG TERM IMPACT:** In the long term, students and families will make sound decisions about their future based on good information. This will contribute to increased access and success for students and parents of color and low incomes. Early information and intervention will reduce barriers to post high school education and reduce the number of families that rule out further education because they have a narrow understanding of their options and don't know how to pursue planning assistance.

**GOVERNOR'S RECOMMENDATION:** The Governor recommends an annual appropriation of \$100,000 to supplement agency reallocations for activities related to student and parent information. This appropriation is to be used to further increase the board's efforts at providing college-readiness information to families of color, low income, and first generation college students and parents. This appropriation is also to expand the board's efforts at educating parents about financial planning for college, including ways to promote saving for post-high school education.

1996-97 Biennial Budget

**BUDGET ACTIVITY:** Miscellaneous Grant Programs  
**PROGRAM:** Planning and Coordination  
**AGENCY:** Higher Education Coordinating Board (HECB)

**ACTIVITY DESCRIPTION:**

This activity contains flow through grants administered by the HECB. The General Fund Grants include: Violence and Abuse Collaboration Grants, and Youth Service Learning Grants, MnCare funded grants are Rural Clinical Sites for Nurse Practitioner Education Grants and Grants to Recruit and Retain Persons of Color in Nursing Programs, federal funded grants include the Eisenhower Grants for the Training and Retraining for Teachers and Community Service Grants.

The Violence and Abuse Collaborative Grants are used to support development of multidisciplinary education to prepare professionals who work with victims or perpetrators of violence and abuse and to encourage development of professional education programs that support multidisciplinary collaboration in providing health care, human services, and education.

The Youth Service Learning grants support expanded community service, service-learning, and work-based learning methods for students attending the institutions and for elementary and secondary school teachers.

The Rural Clinical Sites for Nurse Practitioner Education Grants is a grant program to colleges or schools of nursing that operate programs in rural areas to prepare registered nurses for advanced practice as nurse practitioners. Programs shall develop rural clinical sites, allow students to remain in their communities for clinical rotations, and provide faculty to supervise students at the rural sites.

The grants to Recruit and Retain Persons of Color in Nursing Education are institutional grants for the recruitment and retention of students of color in nursing programs leading to licensure as a registered nurse. All grants must be matched with grantee sources or nonstate money.

Under the Dwight D. Eisenhower Mathematics and Science Education Act, the federal government allocates funds to states to improve the content, knowledge and skills of teachers, the quality of instruction, and the achievement of students in mathematics and science. Funds are made available to higher education institutions on a competitive basis for inservice training programs for elementary and secondary teachers and for programs designed to improve understanding and performance of students traditionally underrepresented in these subject areas.

The federal Corporation for National and Community Service funds a matching grants program for higher education institutions or public agencies working in partnership with those institutions. Funds support innovative projects designed to encourage post-secondary students to participate in community service activities, projects designed to integrate service-learning into the curriculum, and projects that provide instructional support for service-learning programs in the K-12 classroom.

**BUDGET ISSUES:**

This activity reflects the pro rata reductions required to stay within the agency's budget cap. Other than those reductions, it is a continuation of the base budget.

**REVENUE:**

This activity generates dedicated receipts.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Dedicated - Federal	\$1,024	\$1,002	\$1,205	\$1,205	\$1,205

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: PLANNING & COORDINTN  
ACTIVITY: MISCELLANEOUS GRANT PROGRAMS

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	37	48	46	46	46	46	46	46	46
EXPENSES/CONTRACTUAL SRVCS	25								
MISC OPERATING EXPENSES	1	1							
HIGHER EDUCATION	4	3	4	4	4	4	4	4	4
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	67	52	50	50	50	50	50	50	50
LOCAL ASSISTANCE	1,154	1,556	1,649	1,633	1,633	1,633	1,633	1,633	1,633
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	1,221	1,608	1,699	1,683	1,683	1,683	1,683	1,683	1,683
CURRENT SPENDING:				1,689	1,689	1,689	1,689	1,689	1,689
AGENCY PLAN ITEMS:			FUND						
-----			-----						
APPROPRIATION CAP REDUCTION, VLNC & ABUSE GRNTS			GEN	<2>	<2>	<2>	<2>	<2>	<2>
APPROPRIATION CAP REDUCTION, VLNCE COLLAB GRANT			GEN	<4>	<4>	<4>	<4>	<4>	<4>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<6>	<6>	<6>	<6>	<6>	<6>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	149	390	445	429	429	429	429	429	429
HEALTH CARE ACCESS	48	300	250	250	250	250	250	250	250
STATUTORY APPROPRIATIONS:									
FEDERAL	1,024	918	1,004	1,004	1,004	1,004	1,004	1,004	1,004
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	1,221	1,608	1,699	1,683	1,683	1,683	1,683	1,683	1,683

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## 1996-97 Biennial Budget

**PROGRAM:** Agency Administration  
**AGENCY:** Higher Education Coordinating Board (HECB)

### PROGRAM DESCRIPTION:

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, office services, data processing, and information management services. This comprehensive management responsibility also involves service to the governor and legislature, liaison with federal agencies, and the 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 the program.

This program supports the Minnesota Milestone theme that "Minnesota will have the advanced education and training to make the state a leader in the global economy." The board develops and advocates public policies that will help ensure Minnesota has accessible, high quality, efficiently operated statewide higher education system. Further, the board possesses the capacity to monitor progress in achieving this Milestone theme through its data bases on enrollment, transfer, persistence, graduation, and job placement of graduates.

### PROGRAM STATUS:

The board believes that post-secondary education must undergo significant change in the 1990s and beyond in order to meet the increased expectations and needs of its customers. Major changes will be needed to maintain and enhance the state's historic commitment to access, quality, efficiency, and diversity. To help promote change, the board has identified and is working to help implement several strategic initiatives that form a framework for the board's work.

**Alternative Instructional Delivery and Learning Approaches**--The board is exploring the potential use of alternative learning styles to the traditional campus classroom. Discussion is occurring on how more of higher education can shift from a traditional focus on teaching to one emphasizing and encouraging self directed learning. Board staff are conducting a study to examine alternative delivery and learning models, including approaches that work in other states and countries. In winter 1994, the board sponsored presentation on British Columbia's Open Learning Agency, one of the leading examples of open learning and distance education in the country.

**Use of Telecommunications and Instructional Technologies**--The 1993 legislature appropriated \$4.8 million to the board to expand telecommunications links between campuses and to coordinate the use of telecommunications in providing programs and support services. This is being implemented through the work of the Telecommunications Council, which the board staffs and chairs. Moreover, the MINITEX Library Network is increasingly using electronic technologies to obtain and distribute library resources to students throughout Minnesota. As required by the 1994 legislature, the board has convened a Library Planning Council to address future library needs for education in Minnesota.

**Enhancing Transitions Between K-12 and Post- Secondary Education**--The board has been working on several activities that contribute to a successful transition from one level of education to another and to employment. Activities include teacher education renewal and school innovation, communication to students and parents, community service opportunities, and workforce development. Also, the board has been involved in promoting coordination between K-12 outcome standards and post-secondary education preparation and admission requirements.

**Improving Access and Success for Students of Color**--The board has been working with representatives of color in the post-secondary community to examine how "good practices" apply to students of color and to consider recommending a funding framework that can be used to challenge the post-secondary community to improve the success rate of all students. A study conducted for the board by the Wilder Research Center concluded that families from communities of color and with low incomes are in serious need of accurate information on education after high school; and when they do receive the information, they do not have the tools necessary to interpret it. The findings of the Wilder study, taken together with demographic trends and projections, elevate the importance and urgency of developing and implementing strategies that directly help low income and minority students plan for and pursue educational opportunities beyond high school.

**Metropolitan Area Post-Secondary Education Needs**--Significant needs for higher education in the metropolitan area have been identified. The growing number of new high school graduates in the Twin Cities region and the resulting demand for higher education underscore the need for additional opportunities in the region. This is supported by needs identified by students and employers for upper division and practitioner-oriented graduate programs. In response, the board has supported the rapid development and broadening of Metropolitan State University's undergraduate programs and professionally focused master's degree programs.

**Student Financing**--Student financing has and continues to be a priority issue for the board. The biennial budget addresses several financial aid issues, including recommendations proposed by the Financial Aid Task Force in 1994. The 12 member task force, created by the 1993 legislature, proposed retaining Minnesota's Shared Responsibility philosophy, but called for a new and more progressive allocation formula for computing awards. In addition to the State Grant Program, the board is implementing expansion of the Child Care Grant Program and Work Study Program, and has implemented changes and arranged financing to enhance the Student Educational Loan Fund (SELF).

**Instructional Program Management**--The board, as required by statute, is implementing a process for the review and approval of existing instructional programs. The board adopted a set of guidelines for the approval of baccalaureate programs. Guidelines for associate level programs were adopted several years ago.

Program approval is one of the board's regulatory responsibilities. The newest responsibility, mandated by the federal government, is the State Post-Secondary Review Program, intended to ensure quality and integrity of federal aid programs and to reduce fraud, waste, and abuse. As distance learning and learning via other technologies become more prevalent, many of the criteria now used for the board's regulatory functions may become outmoded or unenforceable. Thus, the board is re-examining its regulatory responsibilities.

**1996-97 Biennial Budget**

**PROGRAM:** Agency Administration

**AGENCY:** Higher Education Coordinating Board  
(Continuation)

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**Performance Funding**—The board supports efforts to link funding for post-secondary education to outcomes, and in winter 1993 issued recommendations to accomplish this. The 1994 legislature, based on recommendations of a legislative-established task force, incorporated a performance funding component in state funding policy. The board continues to monitor the initial experience with the new Minnesota funding provisions and, when and if appropriate, could advocate an expansion of this approach.

The agency administration program will be affected by the results of the agency's self study of its future functions, roles, and responsibilities. The study will be completed in December or January.

**PLANNED RESULTS:**

Implementation of the strategic initiatives will result in increased access and choice of post-secondary education for Minnesota residents, particularly students of color; increased opportunities in the Twin City metropolitan area; expanded use of telecommunications and other instructional technologies, thus stimulating enhanced efficiencies and effectiveness of post-secondary education; and a successful transition for students between different levels of education.

**BUDGET AND REVENUE SUMMARY:**

- The agency plan calls for reduction in funds for this program because of the budget cap and a reallocation of \$40,000 for the information campaign for persons of color, low income persons and first generation college student initiative.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: AGENCY ADMINISTRATION

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
AGENCY MANAGEMENT	605	582	586	576	576	576	576	576	576
ADMINISTRATIVE SERVICES	7,569	8,572	10,747	10,274	10,274	10,274	10,274	10,274	10,274
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	8,174	9,154	11,333	10,850	10,850	10,850	10,850	10,850	10,850
CURRENT SPENDING:				10,915	10,915	10,915	10,915	10,915	10,915
AGENCY PLAN ITEMS:			FUND						
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
PARENT INFORMATION INITIATIVE		GEN		<40>	<40>	<40>	<40>	<40>	<40>
APPROPRIATION CAP REDUCTION, ADMIN SERVICES		GEN		<10>	<10>	<10>	<10>	<10>	<10>
APPROPRIATION CAP REDUCTION, AGENCY MGMT		GEN		<6>	<6>	<6>	<6>	<6>	<6>
APPROPRIATION CAP REDUCTION, COMMUNICATIONS		GEN		<4>	<4>	<4>	<4>	<4>	<4>
APPROPRIATION CAP REDUCTION, INFO MGMT		GEN		<5>	<5>	<5>	<5>	<5>	<5>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<65>	<65>	<65>	<65>	<65>	<65>
SOURCES OF FINANCING:									
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
DIRECT APPROPRIATIONS:									
GENERAL	1,527	1,234	1,786	1,303	1,303	1,303	1,303	1,303	1,303
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	33	41	64	64	64	64	64	64	64
HECC LOAN	6,614	7,879	9,483	9,483	9,483	9,483	9,483	9,483	9,483
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	8,174	9,154	11,333	10,850	10,850	10,850	10,850	10,850	10,850

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Agency Management  
**PROGRAM:** Agency Administration  
**AGENCY:** Higher Education Coordinating Board (HECB)

### ACTIVITY DESCRIPTION:

The Agency Management Activity provides leadership, direction, and supervision to 67 FTE staff, controls activities of the agency, which manages an overall annual budget of approximately \$185 million, and serves the 11 members of the board by assuring its effective operation.

This comprehensive management responsibility includes developing and accomplishing the agency's work plan, identifying agency priorities, and communicating the results of board actions and policies.

The agency provides several significant services. It provides leadership in identifying emerging higher education policy issues and developing solutions. The board provides professional, neutral leadership and analysis that helps inform decisionmakers; this involves the collection and analysis of data on a variety of issues. The board manages several state and federal mandated post-secondary education programs. The board also is responsible for regulating post-secondary institutions, instructional programs, and sites.

The board's primary constituency is the governor and legislature, who represent the students and families of the state. The board provides several services directly to students and families, including the distribution of student aid funds. An important, but secondary constituency, is the higher education community which includes 4 public systems (2 after July 1, 1995), 2 private sectors, and about 270,000 students. The board also provides service to a variety of other stakeholders and seeks to foster collaboration and partnerships among those who have a stake in higher education.

### BUDGET ISSUES:

The 1994 legislature directed the board to provide recommendations by January 1995 on the board's future functions, roles, and responsibilities following the merger. The study is in process; the report, including budget implications, will be submitted to the Governor and legislature in late December or early January.

A key issue continues to be how the agency can, with declining resources, balance its role as a policy leadership agency in post-secondary education with expanded mandates to regulate and manage programs and to coordinate various activities. Board personnel, for example, provide staffing for the Telecommunications Council, established by the 1993 legislature. The board provided staff for the Financial Aid Task Force, also established by the 1993 legislature, and board staff have convened the Library Planning Task Force mandated by the 1994 legislature.

The board has responded to this challenge by enhancing the efficiency and quality of its services, and reallocating resources when possible. The board is implementing Total Quality Management, and several TQM teams have developed recommendations to improve quality and service. The board continues to enhance the development of its research data base, and has almost completed decentralization of the State Grant Program.

Results of the agency self study will help provide future directions for the board.

### REVENUE:

None.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: AGENCY ADMINISTRATION  
ACTIVITY: AGENCY MANAGEMENT

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	431	440	452	452	452	452	452	452	452
EXPENSES/CONTRACTUAL SRVCS	143	112	111	101	101	101	101	101	101
MISC OPERATING EXPENSES	58	63	55	55	55	55	55	55	55
SUPPLIES/MATERIALS/PARTS	7	6	7	7	7	7	7	7	7
HIGHER EDUCATION	<84>	<87>	<87>	<87>	<87>	<87>	<87>	<87>	<87>
=====									
SUBTOTAL STATE OPERATIONS	555	534	538	528	528	528	528	528	528
LOCAL ASSISTANCE	50	48	48	48	48	48	48	48	48
=====									
TOTAL EXPENDITURES	605	582	586	576	576	576	576	576	576
=====									
CURRENT SPENDING:				586	586	586	586	586	586
=====									
AGENCY PLAN ITEMS:			FUND						
-----									
APPROPRIATION CAP REDUCTION, AGENCY MGMT			GEN	<6>	<6>	<6>	<6>	<6>	<6>
APPROPRIATION CAP REDUCTION, COMMUNICATIONS			GEN	<4>	<4>	<4>	<4>	<4>	<4>
=====									
TOTAL AGENCY PLAN ITEMS				<10>	<10>	<10>	<10>	<10>	<10>
=====									
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	605	582	586	576	576	576	576	576	576
=====									
TOTAL FINANCING	605	582	586	576	576	576	576	576	576

# 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Administrative Services  
**PROGRAM:** Agency Administration  
**AGENCY:** Higher Education Coordinating Board (HECB)

## ACTIVITY DESCRIPTION:

This activity provides extensive staff support in the areas of information management, financial management, office and human resource services to assist all agency managers in the implementation and administration of their programs. In addition, the administrative services division directly administers 5 loan repayment programs, from processing applications through disbursement and collection, and collects defaulted SELF loans and State Grant overpayments.

The administrative services division provides accounting, budgeting, financial analysis, financial reporting, auditing personnel functions, affirmative action compliance and preparation of agency administrative policy and procedure regulation. Acquisition of all office supplies, services, equipment and furnishings, mail processing, travel management liaison, copy services, contract management, and disbursement and receipt of all funds are administered by this activity.

Services provided by Information Management unit include: analysis, design, programming, maintenance, operation, and staff training for application systems; analysis, design, and programming for statistical analysis; research database administration; interfacing with hardware, software, and service vendors; maintenance of and technical support for minicomputers, personal computers, and communications network; daily computer operations tasks such as printing of reports and backup; maintenance of, training on, and technical support for minicomputer, personal computer, and network office support systems.

## BUDGET ISSUES:

- This activity is responsible for implementing the Statewide Systems Project (SSP) for the agency. It is anticipated that the SSP will provide the agency with a more efficient operation in the support area. These efficiencies should allow this activity to provide for a high level of support services without additional funds.
- This activity administers the MnCare loan repayment programs and has done so without administrative funding. As these programs mature, proliferate, and become more complex, there may be a need for administrative funding from the MnCare fund.
- Much of the operations of this activity is associated with the funding, accounting and collection of the agency's student loan programs. Since this is a self supporting operation, state funds are not needed, but as these operations grow, this becomes a larger component of this activity's funding source.
- In F.Y. 1995, this activity completed a tax exempt revenue bond issue, of which the proceeds along with program repayments, at the current volume of new loans should provide sufficient funding for the SELF program through 1997.

## EFFICIENCY MEASURES:

<u>AUDITING</u>	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>
Number of Audits	29	34	29
Dollars Recovered	\$81,000	\$60,000	\$68,000

## ACCOUNTING SUPPORT

No. of Payment Transactions	2,409	2,686	2,730
Percent of Payments made within 30 Days	99.9%	99.1%	99.0%

## GRADUATED REPAYMENT INCOME PROTECTION (GRIP)

	<u>F.Y. 1992</u>	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>
Number of Participants	157	184	201
Dollar Amount of GRIP Loans Outstanding	\$2,509,000	\$3,656,000	\$4,624,000
Number of Accounts Paid per Month	990	1,079	950

## STUDENT EDUCATIONAL LOAN FUND (SELF) CLAIMS

Number of Claims	521	438	604
Dollar Amount of Claims	\$1,505,259	\$1,275,778	\$1,880,261
Dollar Amount Collected on Claims	\$627,420	\$931,495	\$1,228,195

## STUDENT LOANS RECEIVABLE

Number of Accounts	56,018	58,149	56,694
Total Amount Receivable for all Accounts	\$186,611,413	\$201,920,803	\$198,593,681
Dollar Amount Collected on Accounts	\$23,095,308	\$28,896,770	\$30,089,241

## REVENUE:

This activity generates dedicated and non-dedicated revenue.

<u>Dollars in Thousands</u>					
	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>
Type of Revenue:					
Optometry & Osteopathy					
Contract Payments and					
State Grant Overpayments					
Non-dedicated - Gen'l	\$146	\$319	\$280	\$200	\$200
Photo Copy Charges					
Dedicated - Special	34	36	43	43	43
Dedicated - HECB Loan Fund	<u>30,931</u>	<u>1,228</u>	<u>20,200</u>	<u>1,600</u>	<u>1,800</u>
TOTAL	\$31,111	\$1,583	\$20,523	\$1,843	\$2,043

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED COORD BD  
PROGRAM: AGENCY ADMINISTRATION  
ACTIVITY: ADMINISTRATIVE SERVICES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	830	854	1,055	1,047	1,047	1,047	1,047	1,047	1,047
EXPENSES/CONTRACTUAL SRVCS	1,446	2,110	3,337	2,876	2,876	2,876	2,876	2,876	2,876
MISC OPERATING EXPENSES	73	68	93	89	89	89	89	89	89
SUPPLIES/MATERIALS/PARTS	68	49	65	65	65	65	65	65	65
CAPITAL EQUIPMENT	367	75	80	80	80	80	80	80	80
HIGHER EDUCATION	4,785	5,416	6,117	6,117	6,117	6,117	6,117	6,117	6,117
SUBTOTAL STATE OPERATIONS	7,569	8,572	10,747	10,274	10,274	10,274	10,274	10,274	10,274
TOTAL EXPENDITURES	7,569	8,572	10,747	10,274	10,274	10,274	10,274	10,274	10,274
CURRENT SPENDING:				10,329	10,329	10,329	10,329	10,329	10,329
AGENCY PLAN ITEMS:			FUND						
PARENT INFORMATION INITIATIVE			GEN	<40>	<40>	<40>	<40>	<40>	<40>
APPROPRIATION CAP REDUCTION, ADMIN SERVICES			GEN	<10>	<10>	<10>	<10>	<10>	<10>
APPROPRIATION CAP REDUCTION, INFO MGMT			GEN	<5>	<5>	<5>	<5>	<5>	<5>
TOTAL AGENCY PLAN ITEMS				<55>	<55>	<55>	<55>	<55>	<55>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	922	652	1,200	727	727	727	727	727	727
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	33	41	64	64	64	64	64	64	64
HECC LOAN	6,614	7,879	9,483	9,483	9,483	9,483	9,483	9,483	9,483
TOTAL FINANCING	7,569	8,572	10,747	10,274	10,274	10,274	10,274	10,274	10,274

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1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA STATE COLLEGES AND UNIVERSITIES (MnSCU)

PROGRAM

PAGE

INSTRUCTION

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Minnesota State Colleges and Universities  
Community Colleges  
State Universities  
Technical Colleges

NON-INSTRUCTION

B-98

Minnesota State Colleges and Universities  
Community Colleges  
State Universities  
Technical Colleges

HIGHER EDUCATION BOARD

B-108

Merger Planning and Administration

STATE COUNCIL ON VOCATIONAL EDUCATION

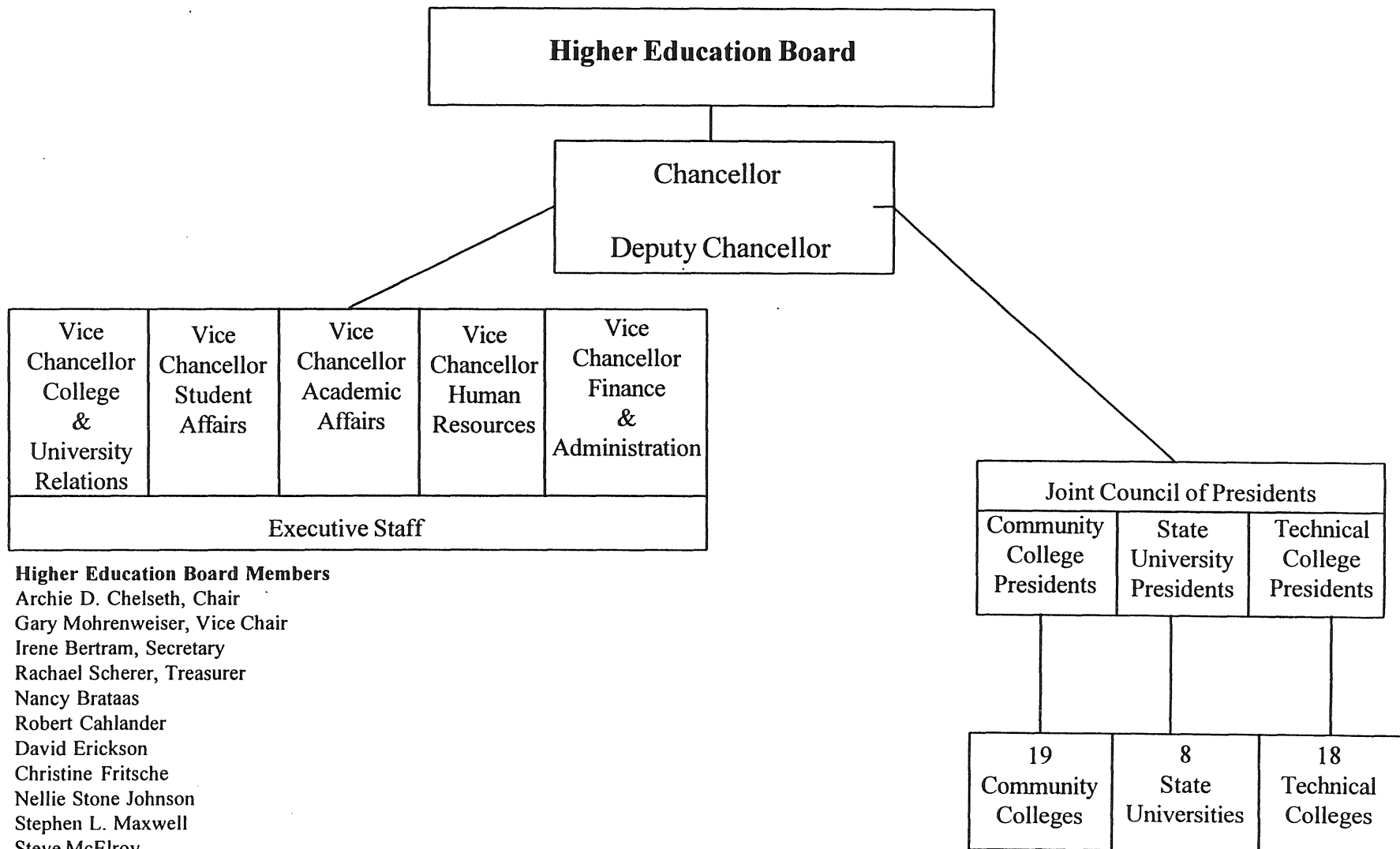
B-111

OTHER REVENUE

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# Minnesota State Colleges and Universities

12-07-94



## Higher Education Board Members

Archie D. Chelseth, Chair  
 Gary Mohrenweiser, Vice Chair  
 Irene Bertram, Secretary  
 Rachael Scherer, Treasurer  
 Nancy Brataas  
 Robert Cahlander  
 David Erickson  
 Christine Fritsche  
 Nellie Stone Johnson  
 Stephen L. Maxwell  
 Steve McElroy  
 John Mulder  
 Fannie Primm  
 Marty Seifert  
 William Ulland



**1996-97 Biennial Budget  
Agency Budget Brief  
(\$ in thousands)**

**Agency:** Minnesota State Colleges and Universities (MnSCU) **Fund:** General State Appropriation

**Brief Explanation of Agency Plan:**

**Summary of Agency Actions:**

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<b><u>BASE YEAR (F.Y. 1995)</u></b>	<b>\$494,320</b>	<b>\$494,320</b>	<b>\$988,640</b>

**BASE ADJUSTMENT:**

One-Time Appropriations	(\$150)	(\$150)	(\$300)
Appropriations Carried Forward	(\$17,289)	(\$17,289)	(\$34,578)
Non-Recurring Expenditures	(\$70)	(\$365)	(\$435)
Base Transfer	\$3,657	\$3,657	\$7,314
Special Legislative Adjustments	(\$23,146)	(\$23,145)	(\$46,291)
Attorney General Costs	(\$207)	(\$207)	(\$414)

<b><u>CURRENT SPENDING</u></b>	<b>\$457,115</b>	<b>\$456,821</b>	<b>\$913,936</b>
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**AGENCY DECISION ITEMS:**

Budget Cap	\$(9,774)	\$(9,480)	\$(19,254)
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<b><u>AGENCY PLAN</u></b>	<b>\$447,341</b>	<b>\$447,341</b>	<b>\$894,682</b>
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**AGENCY INITIATIVES:**

State Employment for Technical			
College Personnel	\$13,000	\$13,000	\$26,000
Maintenance of Current Level Service	\$9,774	\$9,480	\$19,254
Inflationary Growth	\$13,961	\$28,322	\$42,283
Formula Adjustments 135A.03	\$8,407	\$8,462	\$16,869
Law Enforcement Training	\$1,045	\$1,045	\$2,090
Contract Negotiations	\$247	\$-0-	\$247
Capitalize on Merger			
Opportunities	\$4,904	\$6,824	\$11,728

<b><u>AGENCY REQUEST</u></b>	<b>\$498,679</b>	<b>\$514,474</b>	<b>\$1,013,153</b>
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**GOVERNOR'S RECOMMENDATIONS:**

<b><u>AGENCY PLAN:</u></b>	<b>\$447,341</b>	<b>\$447,341</b>	<b>\$894,682</b>
Appropriation Cap Restoration	\$9,774	\$9,480	\$19,254
Cambridge Bank Court Decision	\$(4,570)	\$(4,570)	\$(9,140)
Contract Negotiations	\$247	\$-0-	\$247
	<b>\$452,792</b>	<b>\$452,251</b>	<b>\$905,043</b>

The underlying objectives of the Minnesota State Colleges and Universities (MnSCU) budget request are to restore base level funding adjusted for inflation and to begin capitalizing on the opportunities the merger presents for improving educational programs, providing more efficient service and maintaining affordable tuition.

The budget is made up of three primary components.

The first component is a Budget Plan which complies with Department of Finance (DOF) instructions and explains how spending will be curtailed by \$9,774,000 in F.Y. 1996 and \$9,480,000 in F.Y. 1997 if the annual appropriations for the Higher Education Board, community colleges, state universities and technical colleges are lower than in F.Y. 1995. Should this occur, funding will first be provided for the priority programs and operations, as defined in the agency narrative, and for implementation of the merger of the community colleges, state universities and technical colleges. Reductions will be made in activities and areas not judged to be of priority. For the three types of institutions spending would be curtailed by:

- Community Colleges (\$2,293,000 each year):
  - Systemwide initiatives would be reduced in order to protect the base allocations to the campuses. These initiatives include campus technology, instructional equipment, student services, student success and underserved populations.
- State Universities (\$3,634,000 each year):
  - Phased reductions in state support for intercollegiate athletics.
  - Phased reductions in state support for community service, development, alumni and non-credit continuing education.
  - Charging full cost for use of campus facilities.
  - Eliminating or suspending low enrollment academic programs.
  - Limiting increases in debt service and plant operations by reducing capital expansion.
- Technical Colleges (\$3,829,000 - F.Y. 1996) (\$3,535,000 - F.Y. 1997):
  - Raising the standards for continued operation of programs.
  - Delaying further development of new initiatives.
  - Expanding activities in program alignment.
  - Consolidation of services to maximize efficient use of resources.

The second and most significant component of the budget plan is the funding needed to successfully merge the community colleges, state universities and technical colleges into a single system as directed by the legislature and governor in 1991 (MS 136E). Achieving this support is the single most important objective of the Higher Education Board in this budget request.

In the next biennium there is the first opportunity to begin realizing the benefits anticipated when the merger was proposed. It will be possible over the next two years to establish measurable

# Agency Budget Brief

1996-97 Biennial Budget

Agency: Minnesota State Colleges and Universities (MnSCU) Fund: General State Appropriation  
(Continuation)

objectives and assess the degree to which they have been achieved. These objectives will include:

- Consolidating three co-located community and technical colleges.
- Developing eight articulated program agreements which bridge the curriculums of the community colleges, state universities and technical colleges.
- Expanding PALS (automated library system) to include the technical colleges, to join 75 campuses and state agencies in a statewide electronic library.
- Increasing the number of citizens served by distance learning by 5 %.
- Strengthening the structure uniting the urban colleges and Metropolitan State to provide an integrated public alternative to the University of Minnesota.
- Attempt to reduce by the end of the biennium the number of staff positions in the MnSCU central office by 20%, barring new mandates passed by the legislature or new obligations created, such as administering 90 technical college employee contracts or increasing audit coverage.
- Developing a comprehensive computer-based information system connecting all 62 MnSCU campuses.

An extraordinary amount of time and energy is being applied by the employees of the three systems to make the structural and operational changes that are required for MnSCU to be operational by July 1, 1995. A matching level of support and assistance from the governor and legislature is essential to successfully manage the three systems. Such support is needed to assure that during the period that the campuses are coping with the changes brought on by the merger they will not also have to confront a significant loss of base funding. The HEB will have few options for addressing a significant reduction in base funding when it assumes responsibility for the three systems on July 1. By that time, employment commitments will have been made to almost all faculty and professional staff. Declaring a financial exigency and cancelling one or two academic quarters, depending on the potential savings, may be one of the few options that would yield sufficiently large cost reductions.

The MnSCU budget request is based on the assumption that the state will provide a stable level of support by maintaining the base budget at the F.Y. 1995 level and funding costs of merger, inflation and a limited number of important initiatives. All other initiatives would be funded internally from savings and reallocation. To fund all other initiatives, MnSCU will match dollar for dollar the amount invested by the state and students to provide enhanced student access, preparation for productive employment and increased efficiency in the use of resources. Tuition would be increased by 3 to 4% per year. There is no plan to pass the costs associated with implementing the merger on to students in the form of higher tuition or to absorb such costs in the current operating budgets by shifting funds from instructional programs.

The third and final component of the budget plan addresses the role that the state's policy makers intend to have higher education play in the future development of the state. The issue, while complex, boils down to what we value and where we invest tax dollars for the greatest long-term benefit. Without adequate support for the community and technical colleges, the state universities and the University of Minnesota, where and how will the next generation of electricians, managers, nurses, doctors, engineers, technicians and teachers be prepared? Is it in the long-term best interest of the state to continue withdrawing support for the higher education needed by ambitious, hard-working citizens who have shown an ability to improve themselves, the state,

the economy and culture?

The question is whether Minnesota's public policy makers have the vision and determination to invest in the growing number of citizens with potential for contributing to the ongoing social and economic viability of the state.

## Revenue Summary:

State appropriations and tuition revenue comprise the majority of system operating funds. The request is based, in addition to the state support shown in this brief, on an increase in student tuition and an internal reallocation of funds from lower priority areas. The total request is shown below:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>Total</u>
F.Y. 1995 Base Budget			
Appropriation	\$447,341	\$447,341	\$894,682
Tuition	221,310	223,869	445,179
Non-Instructional Revenue	58,673	58,673	117,346
Other Revenue	<u>72,722</u>	<u>72,722</u>	<u>145,444</u>
Sub Total Base	\$800,046	\$802,605	\$1,602,651
F.Y. 1996-1997 Request			
Appropriation	51,338	67,133	118,471
Tuition	<u>7,325</u>	<u>14,838</u>	<u>22,163</u>
Sub Total Request	\$58,663	\$81,971	\$140,634
TOTAL Budget	\$858,709	\$884,576	\$1,743,285

The request assumes internal reallocations of \$8,785,000 in F.Y. 1996 and \$7,550,000 in F.Y. 1997.

Affected Statutes: None.

## GOVERNOR'S RECOMMENDATIONS

The Governor recommends a biennial appropriation of \$905,043,000 to the Minnesota State Colleges and Universities. This appropriation reflects restoration of the appropriations cap reductions and MnSCU's share of the state's cost resulting from the Cambridge Bank court decision. The appropriation includes \$500,000 for reallocation planning and curriculum development costs needed to modify education programs to prepare prospective K-12 teachers to meet new licensure standards. It also includes funds to partially support the Governor's proposed Education to Work Transitions Initiative.

The Governor recommends that MnSCU limit annual tuition and fee increases for undergraduate students in degree programs to 3%. MnSCU will be responsible for covering out of its operating budget any additional costs to the State Grant Program for MnSCU students resulting from tuition and fee increases exceeding the 3% threshold.

In order to moderate the need for tuition increases, the Governor encourages MnSCU to take advantage of opportunities for reallocation that the merger will facilitate. These opportunities include reducing program and course duplication; closing programs with low enrollment or few graduates and occupational programs with job placement rates of below 60%; merging administrations of co-located community and technical colleges, and consideration of campus consolidations.

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

**AGENCY DESCRIPTION:**

In 1991 the legislature passed and the governor signed a bill mandating a restructuring of three-fourths of Minnesota's public higher education system. The chief author of the merger proposal said in announcing the plan, "In order to continue our commitment to excellence we must address the changing needs of our students and make our higher education system reflect those changes." Another co-author of the merger legislation said, "Savings will probably not be realized right away, but ten years down the line we should see some real savings with a more streamlined, cost-efficient system."

Minnesota State Colleges and Universities (MnSCU) is the new higher education system resulting from that merger, bringing community colleges, state universities and technical colleges into a single integrated system. The new system will encompass 64 campuses in 46 different communities, 160,000 students and 19,000 employees. MnSCU is governed by the Minnesota Higher Education Board. Planning and policy-making decisions have been under-way on an increasingly intense schedule. Formal implementation of the merger will occur July 1, 1995. By law the three separate system boards will cease to exist after June 30, 1995.

**MISSION STATEMENT:**

Minnesota State Colleges and Universities provide accessible, future-oriented education and community service through technical, pre-baccalaureate, baccalaureate, masters, occupational, and continuing education programs.

Each state college and university has a distinct mission that is consistent with and supportive of the overall mission of Minnesota State Colleges and Universities.

Each state college and university collaborates optimally with other institutions to achieve the mission of Minnesota State Colleges and Universities.

Minnesota State Colleges and Universities provide quality programs comprising:

Technical education programs, delivered principally by technical colleges, which prepare students for skilled occupations that do not require a baccalaureate degree.

Pre-baccalaureate programs, delivered principally by community colleges, which offer lower-division instruction in academic programs, occupational programs in which all credits earned will be accepted for transfer to a baccalaureate degree in the same field of study, and remedial studies.

Baccalaureate and graduate programs, delivered principally by state universities, which offer undergraduate and graduate instruction in the liberal arts and sciences and professional education through the master's degree, including specialist certificates.

**AGENCY CHALLENGES:**

The merger of the community college, state university and technical college systems is the most far-reaching change in higher education ever attempted in Minnesota's history. The merger brings together three systems of higher education which hold deep beliefs about their own separate missions and have worked vigorously in the past to carry out those missions largely independently of each other. Merging of the three higher education systems into a single entity without disrupting the programs of the campuses or crippling essential operations is the major challenge to this agency. The work associated with actually implementing the merger needs to be accomplished in ways that avoid the disruption of campus programs which has occurred in other states that have merged public higher education systems or institutions.

Despite early opposition and mid-point apathy, the merger is now widely seen as an opportunity for positive and productive change. However, grasping the opportunity requires up-front investment, much as a manufacturer invests in redesign and retooling of a new product in order to reap profits later. The 1991 law supported by the legislature and governor ensures that merger will happen. But the profits of merger will come only if there is an investment first, to match the commitment of faculty, administrators, and staff who will carry out the merger for the benefit of students.

The underlying objectives of the Minnesota State Colleges and Universities (MnSCU) budget are to restore base level funding adjusted for inflation and to begin capitalizing on the unique educational and programmatic opportunities made possible by the merger--specifically to provide enhanced student access, greater preparation for productive employment, and increased efficiency in the use of resources. However, these objectives cannot be achieved without an investment by the state in funding the costs of the merger.

The costs of the merger are primarily those of assimilating technical college employees into the state system. On July 1, 1995, for the first time, technical colleges will become state institutions and their 4,500 employees will become state employees. While the results of pending collective bargaining are not known, it is projected that additional financial obligations will result as technical college classified staff are placed into the appropriate state employee classifications and bargaining units. Other costs will occur as technical college faculty, who have been covered by 18 separate contracts, are placed in a single bargaining unit represented by the United Technical College Educators.

In order for MnSCU to be functional by July 1, 1995, seventeen tasks must be completed by that date. These seventeen tasks, and others that have already been accomplished, are being carried out by a MnSCU staff of eight people augmented by massive amounts of work by scores of employees who will be part of MnSCU staff but currently must also carry out the duties of their respective system offices. Employees from agencies such as the Department of Administration, Finance, Employee Relations and the Attorney General's Office have also helped with these and various other tasks. Employees of the three systems have already spent thousands of hours planning how to merge pairs of institutions into one; how to link scattered campuses into new, efficient units and how to smooth credit transfer for students.

The following major tasks must be accomplished by July 1, 1995:

- Recodify all applicable statutes.
- Revise and consolidate existing board rules for the three systems.
- Prepare a consolidated 1996-97 biennial budget request.
- Prepare the 1995 session emergency capital budget request.

## 1996-97 Biennial Budget

### AGENCY: Minnesota State Colleges and Universities (MnSCU) (Continuation)

- Prepare the 1996 session capital budget request.
- Develop a process for making F.Y. 1996 budget allocations to the campuses.
- Acquire title to the 33 technical college campuses.
- Negotiate an agreement defining the operating relationship of three technical colleges with intermediate school districts.
- Negotiate with the Department of Administration a workable delegation of authority in the areas of contracts and local purchases.
- Locate, lease, and build out MnSCU central offices and ensure orderly shutdown of current system offices.
- Complete management information systems for accounting, procurement, human resources, and payroll; provide training for users; and develop a rapid response support system.
- Establish cost effective structures for providing finance, payroll, purchasing, and other administrative services.
- Train technical college campus personnel on state finance, administrative, and personnel policies.
- Reach agreement with the several state employee unions regarding the placement of employees for collective bargaining.
- Assign non-faculty technical college employees to their proper state job classifications.
- Negotiate with AFSCME, MAPE, and MMA the conditions affecting transfer of technical college non-faculty employees to state service.
- Negotiate a statewide collective bargaining agreement with the new technical college faculty organization.

In summary, the near-term challenge is to make the merger work as the legislature and governor intended: to serve students better and to serve the state more efficiently.

The long-term challenge is how to provide the educational services expected by citizens when enrollments are projected to increase and the share of the state budget going into higher education continues to decline. This shift in funding priorities has taken place without public debate on how to best invest tax dollars for the greatest long-term benefit of the state. In Minnesota and throughout the nation, the debate can almost be simplified to education versus prisons. In order to build and operate prisons with the amenities required under today's rules, we have shrunk the share of the state budget available for higher education. As the prisons fill up, tuition goes up. To pay for the upkeep of felons, we are penalizing citizens who are willing to learn, earn, and invest in the future. Policy makers face the choice of investing in the future or paying for past failures. The issues are admittedly complex, but boil down to this: what do we value and where do we invest tax dollars? The answers to these questions must address the role that higher education will play in the future development of the state.

### AGENCY STRATEGIES:

Minnesota State Colleges and Universities will pursue a three-part strategy.

First, the agency will curtail spending if the combined annual appropriation for community colleges, state universities and technical colleges is lower than in F.Y. 1995. Should this occur, MnSCU institutions will first protect their priority programs and operations as required by Laws of Minnesota 1995, Ch. 532, Article 34, Section 5. Reductions will be focused on those activities and areas considered by the merging systems to be outside their core missions as outlined in the budget priority section.

The merging systems have identified these potential targets for curtailed spending:

#### **Community Colleges:**

- Reduce or eliminate systemwide initiatives in either the technology/instructional equipment category or the student success/student services category. The base allocation would be protected.

#### **State Universities:**

- Phased reductions in state support for intercollegiate athletics.
- Phased reductions in state support for community service, development, alumni and non-credit continuing education.
- Charging full cost for use of campus facilities.
- Eliminating or suspending low enrollment academic programs.
- Limiting increases in debt service and plant operations by reducing capital expansion.

#### **Technical Colleges:**

- Raising the standards for continued operation of programs.
- Delaying further development of new initiatives.
- Expanding activities in program alignment.
- Consolidation of services to maximize efficient use of resources.

Second, the agency seeks the funding necessary to carry out the merger successfully as directed by the legislature and governor in 1991 (M.S. 136E). Carrying out this strategy is the single most important objective of the Higher Education Board. The next biennium will bring the first opportunity to achieve some of the benefits anticipated when the merger was initially proposed. It should be possible over the next two years to establish measurable objectives and judge the outcomes. Objectives will involve the consolidation of a specified number of co-located community and technical colleges; development of a specified number of articulated programs bridging the curricula of the technical colleges, community colleges and state universities; and extension of the PALS automated library network to link all 64 campuses into a statewide electronic library. Additional measurable outcomes will be an increase in the number of citizens served by distance learning and planning an integrated metropolitan public higher education alternative to the University of Minnesota.

Third, this agency believes that Minnesota's public policy leadership must address the role higher education is to play in the future development of the state. Minnesota did not become an admired state, with a high quality of life, by consciously shrinking its investment in higher education. Rather, a strong public higher education system is a part of the quality of life we value. As noted above, it is time for Minnesota's public policy leadership to discuss openly the question: What do we value?

## 1996-97 Biennial Budget

AGENCY: Minnesota State Colleges and Universities (MnSCU)  
(Continuation)

### BUDGET PRIORITIES

In adopting a new higher education funding formula in 1994, the legislature directed governing boards of each public higher education system to develop their "highest budget priorities in accordance with statewide objectives for higher education." (Chapter 532, Art. 3, sec. 5) To indicate their belief in the central roles of the three types of institutions to be merged, the governing boards adopted the following priorities:

#### **State Board for Community Colleges:**

Maintain and enhance instruction for the core mission of community colleges -- university transfer programs, occupational preparation programs that transfer, developmental education and workforce education.

Maintain the support infrastructure for students and colleges, including assessment, counseling and advising; registration and students' records; financial aid; services for minority and disabled students; the Student Success Program; and financial management of the colleges.

Ensure the safe physical operation of campuses -- heat, lights, maintenance, cleanliness, safety, and snow removal.

Meet state and federal mandates, including life-safety requirements; the Americans with Disabilities Act; and auditing, tracking, training, reporting and information disclosure requirements.

Develop new instructional programs, implement the Minnesota Transfer Curriculum and review existing instructional programs for relevance, usefulness to students and cost-effectiveness.

#### **State University Board:**

Provide citizens access across the state to high quality degree programs at an affordable price.

Provide a comprehensive range of quality baccalaureate programs.

Provide quality applied graduate programs for working professionals.

Increase the successful participation of students of color and low income persons in baccalaureate programs.

Provide demonstrable progress toward achieving the board's quality indicators.

- Preparedness for college
- Higher order thinking
- Global understanding
- Multicultural perspective
- Scientific and quantitative literacy

- Readiness for work and career
- Responsible citizenship in a democracy

Employ communications technology as a means of improving quality and access.

Maintain a safe and effective environment for learning.

#### **State Board of Technical Colleges:**

Provide accountable, high quality, efficient technical and occupational instructional programs that maximize employment opportunities.

Provide customized training designed to meet industry-defined needs to upgrade the current workforce.

Offer efficient access for Minnesota students.

Emphasize broad-based collaboration to deliver student-centered services.

Maintain high quality, efficient college operations.

### REVENUE SUMMARY:

The budget of the Minnesota State Colleges and Universities is supported by state appropriation (58%), student tuition and fees (33.5%), as well as funds received from the federal government (4.5%), gifts and endowments from private sources, agency funds and other miscellaneous funds (4%). For the first time, funds from the Technical Colleges are being brought into the state treasury and, therefore, are reported as part of the biennial budget in F.Y. 1996 and F.Y. 1997. This request if funded fully by the state would drive an anticipated tuition increase of 3-4% per year for students attending one of the colleges or universities within the system.

### SUMMARY OF BUDGET REQUEST:

- Funding the cost of transferring technical college employees to state service - \$13 million each year of the biennium.
- Reinstatement of \$19,254,000 lost from F.Y. 1995 as a result of the statutory appropriation caps - \$9,774,000 in F.Y. 1996 and \$9,480,000 in F.Y. 1997.
- Maintenance of current purchasing power within the base budget by adjusting for inflation of 3% in each year of the biennium - \$13,961,000 in F.Y. 1996 and \$28,322,000 in F.Y. 1997.
- Support for increased enrollment consistent with the statutory formula adopted by the legislature in 1994 - \$8,407,000 in F.Y. 1996 and \$8,462,000 in F.Y. 1997.
- Reinstatement of funding for law enforcement training as provided in the laws of 1993 first special session CH2, Art.1 - \$1,045,000 in each year of the biennium.
- Support for the cost of negotiating the first technical college faculty labor agreement - \$247,000 in F.Y. 1996.
- Capitalizing on the unique educational and programmatic opportunities made possible by the merger to provide enhanced student access, preparation for productive employment and increased efficiency in the use of resources. Dollar for dollar match of investment by the state and by students - \$4,904,000 in F.Y. 1996 and \$6,824,000 in F.Y. 1997.

## 1996-97 Biennial Budget

AGENCY: Minnesota State Colleges and Universities (MnSCU)  
(Continuation)

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### GOVERNOR'S RECOMMENDATION:

The goal of the merger, as the Board of Minnesota State Colleges and Universities states, is "to serve students better and the state more efficiently." In its budget plan and in the work that its staff have already accomplished in preparing for the merger, MnSCU is off to a promising start toward its goal of making the state's public colleges and universities more responsive and efficient.

The staff of MnSCU have kept the merger on track. With a shoestring budget they have developed a new, unified accounting system to serve all 46 campuses and interface with the state's new accounting system. MnSCU's budget identifies potential reallocations and budget priorities for each of the 3 systems, and it foresees the merger of 3 co-located technical and community college campus pairs by the end of the 1996-97 biennium.

While these efforts and accomplishments deserve recognition, the Governor is not prepared at this time to make new investments in the new merged system before its chancellor and board have had the opportunity to exercise their unified governing authority. The Governor believes that, if MnSCU is willing to exercise that power, it can bring a more effective and more efficient higher education system to life even under a constrained budget.

One of the first tests the new board will face is the bargaining of a statewide contract for technical college faculty. The potential costs of bringing technical college faculty and staff into state employment, while unknown, are real. However, the Governor believes that MnSCU must first exhaust all possibilities for reallocating resources within its own budget before asking state taxpayers and students to pay more for the same level of public service.

MnSCU's budget has identified opportunities for reallocation totalling \$9.7 million in F.Y. 1996 and \$9.5 million in F.Y. 1997. Some of the items identified reflect opportunities for savings examined by the Office of the Legislative Auditor in 2 recent reports. The Governor challenges MnSCU to more aggressively pursue the opportunities for eliminating inefficiencies identified in the Auditor's report such as duplication of programs with low enrollment, programs with few graduates, and occupational programs with low graduate placement rates. The aging of the state's post-secondary workforce will also present opportunities for efficiency gains and restructuring as senior staff retire.

Finally, the Governor encourages MnSCU to look at whether it can continue to provide quality and affordable higher education while maintaining a campus within 30 miles from the home of practically every Minnesotan. The current system boards invest a considerable amount of their taxpayer resources maintaining small campuses in sparsely populated areas of the state where, 30 to 50 miles away, another campus offers competing programs, also at a high cost per student. The formation of regional administrative structures appears to have lowered some costs, but these regional operations include some of the state's highest cost campuses.

Now that a single governing board will be managing resources across all of these institutions, the time has come for Minnesota to confront its capacity problem. The state's investment in the development of regional telecommunications networks should assist the MnSCU board in planning

how best to reconfigure its delivery system to ensure access to a quality and affordable higher education within a limited budget.

To aid MnSCU in its restructuring efforts, the Governor recommends that MnSCU be given the authority to employ the rule of 85 to facilitate early retirements of its faculty and staff. The Governor recommends that the MnSCU board be given authority to manage the award of early retirement incentives and that MnSCU be responsible for all resulting costs.

The Governor's budget recommends initiatives for teacher education and Education to Work Transition. The \$904,796,000 biennial base appropriation to MnSCU includes \$500,000 for curriculum development or program reallocation planning required to adjust teacher education programs to prepare prospective teachers to meet new licensing standards beginning in F.Y. 1999. The proposed standards include a knowledge of the philosophy and contents of Minnesota's graduation standards and enhanced skill in teaching and evaluating reading, writing and mathematics.

From its instructional appropriation, the Governor also recommends that MnSCU reserve up to \$2,000 per year per apprentice enrolled in regionally managed apprenticeship programs under the Governor's proposed initiative for an improved education and employment transitions system. The regional boards could use these funds to negotiate with MnSCU to provide occupational training. If they could not reach agreement with MnSCU, then MnSCU would pay up to \$2,000 per student to the respective regional board.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
INSTRUCTION	631,009	657,109	710,280	627,336	682,990	636,780	630,171	707,875	639,092
NON-INSTRUCTION	58,341	62,673	66,430	99,889	102,898	95,896	99,613	103,880	95,602
HIGHER EDUCATION BOARD		712	1,260						
STATE COUNCIL ON VOCATIONAL EDUCAT	118	92	111	99	99	99	99	99	99
OTHER REVENUE	69,447	66,220	70,668	72,722	72,722	72,722	72,722	72,722	72,722
TOTAL EXPENDITURES BY PROGRAM	758,915	786,806	848,749	800,046	858,709	805,497	802,605	884,576	807,515
CURRENT SPENDING:				809,820	809,820	809,820	812,085	812,085	812,085
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	429,079	456,289	494,320	447,341	498,679	452,792	447,341	514,474	452,251
MN RESOURCES	56	11							
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST	163	142	145						
GENERAL	260,390	264,298	283,743	279,985	287,310	279,985	282,544	297,382	282,544
STATE GOVT SPEC REV	96	78	3						
SPECIAL REVENUE	528	614	891	2,630	2,630	2,630	2,630	2,630	2,630
FEDERAL	33,913	34,331	37,198	39,157	39,157	39,157	39,157	39,157	39,157
AGENCY	25,139	21,977	21,415	21,362	21,362	21,362	21,362	21,362	21,362
COMM COLLEGE SUPP	4,714	3,881	4,000	4,000	4,000	4,000	4,000	4,000	4,000
GIFTS AND DEPOSITS	4,835	5,180	7,026	5,563	5,563	5,563	5,563	5,563	5,563
ENDOWMENT	2	5	8	8	8	8	8	8	8
TOTAL FINANCING	758,915	786,806	848,749	800,046	858,709	805,497	802,605	884,576	807,515

STATE OF MINNESOTA - DEPARTMENT OF FINANCE  
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT  
BY SEC SEQ

AGENCY: MN STATE COLLEGES & UNIVERSITIES

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	848,749	848,749	778,063	778,063	33,488	33,488	37,198	37,198
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<170>	<170>	<150>	<150>	<20>	<20>		
APPROPRIATIONS CARRIED FWD	<26,696>	<26,696>	<25,152>	<25,152>	<1,496>	<1,496>	<48>	<48>
NON-RECURRING EXPENDITURES	<514>	<809>	<514>	<809>				
BASE TRANSFER (BTWN AGENCIES)	3,657	3,657	3,657	3,657				
DED STAT APPROP SPENDING	4,966	7,525	4,966	7,525				
LCMR-FUNDED PROJECTS	<148>	<148>			<148>	<148>		
SPECIAL LEGIS. ADJUSTMENTS	<21,824>	<21,823>	<23,563>	<23,562>	1,739	1,739		
FEDERAL RECEIPTS	2,007	2,007					2,007	2,007
ATTORNEY GENERAL COSTS	<207>	<207>	<207>	<207>				
SUBTOTAL BASE ADJ.	<38,929>	<36,664>	<40,963>	<38,698>	75	75	1,959	1,959
CURRENT SPENDING	809,820	812,085	737,100	739,365	33,563	33,563	39,157	39,157



# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota State Colleges and Universities (MnSCU)  
PROGRAM:  
ACTIVITY:

ITEM TITLE: State Employment for Technical College Personnel

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$13,000	\$13,000	\$13,000	\$13,000
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund				
- Direct Appropriation	\$13,000	\$13,000	\$13,000	\$13,000
- Tuition	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

## RATIONALE:

Technical college employees will transfer to state service on July 1. The law directs that all employees, other than faculty, will be assigned to established collective bargaining units represented principally by AFSCME, MAPE and MMA. Many of these new state employees will receive higher salaries than those paid by their former technical college boards. Technical college faculty are represented by a new organization, United Technical College Educators (UTCE) which will bargain for a new statewide faculty contract.

Currently, each technical college has its own employee compensation and fringe benefit packages. These vary significantly from college to college within the job classifications. Position descriptions have been developed and are now being reviewed for preliminary placement into appropriate job classification and bargaining units. This request is an estimate based on these initial job classifications and inclusion of these employees under the state's insurance programs and retirement plans.

Several factors will affect the actual amount of additional funding needed. First, the final decisions on bargaining unit placement will be determined after a review by affected staff, union representatives, and, if disputes occur, the Bureau of Mediation Services. Secondly, the question of where on the salary grids individual employees are to be placed will be determined, as required by law, through negotiations between MnSCU, Department of Employee Relations, and the employee unions. Third, any adjustment for the technical college faculty, currently covered by eighteen

separate contracts, will be determined through the negotiation of one master contract. The bargaining of that agreement has just gotten underway.

In reviewing this request it is important to recognize that the total initial cost of converting the technical college employees to state service will not be known until all contract negotiations have been completed.

## GOVERNOR'S RECOMMENDATION:

The Governor recommends no additional recurring base appropriations for this initiative. The Governor believes that MnSCU must first exhaust all possibilities for reallocating resources within its own budget before asking state taxpayers and students to pay more for the same level of public service.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
**PROGRAM:**  
**ACTIVITY:**

**ITEM TITLE:** Maintenance of Current Levels of Service

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$9,774	\$9,480	\$9,480	\$9,480
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund				
- Direct Appropriation	\$9,774	\$9,480	\$9,480	\$9,480
- Tuition	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

**RATIONALE:**

In the laws of 1993, First Special Session, Chapter 2, Article 1, Section 9, Subdivision 8 it states the following: "Notwithstanding any other section of Minnesota Statutes to the contrary, general fund appropriations for the University of Minnesota, the higher education board, the higher education coordinating board, and Mayo medical shall be \$2,040,000,000 for the biennium beginning July 1, 1995. Unless otherwise recommended by the future funding task force, this amount shall be allocated in equal amounts each year among these entities in proportion to their F.Y. 1995 appropriations or the F.Y. 1995 appropriations of the systems that comprise them.

The commissioner of finance shall calculate the base budget for these entities according to Minnesota Statutes, chapter 135A. If any adjustments to the base calculations are necessary in order to arrive at an appropriation of \$2,040,000,000, the commissioner shall provide clear information in the 1996-1997 biennial budget document showing those adjustments."

The impact of this law for MnSCU is a reduction in the F.Y. 1995 appropriation level of \$9,774,000 in F.Y. 1996 and \$9,480,000 in F.Y. 1997. The intent of merger includes improved levels of service to students. It will be difficult to immediately achieve that result, but chances for success diminish if base funding erodes in the first biennium of operation. Therefore it is essential that current levels of service to students be maintained during the merger process. There is great concern by many that merger will result in loss of access to educational offerings or large increases in student tuition. If this reduction is made that could well be the result.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that annual appropriations to the Minnesota State Colleges and Universities be increased by \$9,774,000 in F.Y. 1996 and by \$9,480,000 in F.Y. 1997. This restores MnSCU's biennial recurring appropriation to the current spending level of \$913,936,000.

# **F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities  
**PROGRAM:**  
**ACTIVITY:**

**ITEM TITLE:** Inflationary Growth

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$19,755	\$40,084	\$40,084	\$40,084
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund				
- Direct Appropriation	\$13,961	\$28,322	\$28,322	\$28,322
- Tuition	\$5,794	\$11,762	\$11,762	\$11,762

**Statutory Change?** Yes ☐ No ☒

**If yes, statute(s) affected:** M.S.

## **RATIONALE:**

During the last two biennia the state appropriation received by higher education has not included an adjustment to cover the cost of inflation. In this last biennium the executive branch was able to mitigate some of the pressure on the budget by negotiating very low salary increases in the first year of the biennium. This eased the pressure, yet in the second year, salaries did increase as a result of bargaining. By the end of the biennium, salaries have risen for all state employees 4.62% over the level they were last biennium. This reflects the increase in base salaries, to which must be added fringe benefit increases. In the prior biennium salary increases were bargained in both years. As pointed out in other areas of the budget document, increases in student tuition have funded a part of this as have restructuring of services provided.

Maintaining the current purchasing power of dollars within the base budget is of utmost importance to the system. To begin the merger by having to increase the students tuition to cover part of the inflationary costs on the state share and asking the colleges and universities to make major reductions in their budgets will not accomplish the goal of implementing the merger with the least amount of disruption. Inflation in this request is calculated at 3% per year in accordance with the department of finance guidelines.

## **GOVERNOR'S RECOMMENDATION:**

The Governor recommends no additional recurring appropriations to cover the costs of inflation. The Governor encourages MnSCU to make reallocations and pursue cost-containment strategies in order to hold annual tuition and fee increases for undergraduate students to 3%. The Governor's budget for the State Student Grant Program is sufficient to accommodate tuition and fee increases for MnSCU students of 3%. Should the MnSCU Board increase undergraduate tuition and fees at a rate exceeding this threshold, the Governor recommends that MnSCU's operating budget cover the resulting additional cost of state grant awards to its students.

In order to moderate the need for tuition increases, the Governor encourages MnSCU to take advantage of opportunities for reallocation that the merger will facilitate. These opportunities include reducing program and course duplication; closing programs with low enrollment or few graduates and occupational programs with job placement rates of below 60 percent; merging administrations of co-located community and technical colleges, and consideration of campus consolidations. The aging of the state's post-secondary workforce will also present opportunities for efficiency gains and restructuring as senior staff retire.

To aid MnSCU in its restructuring efforts, the Governor recommends that MnSCU be given the authority to employ the rule of 85 to facilitate early retirements of its faculty and staff. The Governor recommends that the MnSCU board be given authority to manage the award of early retirement incentives and that MnSCU be responsible for all resulting costs.

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## 1996-97 Biennial Budget

**PROGRAM:** Instruction  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

### PROGRAM DESCRIPTION:

The 62 Minnesota State Colleges and Universities offer a wide range of instruction, from job-oriented certificate programs in the technical and community colleges to the master's degree in the state universities. The technical and community colleges operate as "open-door" institutions, meaning that access requires only a high school diploma or GED certificate for most programs. State universities, by contrast, follow a more selective admissions process seeking students who are well prepared to perform at the university level and graduates who can demonstrate both mastery of subject matter and experiences beyond the classroom. Because there are no community colleges co-located with state universities, admission requirements are relaxed for students from the immediate university service area.

The broad role of technical colleges is to prepare students for direct entry into jobs. Through customized training services, technical colleges work directly with employers to provide needed training for employees. Community colleges provide education in both occupational and academic areas and provide lower division (freshman and sophomore) instruction to students planning on four-year degrees. State universities provide undergraduate and graduate instruction leading to baccalaureate, masters and specialist degrees.

### PROGRAM STATUS:

Instructional programs of the three merging systems will finish out the current academic year in their traditional, separate roles. Much work has been done in anticipation of the merger. New articulation agreements have been signed between technical colleges and state universities; instructors in all public higher education systems have created a Minnesota Transfer Curriculum to expedite transfer arrangements for students moving between institutions; and joint faculty committees are hard at work preparing for consolidation of co-located colleges. The merger and the Transfer Curriculum have provided the impetus and opportunity for wholesale review of curriculums. Progress is also anticipated in rationalizing the relationship between community colleges and technical colleges located in the same community, a matter that legislators and policy makers have wrestled with for years without results. Within the next year it is expected that three pairs of such co-located colleges will be consolidated.

### PLANNED RESULTS:

The major thrust of the higher education merger will be to provide more and better choices of quality instruction for students. This will be done by aggressive efforts to make it easier to transfer credits, to increase the use of distance learning to make courses of each system available on other campuses, and to design new programs that blend technical and academic offerings. Rigorous review of existing programs and strong encouragement for the development of innovative new programs will be part of these efforts.

As noted above, the anticipated consolidation of three pairs of co-located community and technical colleges will provide working models of how the barriers between the formerly separate systems can be demolished and new ideas nourished.

It is the aim of the MnSCU system office and the Higher Education Board to offer the utmost encouragement to instructors and professors to collaborate for the good of students and to take all necessary steps to provide students with full mobility within the integrated system.

The quality of instruction and the availability of class sections to meet the needs of students will relate directly to the front-end costs of the merger as well as to the overall level of funding for operations of the three types of institutions. It should be noted that the demand curve will take a sharp rise in the next several years as the number of high school graduates rebounds after bottoming out in 1992. These students are already in the state's elementary and secondary schools and are headed for post-secondary education and training.

### BUDGET AND REVENUE SUMMARY:

A summary of the agency's program plan follows below.

- Three pairs of co-located community and technical colleges will be consolidated.
- Eight articulated program agreements will be developed bridging the curriculums of the community colleges, state universities and technical colleges.
- PALS (Automated Library System) will be expanded to include 33 technical college sites, to join 75 campuses and state agencies in a statewide electronic library.
- The structure uniting the urban technical and community colleges and Metropolitan State will be strengthened to begin development of an integrated public alternative to the University of Minnesota.
- The agency plan requests additional direct appropriation of \$4,904,000 in F.Y. 1996 and \$6,824,000 in F.Y. 1997 to capitalize on opportunities resulting from merger. MnSCU will match dollar for dollar the amount invested by the state and students to provide enhanced student access, preparation for productive employment and increased efficiency in the use of resources.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends a biennial appropriation of \$830,693,000 for instructional programs.

The Governor recommends that MnSCU hold annual tuition and fee increases for undergraduate students in degree programs to 3 percent. MnSCU will be responsible for covering out of its operating budget any additional costs to the State Grant Program for MnSCU students resulting from tuition and fee increases exceeding the 3 percent threshold.

In order to moderate the need for tuition increases, the Governor encourages MnSCU to take advantage of opportunities for reallocation that the merger will facilitate. These opportunities include reducing program and course duplication; closing programs with low enrollment or few graduates and occupational programs with job placement rates of below 60 percent; merging administrations of co-located community and technical colleges, and consideration of campus consolidations.

The recommendation includes funds to support the Governor's proposed Education to Work Transitions initiative, and it also includes \$500,000 for reallocation planning or curriculum

1996-97 Biennial Budget

PROGRAM: Instruction  
AGENCY: (Continuation)

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development costs needed to adjust to the following changes for preparing prospective K-12 teachers seeking licensure beginning in F.Y. 1999:

- a. Changes certification requirements in the following ways for all elementary and secondary teachers:
  1. requires knowledge of the philosophy and contents of Minnesota's graduation standards;
  2. requires at least a B average in coursework required for graduation; and
  3. requires at least a B average in English composition including demonstration of writing skills traditionally associated with completion of at least one additional year of composition or technical writing beyond the general requirement for a BA.
- b. Changes certification requirements in the following way for secondary teachers:
  1. requires a major with at least a B average in the academic discipline(s) the student is seeking certification to teach;
  2. requires demonstration of skills in teaching and evaluating reading, including technical reading if appropriate, using the academic discipline for which certification is sought;
  3. requires demonstration of skills in the teaching and evaluating of communication, including technical writing if appropriate, using the academic discipline for which certification is sought; and
  4. requires that evaluation of the prospective teacher's performance in their internship include an evaluation of their ability to use their chosen academic field as a medium for developing students' general reading, writing, and speaking skills.
- c. Changes certification requirements in the following ways for elementary teachers:
  1. requires completion of the following areas of coursework with at least an overall B average:
    - college level math or computer science (8 quarter credits)
    - college level natural sciences (8 quarter credits)
    - American history and/or political science (12 quarter credits)
    - western civilization, humanities, arts, or literature (12 quarter credits)
    - non-western civilization, humanities, arts or literature (12 quarter credits)
  2. requires demonstration of skills in teaching and evaluating reading;
  3. requires demonstration of skills in teaching and evaluating writing;
  4. requires demonstration of skills in teaching and evaluating mathematics; and
  5. requires that evaluation of the prospective teacher's performance in their internship include an evaluation of their use of variety of subject areas as the foundation for developing students general communication skills.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
INSTRUCTION-MNSCU				627,336	682,990	636,780	630,171	707,875	639,092
INSTRUCTION-COMMUNITY COLLEGES	139,536	151,554	155,201						
INSTRUCTION-STATE UNIVERSITIES	259,607	268,886	284,523						
INSTRUCTION-TECHNICAL COLLEGES	231,866	236,669	270,556						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	631,009	657,109	710,280	627,336	682,990	636,780	630,171	707,875	639,092
CURRENT SPENDING:				635,631	635,631	635,631	638,190	638,190	638,190
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	902	902	902	902	902	902
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<9,197>	<9,197>	<9,197>	<8,921>	<8,921>	<8,921>
STATE EMPLOYMENT-TECH COLL PERSONNEL			GEN		12,870			12,870	
CURRENT LEVEL OF SERVICE			GEN		9,197	9,197		8,921	8,921
INFLATIONARY GROWTH			GEN		18,498			37,551	
FORMULA ADJUSTMENTS M.S. 135A.03			GEN		8,407			8,462	
CONTRACT NEGOTIATIONS			GEN		247	247			
CAPITALIZE ON MERGER OPPORTUNITIES			GEN		6,435			9,900	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<8,295>	47,359	1,149	<8,019>	69,685	902
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	400,739	427,703	464,995	406,026	454,355	415,470	406,302	469,168	415,223
STATUTORY APPROPRIATIONS:									
GENERAL	230,270	229,406	245,285	221,310	228,635	221,310	223,869	238,707	223,869
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	631,009	657,109	710,280	627,336	682,990	636,780	630,171	707,875	639,092

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: INSTRUCTION  
ACTIVITY: INSTRUCTION-MNSCU

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION				627,336	682,990	636,780	630,171	707,875	639,092
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS				627,336	682,990	636,780	630,171	707,875	639,092
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES				627,336	682,990	636,780	630,171	707,875	639,092
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
CURRENT SPENDING:									
-----									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	636,533	636,533	636,533	639,092	639,092	639,092
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<9,197>	<9,197>	<9,197>	<8,921>	<8,921>	<8,921>
STATE EMPLOYMENT-TECH COLL PERSONNEL			GEN		12,870			12,870	
CURRENT LEVEL OF SERVICE			GEN		9,197	9,197		8,921	8,921
INFLATIONARY GROWTH			GEN		18,498			37,551	
FORMULA ADJUSTMENTS M.S. 135A.03			GEN		8,407			8,462	
CONTRACT NEGOTIATIONS			GEN		247	247			
CAPITALIZE ON MERGER OPPORTUNITIES			GEN		6,435			9,900	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				627,336	682,990	636,780	630,171	707,875	639,092
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: INSTRUCTION  
ACTIVITY: INSTRUCTION-COMMUNITY COLLEGES

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	139,536	151,554	155,201						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	139,536	151,554	155,201						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	139,536	151,554	155,201						
CURRENT SPENDING:				150,748	150,748	150,748	151,016	151,016	151,016
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	<150,748>	<150,748>	<150,748>	<151,016>	<151,016>	<151,016>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<150,748>	<150,748>	<150,748>	<151,016>	<151,016>	<151,016>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	84,087	97,718	95,871						
STATUTORY APPROPRIATIONS:									
GENERAL	55,449	53,836	59,330						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	139,536	151,554	155,201						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: INSTRUCTION  
ACTIVITY: INSTRUCTION-STATE UNIVERSITIES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	259,607	268,886	284,523						
SUBTOTAL STATE OPERATIONS	259,607	268,886	284,523						
TOTAL EXPENDITURES	259,607	268,886	284,523						
CURRENT SPENDING:				266,556	266,556	266,556	268,360	268,360	268,360
AGENCY PLAN ITEMS:			FUND						
MNSCU CONSOLIDATION			GEN	<266,556>	<266,556>	<266,556>	<268,360>	<268,360>	<268,360>
TOTAL AGENCY PLAN ITEMS				<266,556>	<266,556>	<266,556>	<268,360>	<268,360>	<268,360>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	158,627	165,926	175,797						
STATUTORY APPROPRIATIONS:									
GENERAL	100,980	102,960	108,726						
TOTAL FINANCING	259,607	268,886	284,523						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: INSTRUCTION  
ACTIVITY: INSTRUCTION-TECHNICAL COLLEGES

			Est.	FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	231,866	236,669	270,556						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	231,866	236,669	270,556						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	231,866	236,669	270,556						
				218,327	218,327	218,327	218,814	218,814	218,814
CURRENT SPENDING:									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	<218,327>	<218,327>	<218,327>	<218,814>	<218,814>	<218,814>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<218,327>	<218,327>	<218,327>	<218,814>	<218,814>	<218,814>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	158,025	164,059	193,327						
STATUTORY APPROPRIATIONS:									
GENERAL	73,841	72,610	77,229						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	231,866	236,669	270,556						

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota State Colleges and Universities (MnSCU)  
PROGRAM: Instruction  
ACTIVITY:

ITEM TITLE: Formula Adjustments 135A.03

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$8,407	\$8,462	\$8,462	\$8,462
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund				
- Direct Appropriation	\$8,407	\$8,462	\$8,462	\$8,462
- Tuition	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_\_ No X

If yes, statute(s) affected: M.S.

### RATIONALE:

In the 1994 Legislative session the higher education funding policy was amended to state that "It is the policy of the legislature to provide stable funding, including the recognition of the effects of inflation, for instructional services at public post-secondary institutions and that the state and students share the cost of these services." For MnSCU the state share is 69% with the student portion being 31% of the formula calculations of instructional costs. As the students now pay in excess of 31% of instructional costs, this request does not anticipate a need for an increase in tuition rates.

The method of funding the higher education systems was also changed by the 1994 legislature and each system was told that it "shall calculate its respective base for the 1996-97 bienniums for submission to the Governor and legislature using the method in this article." With this direction from the legislature the above funding request reflects the net effect of the new funding formula, except for inflation, when applied to the combined MnSCU base budget and combined enrollment. Inflation is addressed in a separate initiative request.

### LONG-TERM IMPACT

With continued recognition of changes in student enrollment, the state support for each student will remain constant or increase. If enrollment changes are not recognized, state support per student will

decline as enrollments begin to increase, and the students will be asked to continue to pay a larger portion of the cost of their education and be asked to compete for admission to fewer course sections.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends no additional base appropriations to cover formula adjustments. Budget constraints limit the Governor's recommended appropriation for MnSCU to \$905,043,000 over the 1996-97 biennium.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
**PROGRAM:** Instruction  
**ACTIVITY:**

**ITEM TITLE:** Contract Negotiations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$247	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund				
- Direct Appropriation	\$247	\$-0-	\$-0-	\$-0-
- Tuition	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

**RATIONALE:**

The Technical College System has advanced funds to cover the cost of negotiating the new statewide collective bargaining agreement with the United Technical College Educators (UTCE) organization. This action was taken with the understanding that the funds would be recovered during the 1996-97 biennium.

The Department of Employee Relations is funded by the legislature to negotiate state employee contracts. It is only MnSCU that is being asked to fund a state bargaining unit contract.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends a non-recurring appropriation of \$247,000 in F.Y. 1996 for the costs of bargaining the technical college faculty statewide contract.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
**PROGRAM:** Instruction  
**ACTIVITY:**

**ITEM TITLE:** Capitalize on Merger Opportunities

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$6,435	\$9,900	\$9,900	\$9,900
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund				
- Direct Appropriation	\$4,904	\$6,824	\$6,824	\$6,824
- Tuition	\$1,531	\$3,076	\$3,076	\$3,076

**Statutory Change?** Yes ☐ No ☒

**If yes, statute(s) affected:** M.S.

**RATIONALE:**

The system seeks funding to capitalize on the opportunities that now exist because of the merger that would not have been possible with separate systems. MnSCU will match dollar for dollar the amount invested by the state and students to provide enhanced student access to instructional programs, increase emphasis on preparation for productive employment and greater efficiency in the use of resources. The following describes the items that will be funded in this manner.

**Metropolitan State University** - This request is designed to provide Metropolitan State with the resources required to expand into a comprehensive university for the metro region. The primary need is to provide start up funds to support the development of its academic program. Appropriation and Tuition 75%/Reallocation 25%

**College/University Performance Incentives** - This request for 1% of appropriation for performance incentives in the second year is to stimulate and reward college and university programs designed to meet specific performance measures including: simplification of student credit transfers, development of articulated programs and making the curriculum relevant to employment. Appropriation and Tuition 75%/Reallocation 25%

**Instructional Equipment** - This request seeks funding to support the improvement of equipment for enhanced instruction including distance learning through telecommunications at the colleges and universities statewide. Appropriation and Tuition 50%/Reallocation 50%

**Co-Located Campus Infrastructure** - Modest grants will be made to help defray the cost of necessary infrastructure changes resulting from consolidating two institutions into one. Appropriation and Tuition 50%/Reallocation 50%

**Automated Library Access** - This request will fund the cost of providing the technical colleges access to the automated catalog, circulation and borrowing systems used by the other community colleges and state universities. Appropriation and Tuition 50%/Reallocation 50%

**Data Feedback System For Enhancement of Students' Employment Futures** - A Product Quality Task Force, comprising loaned executives from leading Minnesota corporations and organizations, has been charged with designing a database for continuous feedback on the quality of the products of Minnesota State Colleges and Universities. This request represents a match for a private grant. Appropriation and Tuition 50%/Reallocation 50%

**Metro Area Enhanced Access Through Collaboration** - The urban two year colleges will be linked with Metro State, the community and metro public schools to increase student participation in higher education, with emphasis on people of color and citizens in poverty. Appropriation and Tuition 50%/Reallocation 50%

**New Leadership Development** - MnSCU will provide \$150,000 per year to finance a leadership program, in partnership with the University of Minnesota, through the Leadership Academy for Two-Year Institutions in Higher Education. Appropriation and Tuition 50%/Reallocation 50%

**Staff Development** - This request supports additional training for all staff, with primary focus on North Central Association accreditation requirements. Funds also provide training in multimedia presentation for all instructional areas. Appropriation and Tuition 50%/Reallocation 50%

**Developmental Education** - The plan is to implement a "Placement for Success" policy which will require that students complete developmental courses before enrolling in college-level courses where those particular skills will be needed. Reallocation 100%

**Computer System Development** - In the 1994 session the legislature provided funding for the development of a human resources/payroll, accounting and purchasing system along with the purchase of computers and the cost of connecting all campuses to the MnSCU network. The appropriation was vetoed by the Governor. Reallocation 100%

The following table summarizes the appropriation, tuition and reallocation needed to fund each of the above initiatives which will capitalize on the opportunities presented by the merger.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends no additional appropriations for this request. While the request contains some worthwhile initiatives, state budget constraints limit biennial appropriations to MnSCU to \$904,797,000. The Governor encourages MnSCU to cover its priorities among these initiatives through internal reallocations.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
**PROGRAM:** Instruction  
**ACTIVITY:**

**ITEM TITLE:** Capitalize on Merger Opportunities  
 (Continuation)

	F.Y. 1996 Request				F.Y. 1997 Request				Biennial Request			
	<u>Appr.</u>	<u>Tuit.</u>	<u>Reall.</u>	<u>Total</u>	<u>Appr.</u>	<u>Tuit.</u>	<u>Reall.</u>	<u>Total</u>	<u>Appr.</u>	<u>Tuit.</u>	<u>Reall.</u>	<u>Total</u>
Metropolitan State University	\$1,005	\$495	\$500	\$2,000	\$2,010	\$990	\$1,000	\$4,000	\$3,015	\$1,485	\$1,500	\$6,000
College/University Performance Incentives	0	0	0	0	2,329	1,046	1,125	4,500	2,329	1,046	1,125	4,500
Instructional Equipment	1,725	775	2,500	5,000	1,725	775	2,500	5,000	3,450	1,550	5,000	10,000
Co-Located Campus Infrastructure	75	0	75	150	75	0	75	150	150	0	150	300
Automated Library Access	1,420	0	1,420	2,840	0	0	0	0	1,420	0	1,420	2,840
Data Feedback System for Enhancement of Students' Employment Futures	28	12	40	80	34	16	50	100	62	28	90	180
Metro Area Enhanced Access Through Collaboration	52	23	75	150	52	23	75	150	104	46	150	300
New Leadership Development	52	23	75	150	52	23	75	150	104	46	150	300
Staff Development	547	203	750	1,500	547	203	750	1,500	1,095	405	1,500	3,000
Developmental Education	0	0	1,900	1,900	0	0	1,900	1,900	0	0	3,800	3,800
Computer System Development	0	0	1,450	1,450	0	0	0	0	0	0	1,450	1,450
<b>Total</b>	<b>\$4,904</b>	<b>\$1,531</b>	<b>\$8,785</b>	<b>\$15,220</b>	<b>\$6,824</b>	<b>\$3,076</b>	<b>\$7,550</b>	<b>\$17,450</b>	<b>\$11,728</b>	<b>\$4,607</b>	<b>\$16,335</b>	<b>\$32,670</b>

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota State Colleges and Universities (MnSCU)  
PROGRAM: Instruction  
ACTIVITY:

ITEM TITLE: Tuition Plan

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$7,325	\$14,838	\$14,838	\$14,838
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund				
- Direct Appropriation	\$-0-	\$-0-	\$-0-	\$-0-
- Tuition	\$7,325	\$14,838	\$14,838	\$14,833

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

### RATIONALE:

Minnesota Statutes 135A.04 directs that "the board of regents of the University of Minnesota and the higher education board shall each establish tuition. Tuition may vary by program, level of instruction, cost of instruction, or other classifications determined by each board. Tuition may be set at any percentage of instructional cost established by the respective boards." The Higher Education Board in approving the budget request confirmed its commitment to affordable tuition. It is projected that if the budget plan, as presented, is funded by the legislature that tuition will increase by not more than 4% per year.

The 4% increase represents a 3% increase for inflation and an additional 1% for support of the budget request for capitalizing on the opportunities of merger. Tuition is not applied to costs associated with implementing the merger of the technical college employees and negotiating the technical college faculty contract. As these are directly related to the cost of merger, it is the strong feeling of the board as a legislative mandate the merger should be fully supported by the state. The requests for maintenance of current levels of service and law enforcement training are requests for continuation of current levels of funding on which students are already paying tuition. This also is the case with the last request for recognition of the appropriation that is driven by the new funding formula due to changes in enrollment. Here again the students are already paying the tuition at a rate that exceeds the statutory requirement.

Tuition within the MnSCU systems currently totals 35.5% of instructional cost in F.Y. 1995. If this request is fully funded by the legislature, and action is taken by the higher education board to increase tuition rates by 4% annually, tuition for MnSCU students would cover 34% of instructional cost in F.Y. 1996 and 33.5% of instructional cost in F.Y. 1997. In both years of the next biennium actual tuition collected would exceed the intent level anticipated by the legislature, which for the merged systems, is 31% for fully funded students.

### PROGRAM OUTCOMES:

If the state provides the level of support requested the objective of the higher education board to maintain economic access to the colleges and universities, through affordable tuition, will be achieved.

### LONG-TERM IMPACT:

The legislative auditor's report issued in February, 1994 states that "the most significant cause of tuition increases at Minnesota's public colleges and universities was increased reliance on tuition (or decreased reliance on state appropriations) to fund instructional spending, but inflation was also an important factor. Tuition revenue per student grew 251 to 263% at three of the public systems (University of Minnesota, community colleges and state universities) and 641% at the technical colleges. In contrast, state appropriations per student increased 92% at the University of Minnesota and 78% at the other three public systems." For the community college and state universities about 50% of the increase was due to decreased reliance on state appropriation, while 40% was due to inflation. In the technical colleges 75% of the increased was due to loss of state appropriation and only 17% was due to inflation.

With students having to pay more of the cost of their education during the last decade it is time to engage in the public policy debate addressing the question - Is it in the long term best interest of the state to continue withdrawing support for the higher education needed by the citizens of the state who have shown an ability to improve themselves, the state, the economy and to contribute to maintaining the civil society essential to Minnesota's quality of life? The issue while complex, boils down to what we value and where we invest our tax dollars for the greatest long-term benefit. Or should we continue to shift the burden to students to pay these costs?

### GOVERNOR'S RECOMMENDATION:

The Governor commends MnSCU's plan to hold student tuition increases to 3% per year. The Governor expects that tuition and fees for undergraduate students in degree programs will not increase by greater than 3% each year over the 1996-97 biennium. MnSCU will be responsible for covering from its operating budget any additional costs to the State Grant Program for MnSCU students resulting from tuition and fee increases exceeding the 3% threshold.



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## 1996-97 Biennial Budget

**PROGRAM:** Non-Instruction  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

### PROGRAM DESCRIPTION:

The non-instruction program generally includes activities not directly related to credit-granting instruction. Brief descriptions of these activities in the three merging systems appear below.

#### Community Services:

This category for the community colleges includes non-credit instructional and cultural programs; continuing education for professional groups; community use of college facilities; reference and speaker services; radio and television programs; special events; assistance to local governments; business and technical services.

#### Public Service:

Since being established in the 1850s, the State Universities have served as regional centers of learning, culture, recreation, and business/technical assistance. They offer non-credit courses, regional planning assistance, reference and speaker services, facilities for meetings, radio/television programs, special events, and assistance to local units of government, including school districts.

Traditionally, the universities' public service activities are primarily by-products of the programs conducted by academic departments and student support services. As such, appropriated funds are not generally budgeted specifically for this purpose. Speakers and artists brought to the campuses to enrich the intellectual and cultural environment for students also provide communities with special informational and performance opportunities at no additional cost to the institution or the state.

Likewise, the State University Board's Cultural Diversity initiative, designed to make the campus environments more reflective of society in general by increasing the diversity of the student body, faculty, and curriculum at each university, provides the schools and citizens in the surrounding community with multicultural experiences. Supported through internal allocations and some external funding in the form of grants, the Cultural Diversity initiative offers significant opportunities to bring each university and its host community together to meet the challenges of our global society.

Additionally, the universities maintain relationships with business, industry and government in countless forms ranging from student internships to organized economic assistance. Small Business Development Centers (SBDC) operate at five Minnesota State Universities (Mankato, Moorhead, St. Cloud, Southwest, and Winona), as do federally funded Small Business Institutes (Bemidji, Mankato, Moorhead, St. Cloud and Winona). These centers aid businesses, industries, and individuals by providing training, counseling, research, business and marketing assistance, and resource materials.

#### Financial Aid:

This activity provides matching funds for the grant, loan and work study awards that are made to students who need help in paying their educational costs. The expenditures are entirely for monies paid or loaned to students through the campus-based financial aid programs. Financial aid or loan programs under the fiscal control of other agencies or lending institutions are excluded, as are salaries paid to student employees of the colleges or universities.

The matching component of the financial aid function consists of the following:

Grant -	Supplemental Educational Opportunity Grant (SEOG) 25 %
Work Opportunity -	Federal Work Study Program 25 % State Work Study Program 25 % Perkins Student Loan 25 %

This activity exists to provide qualified students with the opportunity to earn additional financial resources while attending a post-secondary program. Students are able to work in college-supervised work study jobs. If a student worker is employed in an off-campus position, the non-profit organization employer must contribute the appropriate matching revenue.

#### Intercollegiate Athletics:

This category covers programs to provide men and women students opportunities to participate in athletic competition. Competitive sports are one part of wider efforts to enhance student life beyond the classroom in state universities and community colleges.

#### Separately Budgeted Research:

The research undertaken by the Minnesota State Universities is intended to:

- Strengthen the instructional program by providing students and faculty with the opportunity to apply theoretical concepts to practical problems.
- Contribute to the economic vitality of the state and the regions in which each university is located by supporting business and industry through the transfer of technology and development of management services.

Many of the research projects link classroom instruction with the work of meeting the needs of local industry. Examples include biotechnology at Mankato, St. Cloud's electrical engineering program, and the composite materials program at Winona. Applied research projects in these and other programs have both instructional and non-instructional purposes. The vast majority of research conducted by the universities is funded by external grants, and only a relatively small amount of appropriated dollars are committed to that purpose. In total approximately \$1.1 million is directly allocated for faculty research activities.

Because baccalaureate and master's degree level instruction is the primary mission of the State Universities, research historically has not been emphasized. More recently, as the universities have assumed a greater role in the economic development of their regions, applied research and technical assistance have grown in importance.

#### Flow-through Receipts:

This category is used by community colleges to include late fees paid by students and other small receipts. The fees "flow through" because if fees are not collected the corresponding expenditure is not made. No state appropriation is involved.

#### State Grants/Non-Allocation Income:

Two budget categories that are included in the budget document now in order to maintain continuity with the state's revenue forecasts for the state universities are as follows.

# 1996-97 Biennial Budget

**PROGRAM:** Non-Instruction  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
(Continuation)

State Grants consist of payments received from other units of state government. The grants consist of payments from a cross-section of state departments including DNR, Human Services, Agriculture and others for services provided by the universities and represent about \$2.0 million per year.

Non-Allocation Income primarily represents revenue received for the direct cost of child care, library fines, summer workshops, graduation funds, conferences, etc. for a total of \$19.5 million per year.

## Technical College Pre-1979 Debt Service:

State funds are needed to provide debt service payments to local school districts for technical college buildings financed with local district bonds issued before 1-1-79. These funds support the state share of bond payments. This obligation will phase out in 1999.

F.Y. 1996 401,030  
F.Y. 1997 105,925  
F.Y. 1998 100,463

The second component of debt service is the result of a language change in the 1994 session that requires HEB to assume any remaining debt on Technical College buildings that transfer to the Higher Education Board. There are two districts that have bond payments: Staples and Thief River Falls.

F.Y. 1996 106,686	F.Y. 1999 99,127
F.Y. 1997 107,830	F.Y. 2001 92,032
F.Y. 1998 103,556	F.Y. 2002 33,750
F.Y. 2003 32,170	F.Y. 2006 31,945
F.Y. 2004 30,570	F.Y. 2007 34,920
F.Y. 2005 33,970	F.Y. 2008 32,460

## F. I. R. E Center:

The Fire Information Research and Education (F.I.R.E.) Center is the state's leading provider of fire protection education and information. Through the use of its specialized research library, the staff gives guidance on fire-related questions of technology, policy and economics to state and municipal officials, the fire service community, legal representatives and the public.

The F.I.R.E. Center has the state's singular library of this nature, quality and scope. In addition to printed documents and videotapes, the center participates in several electronics networks which access resources worldwide. Each year it responds to more than 2,000 inquiries and requests for information. Questions which cannot be answered immediately are researched and responded to quickly, usually within three working days. Recurring questions and problems are addressed through monographs which are compilations of appropriate standards, laws and suggested procedures.

F.Y. 1996 \$116,000  
F.Y. 1997 \$116,000

## Southwest Asia Veterans' Tuition Assistance:

This program, initiated in F.Y. 1994, provides tuition assistance to veterans who resided in Minnesota at the time of induction and one year immediately preceding induction, served in the armed forces between August 1, 1990, and February 27, 1992, and received the Southwest Asia Service Medal. The program provides tuition assistance grants up to \$500 per year for veterans receiving GI Montgomery Bill benefits and up to \$1,000 per year for those who do not. The award extends for a maximum of one technical college program, not to exceed 115 credits. In F.Y. 1994, 197 students received assistance through this program, taking more than 7,600 credits.

F.Y. 1996 \$150,000  
F.Y. 1997 \$50,000

## Customized Training:

Within the mission of education for employment, the technical college system provides several options for its customers. Preparing students for career entry is done primarily through credit-based courses leading to diplomas, certificates, and degrees. Career enhancement is offered primarily through credit-based certificates of advanced specialization and through hour-based courses. The hour based courses, historically referred to as extension, are part of customized training.

At the 1994 National Governor's Conference on Quality and Education, Ed Bates, who is Director of Education for External Systems in Motorola, Illinois, stated "The ultimate force behind exceptional performance is exceptional learning. The challenge is to make exceptional learning commonplace. Companies must learn faster than their competition in order to develop world class 'mindware' in their people."

The companies with which the technical colleges work are diverse. They are large, small, competitive globally, or community-based. The companies vary in whether their products are goods or services. They vary significantly in the degree to which technologies are central to their operations. Despite differences, their goals in working with the technical colleges are very similar. The goal is to provide education that enables employees to remain current and find opportunities for advancement in work that is fulfilling, meaningful and important to Minnesota's business climate and the economic vitality of the state.

During the current biennium, the system contracted with Human Capital Research Corporation to determine who was being served by Customized Training and for what purposes. Some key findings were:

Nearly two-thirds of private customized training clients operate as branch plants, affiliates, or headquarters of larger corporations. The remaining 35% are independently owned single-site establishments.

In 1993, clients employed more than 400,000 Minnesotans, with a total payroll exceeding \$10 billion.

# 1996-97 Biennial Budget

**PROGRAM:** Non-Instruction  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
 (Continuation)

Compared to Minnesota as a whole, clients employ a significantly larger proportion of professionals, technicians, precision production workers and laborers.

Clients exhibit faster employment growth, lower rates of employee turnover and greater levels of investment and output per worker than their industry counterparts.

Sixty percent of clients report that their use of customized training was associated with the introduction or improvement of work processes or procedures.

During this biennium, the activities funded within this line item appropriation were reviewed and a process to increase the focus on economic development was developed. Beginning with the 1996-97 biennium, the use of the state's appropriation for customized training, now shown as non-instructional, will reflect this focus and will include performance measures.

The primary goals of customized training are:

- To establish and sustain proactive and long-term partnerships.
- To create a statewide network of institutions.
- To focus on serving provide sector employers with emphasis on small and medium size firms.

The allocation of funds will be driven by performance. Each technical college will submit an annual performance plan and a performance report that focuses on the extent to which the college a) accomplished the mission and goals outlined in its plan, b) met or exceeded customer satisfaction, c) formed partnerships that impact on achieving the mission, and d) leveraged these resources to obtain a three-to-one match from other public or private funds.

Enrollment in hour based activities is shown in Chart A.

**Chart A**

	F.Y. 1992		F.Y. 1993		F.Y. 1994	
	<u>FYE</u>	<u>HDCT</u>	<u>FYE</u>	<u>HDCT</u>	<u>FYE</u>	<u>HDCT</u>
Alexandria	116	15,863	92	13,662	112	4,888
Anoka	465	30,595	467	30,961	423	21,426
Brainerd/Staples	153	16,330	70	3,437	44	5,037
Dakota County	258	14,750	285	5,502	241	14,433
Duluth	126	8,258	141	4,816	105	4,981
Hennepin	1,011	62,715	694	18,241	601	34,598
Hutchinson/Willmar	216	28,144	216	5,277	156	21,699
Minneapolis	134	3,696	80	3,939	42	1,528
Northeast Metro	210	4,410	293	4,440	316	5,047

	F.Y. 1992		F.Y. 1993		F.Y. 1994	
	<u>FYE</u>	<u>HDCT</u>	<u>FYE</u>	<u>HDCT</u>	<u>FYE</u>	<u>HDCT</u>
Northwest	645	59,160	436	8,823	436	14,947
Pine	86	2,931	75	1,392	68	1,957
Range	221	26,631	126	4,175	110	19,593
Red Wing/Winona	102	11,334	90	3,360	121	12,817
Riverland	276	48,190	189	5,055	139	12,359
St. Cloud	153	10,704	154	3,152	110	12,613
St. Paul	390	18,332	290	6,271	210	2,551
South Central	186	18,841	152	5,159	152	14,352
Southwestern	456	50,729	356	3,659	311	34,174
<b>Total</b>	<b>5,204</b>	<b>431,613</b>	<b>4,206</b>	<b>318,900</b>	<b>3,695</b>	<b>239,000</b>

Chart B indicates the expenditures, both direct and indirect, of all hour-based activities and the sources of revenue used to support the activities.

**Chart B**

## Expenditures for Hour-Based Activities

		<u>Fund 14</u>	<u>Fund 11</u>
F.Y. 1993	Direct Instruction	14,424	
	Direct Support	8,207	
	Indirect Support		6,377
	Services		2,977
	<b>Total</b>	<b>25,608</b>	<b>6,377</b>

The accounting system used by the technical colleges segregates the direct instruction and direct support costs within Fund 14. The indirect support costs for all instruction are reported in Fund 11. The indirect support costs are allocated to cost centers based on total FYEs.

## Revenue for Hour-Based Activities

	<u>Fund 14</u>
F.Y. 1993	Tuition
	14,581
	Fees
	363
	Resale
	774
	Other Local
	972
	State
	5,892
	Other State
	2,407
	Federal
	2,109
	<b>Total</b>
	<b>\$27,098</b>

## **GOVERNOR'S RECOMMENDATION:**

The Governor recommends a biennial appropriation of \$74,152,000 for non-instructional programs. In order to protect state appropriations for student instruction, the Governor recommends that MnSCU's share of the state's cost resulting from Cambridge Bank Court Decision be taken out of MnSCU's non-instruction program budget.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: NON-INSTRUCTION

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NON-INSTRUCTION-MNSCU				99,889	102,898	95,896	99,613	103,880	95,602
NON-INSTRUCTION-COMMUNITY COLLEGES	27,170	26,944	27,335						
NON-INSTRUCTION-STATE UNIVERSITIES	29,487	33,849	36,802						
NON-INSTRUCTION-TECHNICAL COLLEGES	1,684	1,880	2,293						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	58,341	62,673	66,430	99,889	102,898	95,896	99,613	103,880	95,602
CURRENT SPENDING:				100,466	100,466	100,466	100,172	100,172	100,172
AGENCY PLAN ITEMS:			FUND						
=====			=====						
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<577>	<577>	<577>	<559>	<559>	<559>
STATE EMPLOYMENT-TECH COLL PERSONNEL			GEN		130			130	
CURRENT LEVEL OF SERVICE			GEN		577	577		559	559
INFLATIONARY GROWTH			GEN		1,257			2,533	
LAW ENFORCEMENT TRAINING			GEN		1,045			1,045	
CAMBRIDGE BANK			GEN			<4,570>			<4,570>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<577>	2,432	<4,570>	<559>	3,708	<4,570>
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	28,222	27,782	27,974	41,216	44,225	37,223	40,940	45,207	36,929
STATUTORY APPROPRIATIONS:									
GENERAL	30,119	34,891	38,456	58,673	58,673	58,673	58,673	58,673	58,673
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	58,341	62,673	66,430	99,889	102,898	95,896	99,613	103,880	95,602

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: NON-INSTRUCTION  
ACTIVITY: NON-INSTRUCTION-MNSCU

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION				99,889	102,898	95,896	99,613	103,880	95,602
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS				99,889	102,898	95,896	99,613	103,880	95,602
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES				99,889	102,898	95,896	99,613	103,880	95,602
=====									
CURRENT SPENDING:									
=====									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	100,466	100,466	100,466	100,172	100,172	100,172
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<577>	<577>	<577>	<559>	<559>	<559>
STATE EMPLOYMENT-TECH COLL PERSONNEL			GEN		130			130	
CURRENT LEVEL OF SERVICE			GEN		577	577		559	559
INFLATIONARY GROWTH			GEN		1,257			2,533	
LAW ENFORCEMENT TRAINING			GEN		1,045			1,045	
CAMBRIDGE BANK			GEN			<4,570>			<4,570>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				99,889	102,898	95,896	99,613	103,880	95,602

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: NON-INSTRUCTION  
ACTIVITY: NON-INSTRUCTION-COMMUNITY COLLEGES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	27,170	26,944	27,335						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	27,170	26,944	27,335						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	27,170	26,944	27,335						
CURRENT SPENDING:				26,934	26,934	26,934	26,934	26,934	26,934
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	<26,934>	<26,934>	<26,934>	<26,934>	<26,934>	<26,934>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<26,934>	<26,934>	<26,934>	<26,934>	<26,934>	<26,934>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	12,119	10,233	10,750						
STATUTORY APPROPRIATIONS:									
GENERAL	15,051	16,711	16,585						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	27,170	26,944	27,335						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: NON-INSTRUCTION  
ACTIVITY: NON-INSTRUCTION-STATE UNIVERSITIES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	29,487	33,849	36,802						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	29,487	33,849	36,802						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	29,487	33,849	36,802						
CURRENT SPENDING:				36,006	36,006	36,006	36,006	36,006	36,006
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	<36,006>	<36,006>	<36,006>	<36,006>	<36,006>	<36,006>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<36,006>	<36,006>	<36,006>	<36,006>	<36,006>	<36,006>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	14,648	15,945	15,211						
STATUTORY APPROPRIATIONS:									
GENERAL	14,839	17,904	21,591						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	29,487	33,849	36,802						



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: NON-INSTRUCTION  
ACTIVITY: NON-INSTRUCTION-TECHNICAL COLLEGES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	1,684	1,880	2,293						
SUBTOTAL STATE OPERATIONS	1,684	1,880	2,293						
TOTAL EXPENDITURES	1,684	1,880	2,293						
CURRENT SPENDING:				37,526	37,526	37,526	37,232	37,232	37,232
AGENCY PLAN ITEMS:			FUND						
MNSCU CONSOLIDATION			GEN	<37,526>	<37,526>	<37,526>	<37,232>	<37,232>	<37,232>
TOTAL AGENCY PLAN ITEMS				<37,526>	<37,526>	<37,526>	<37,232>	<37,232>	<37,232>
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	1,455	1,604	2,013						
STATUTORY APPROPRIATIONS:									
GENERAL	229	276	280						
TOTAL FINANCING	1,684	1,880	2,293						

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
**PROGRAM:** Non-Instruction  
**ACTIVITY:** MnSCU Instruction

**ITEM TITLE:** Cambridge Bank Court Decision

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	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$(4,570)	\$(4,570)	\$(4,570)	\$(4,570)
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
<b>Statutory Change? Yes _____ No <u>X</u></b>				
<b>If yes, statutes(s) affected:</b>				

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**RATIONALE:**

The state is obligated to pay \$160 million in the F.Y. 1996-1997 biennium as a consequence of the court decision. State budget constraints require that all state government share the cost of this decision.

**PROGRAM OUTCOMES:**

This initiative reduces the amount of total base appropriations to MnSCU by approximately 1%. The Governor anticipates that the University will make additional reallocations within its budget plan in order to accommodate this reduction

**LONG-TERM IMPACT:**

The impact of this reduction is carried into the future.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that recurring appropriations to the MnSCU for non-instructional programs be reduced by \$4,570,000 in each year of the biennium in order to cover the MnSCU's share of the state's liability in the Cambridge Bank court decision.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota State Colleges and Universities  
**PROGRAM:** Non-Instruction  
**ACTIVITY:**

**ITEM TITLE:** Law Enforcement Training

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$1,045	\$1,045	\$1,045	\$1,045
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund				
- Direct Appropriation	\$1,045	\$1,045	\$1,045	\$1,045
- Tuition	\$-0-	\$-0-	\$-0-	\$-0-

**Statutory Change?** Yes \_\_\_\_ No **X**

**If yes, statute(s) affected:** M.S.

**RATIONALE:**

Higher education is charged with providing professional peace officer education. It is accepted that Minnesota law enforcement benefits from having degreed peace officers.

The existing system of educating peace officers, tries to address the need to increase the recruitment and retention of women and people of color, to develop a seamless education process which is understandable and user friendly, and to improve transfer of credit between two year schools and four year schools.

There are currently 15 colleges and universities in Minnesota which are approved by the Minnesota Board of Peace Officer Standards and Training to offer professional peace officer education. Thirteen of these are located at colleges and universities within MnSCU. There are, however, only four programs in the state that have been approved to offer the "clinical skills" component of peace officer education required to take the state licensing exam: Alexandria and Range Technical Colleges, Metropolitan State University and Minneapolis Community College.

These programs serve all 15 state colleges and universities which offer peace officer education programs. They serve their own degree seeking students, students who are completing degrees at any of the other approved institutions, as well as "certified students" who have already earned a college degree and are sometimes sponsored by law enforcement agencies.

From 1990-92, the average number of new officers hired across the state was between 300 and 350. During the last two years there has been a substantial increase: 1993: 457 and currently 438 new officers have been hired during 1994. Student placement rates in law enforcement related fields (only technical colleges available): Alexandria: 71%; Range: 74%. Application rates at all schools are high and increasing.

All of these programs are supported in part by receipts received from a 12% penalty surcharge on traffic tickets which goes to the Peace Officer Standards and Training (POST) Board for distribution. Currently the Community Colleges receive \$290,000, the State Universities \$485,000 and the Technical Colleges \$268,426 through penalty surcharge receipts under Minnesota Statutes, Section 626.861, Subdivision 1. The laws of 1993 1st Special Session Ch. 2, Art. 1, Sec. 9, Subd. 6 directs that for the 96-97 biennium these funds shall be provided through general fund appropriations to be calculated at the same initial base as the previous POST Funding, except that the base adjustment for the Community Colleges shall be \$290,000.

The legislature further states that it intends that penalty surcharge dollars under Minnesota Statutes, section 626.861, subdivision 1, shall continue to be appropriated to the POST account for other lawful purposes.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the Peace Officers Standards and Training (POST) Board continue to provide law enforcement education grants through POST special revenue funds to higher education institutions providing post-secondary law enforcement education. The Governor recommends repeal of the 1993 statutory change replacing POST Board grant monies with a new General Fund appropriation. For more information on the Governor's initiative, see the POST Board budget.

## 1996-97 Biennial Budget

**PROGRAM:** Higher Education Board - Merger Planning and Administration  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

### PROGRAM DESCRIPTION:

The Higher Education Board (HEB) was created by the legislature in the 1991 merger law to be the governing body for a 62 campus system of colleges and universities once the merger takes effect on July 1, 1995. The HEB office has functioned as the planning center for the merger in the start-up period. An interim chancellor, Dr. Jay Noren, began work in March 1993. Planning for the merger has been an extensive enterprise with hundreds of participants from the three merging systems. Participants have included students, classified staff, faculty and administrators. It should be noted that the merger did not come with a ready-made master plan. The shape of the merger is emerging from the work of those who know higher education best -- the students, staff, faculty and administrators of the three merging systems. The work of the central office has been carried out by a staff of only 6 to 8, augmented by assignees and volunteers continuing their own work in the three system offices plus additional workloads at the HEB office.

Over the past 18 months the board, the chancellor, the staff members and hundreds of volunteers have been involved in:

- Organizing monthly meetings of the Higher Education Board, including materials, agendas and meeting sites both in St. Paul and at various campuses.
- Creating of 10 task forces whose work will become the foundation policies of the HEB; membership on these task forces included students, faculty, staff and administrators.
- Conducting visits to all 62 campuses by the chancellor soon after taking office.
- Organizing 3 councils of presidents and a joint council of presidents to serve as advisers to the chancellor and board.
- Conducting regular meet-and-confer sessions with faculty, classified staff and student leadership; and regular meetings with chancellors of the merging systems.
- Conducting informational visits to system offices to update employees on transition issues.
- Presenting 20 community forums in late 1994 to update community leaders on the merger and provide background on trends in higher education funding.
- Creating a Product Quality Task Force, consisting of corporate and public sector leaders donating their efforts to create a student data feedback system that will enable MnSCU to track students' success for years to come.
- Creating a Special Advisory Group on Governance and Services (SAGGS) to develop plans for organizing multi-campus institutions, thus reducing the number of direct-reporting presidents and planning for provision of services to small campuses.

- Encouraging and assisting consolidation of co-located technical and community colleges on or soon after July 1, 1995.
- Conducting national searches for vice chancellors of finance, academic affairs and human resources, along with interviews and appointment of approximately 40 senior staff recruited from within the three system offices (appointments effective July 1, 1995).
- Preparing the F.Y. 1996-97 consolidated budget and emergency capital budget.
- Working with the Joint Legislative Committee on the Merger ("Oversight Committee") on preparation of recodification legislation for the 1995 session and keeping the Committee updated on merger progress.
- Keeping employees informed of merger progress through newsletters, telephone "hot line" updates and teleconferences.

### PROGRAM STATUS:

Until July 1, 1995, the actual staff of HEB will continue to number no more than 10, but the staff designees are expected to shoulder more and more of the staffing load, even as they continue their current system office duties. Until the merger begins, the central offices of the three systems must maintain services to campuses to avoid disruptions in campus operations. This is particularly true in the community colleges, where computer, payroll, human resources and other services are provided centrally.

### PLANNED RESULTS:

Once the merged system (MnSCU) is in actual operation, the three systems will be phased out and all central office employees of the new system will be located in a new office setting. The F.Y. 1995 operating appropriation of \$902,000 will be reallocated to fund investment initiatives.

It should be emphasized again that, despite the passage of time since the merger law was passed, the merger has not yet happened. The vast amount of planning and preparation which has occurred is a tribute to the small staff of the HEB but more a tribute to the hundreds of people from within the merging systems who have lent their time, energy and expertise.

The goal for MnSCU is to have a lean, policy-oriented central office that encourages innovation and collaboration by and among colleges and universities and does not micro-manage campuses. The first steps are to design a down-sized system office, 20% smaller than the sum of the three outgoing central offices, and to move decision-making authority and services as close to the campus level as possible. It is MnSCU's intent that the central office not be an operations office. Rather, it will deal with policy, budget, labor relations and negotiations, governmental relations and other matters that require management on a uniform statewide basis. However, services will continue to be provided to small campuses as needed, probably through multi-campus service centers.

### BUDGET AND REVENUE SUMMARY:

- On July 1, 62 community colleges, state universities, and technical colleges will be merged into a single system under the Higher Education Board.
- The HEB's current annual operating allocation of \$902,000 will be reallocated to instructional programs.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: HIGHER EDUCATION BOARD

			Est.	FY 1996			FY 1997		
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MERGER PLANNING & ADMINISTRATION		712	1,260						
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY		712	1,260						
CURRENT SPENDING:				902	902	902	902	902	902
AGENCY PLAN ITEMS:		FUND							
-----		-----							
MNSCU CONSOLIDATION		GEN		<902>	<902>	<902>	<902>	<902>	<902>
=====		=====		=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<902>	<902>	<902>	<902>	<902>	<902>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL		712	1,240						
STATUTORY APPROPRIATIONS:									
GIFTS AND DEPOSITS			20						
=====		=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING		712	1,260						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: HIGHER EDUCATION BOARD  
ACTIVITY: MERGER PLANNING & ADMINISTRATION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996	FY 1997
=====	=====	=====	=====	----- Agency Plan	----- Agency Request
=====	=====	=====	=====	----- Governor Recomm.	----- Agency Plan
=====	=====	=====	=====	----- Request	----- Governor Recomm.
=====	=====	=====	=====	=====	=====
EXPENDITURES:					
-----					
DETAIL BY CATEGORY:					
STATE OPERATIONS:					
HIGHER EDUCATION		712	1,260		
=====					
SUBTOTAL STATE OPERATIONS		712	1,260		
=====					
TOTAL EXPENDITURES		712	1,260		
=====					
CURRENT SPENDING:				902	902
				902	902
				902	902
=====					
AGENCY PLAN ITEMS:					
-----					
MNSCU CONSOLIDATION				<902>	<902>
=====				<902>	<902>
TOTAL AGENCY PLAN ITEMS				<902>	<902>
=====					
SOURCES OF FINANCING:					
-----					
DIRECT APPROPRIATIONS:					
GENERAL		712	1,240		
STATUTORY APPROPRIATIONS:					
GIFTS AND DEPOSITS			20		
=====					
TOTAL FINANCING		712	1,260		
=====					

## 1996-97 Biennial Budget

**PROGRAM:** State Council on Vocational Technical Education  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

### PROGRAM DESCRIPTION:

The mission of the State Council on Vocational Technical Education is to advance the quality of secondary and postsecondary vocational technical education through program evaluations, policy research, and dissemination of its recommendations for continuous improvement.

The Council was initially established in 1969 in response to the federal Vocational Education Amendments of 1968 so the state could receive federal vocational education dollars. The legislature established the Council as a state agency in 1985 and charged it to carry out the duties of state councils as prescribed by the Carl D. Perkins Vocational Education 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 Technical Colleges to serve as the Council's fiscal agent.

The Perkins Act has continued to retain original provisions regarding state councils and expanded their responsibilities, including the mandate for a comprehensive report on the state's vocational education delivery system once every two years.

The Council has 13 members appointed by the Governor to 4-year terms. Persons representative of the private-sector interests of agriculture, business, industry, and labor constitute the majority of the membership. The Council also includes representation of secondary and postsecondary institutions, career guidance and counseling organizations, special education, and special populations. The Council elects its president among its private-sector representatives and appoints an executive director.

The Council advises the State Board of Education and the State Board of Technical Colleges on policies and programs to improve the quality and delivery of vocational education in Minnesota's high schools and technical colleges. To meet specific mandates of the Perkins Act, the Council participates in the development of the annual state plan for vocational technical education and reviews and comments on the completed document. The Council also conducts a biennial evaluation of the coordination of programs funded under the Perkins Act and the Job Training Partnership Act (JTPA).

In addition, the Council conducts research and offers recommendations on a range of issues, including program improvement, notably the restructuring of secondary vocational education; curricular integration of vocational, general, and academic education; education-to-employment transitions; linkages between high school and postsecondary institutions; business-education partnerships; continuous curricular development and the effective operations of program advisory committees; access, equality, and cultural diversity; and services to traditionally underserved populations, including persons with disabilities.

### PERFORMANCE:

During the most recent biennium, the Council completed projects and reports and made recommendations on the following:

- (a) cultural diversity,
- (b) vocational education services in correctional institutions,
- (c) effectiveness of the request for proposal (RFP) to distribute Perkins and JTPA funds,
- (d) education and employment transitions (served as basis for the legislative establishment of the Education and Employment Transitions Council),
- (e) adequacy, effectiveness, and coordination of the delivery systems funded under the Perkins Act and the Jobs and Training Partnership Act,
- (f) technology competence,
- (g) member handbook and leadership guide for Minnesota Technical College program advisory committees (a working draft),
- (h) state plan.

### CHALLENGES:

The mission of the Council is directly related to promoting the following Minnesota goals:

- People thrown into temporary economic hardship will regain their independence.
- All families and households will have the economic means to maintain a reasonable standard of living.
- The economic means to a reasonable standard of living will be obtainable in all parts of the state.
- Minnesotans will have the skills for lifelong learning and good citizenship.
- Minnesotans will have the advanced education and training to make the state a leader in global education.

### STRATEGIES:

The Council is a policy development and analysis body, making its work somewhat difficult to correlate directly with traditionally quantifiable measures such as student enrollments or graduation rates. However, the work of the Council does directly impact education in Minnesota by providing timely and relevant policy analysis, consultation, and development. This is accomplished by tailoring activities and projects to the information and consulting needs of specific and identified customers such as the State Board of Technical Colleges, the State Board of Education, Minnesota Planning, the Governor's Office, and the Minnesota Legislature, as well as representatives from the

**1996-97 Biennial Budget**

**PROGRAM:** State Council on Vocational Technical Education  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)  
(Continuation)

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private economic interests of agriculture, business, industry, and labor. In order to measure the timeliness and effectiveness of these efforts, the Council will expand the use of interviews, evaluations, and other processes to determine customer satisfaction with its products and services. The Council's work can also be measured by whether it meets timelines for report submission established by state and federal law.

New and emerging public policy priorities regarding education and economic competitiveness present the Council with a wide range of issues and concerns to which it will direct its attention as it carries out its state and federal mandates. Among these is the continuing need to create and foster programs that build strong business-education partnerships, produce and sustain a highly skilled work force, and promote economic growth.

The Council will carry out key federal mandates in a timely fashion including providing consultation on the development of the state plan and conducting the Perkins-JTPA and correctional education evaluations. The goal of these reports is to clearly address issues that will identify areas to encourage the continuous improvement of job training, vocational technical education, and correctional education. The overall goal of the Council's work is to contribute to the development and improvement of educational programs to meet the economic and lifelong learning needs of the people of Minnesota as members of a global economy.

The Council will continue the effective advisory committees project. This includes the development and distribution of guides for curriculum review and development as well as providing support for the implementation of the principles in these guides. It also includes the development and distribution of leadership guides for the creation and use of general and program advisory committees in the technical colleges and high schools. In addition, the Council will provide professional development opportunities for staff at technical colleges and high schools to learn how to apply these principles to their own programs.

The Council will continue to promote the implementation of technology competence learner goals, career planning and development programs, and models for education and employment transitions.

Other research projects will include studies of the effects and outcomes of the postsecondary merger, business and education partnerships, restructuring secondary vocational education, and integrating academic, general, and vocational curricula into the high schools, and use of multiple and various assessment models to measure the competencies of students in elementary and secondary schools. These continuing efforts represent several years of work, some of which have been directly reflected in legislative initiatives.

The work of the Council is labor intensive. The staff is 3.5 FTE including an executive director, senior planner, secretary, and student worker. Student interns augment the Council's research and evaluation activities. The Council staff and interns will strive to improve continuously the processes they use to make their work more efficient and effective.

**REVENUE SUMMARY:**

The Council received Perkins funds of \$154,718 for F.Y. 1995. This amount is projected to be reduced by 1.7% in F.Y. 1996. The Council also receives \$99,200 in state funds annually.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends an appropriation of \$99,200 in each year of the biennium for the State Council on Vocational Education.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: STATE COUNCIL ON VOCATIONAL EDUCAT

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATE COUNCIL ON VOCATIONAL EDUCAT	118	92	111	99	99	99	99	99	99
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	118	92	111	99	99	99	99	99	99
CURRENT SPENDING:				99	99	99	99	99	99
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	118	92	111	99	99	99	99	99	99
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	118	92	111	99	99	99	99	99	99

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: STATE COUNCIL ON VOCATIONAL EDUCAT  
ACTIVITY: STATE COUNCIL ON VOCATIONAL EDUCAT

				FY 1996			FY 1997		
			Est.						
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	118	92	111	99	99	99	99	99	99
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	118	92	111	99	99	99	99	99	99
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	118	92	111	99	99	99	99	99	99
=====									
CURRENT SPENDING:				99	99	99	99	99	99
=====									
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	118	92	111	99	99	99	99	99	99
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	118	92	111	99	99	99	99	99	99

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## 1996-97 Biennial Budget

**PROGRAM:** Other Revenue  
**AGENCY:** Minnesota State Colleges and Universities (MnSCU)

### PROGRAM DESCRIPTION:

#### Federal Funding

Community College funds include the federal work-study program and various title grants administered on the campuses. This does not include federally funded campus based financial aid program funds that are maintained on each campus.

State University funds include a variety of programmatic grants from the Department of Education's Head Start, the National Institute of Health's grants, Small Business Development and Upward Bound. In this biennium Metropolitan State received a Title 3 grant for institutional development of a computerized student information system totaling \$3 million.

The technical colleges receive funds authorized by the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990. The purpose of the Perkins Act is to make the United States more competitive in the world economy by developing more fully the academic and occupational skills of all segments of the population. This purpose will principally be achieved through concentrating resources on improving educational programs leading to occupational training and retraining skill competencies needed to work in a technologically advanced society. After the merger, Perkins funds will be received by MnSCU on behalf of the technical colleges.

As a requirement to receive the Carl Perkins dollars, the state board had to perform a statewide assessment focusing on the quality of its programs. Ten measures of quality were identified through a task force:

- Number and percent of special populations enrolled by college
- Number and percent of special populations enrolled by program
- Graduate satisfaction
- Related employment
- Related employment by special population
- Retention
- Industry based accountability
- Graduate grades
- Graduate grades by special population
- Pre/post assessment

While receipt of federal funding mandated this activity, the benefits to the technical colleges in gathering and analyzing the data are crucial for current and future decision making.

The amount of funds received through the Carl D. Perkins Act for F.Y. 1995 is \$18,024,383. Funds have been split between secondary and post-secondary education according to a formula approved by the State Board of Education and the State Board of Technical Education.

A second source of federal funds managed by the technical colleges are those received through the Job Training Partnership Act (P.L. 97-300). This program provides job training opportunities in vocational programs throughout Minnesota. The technical college 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 the funds is determined by the Governor's Job Training Council which coordinates decisions with the state Job Training Office.

In addition there is a grant from the federal government that goes to support the Air Traffic Training Center.

#### Special Revenue

Community college funds represent monies received from another state agency to support displaced homemaker programs and indirect costs received from federal agencies associated with the administration of federal grants.

Technical college funds represent receipts collected from conference participants used to pay the expenses of the conference.

#### Agency

Funds for which community colleges acts as the custodian, including: Employee Annuity reductions, College Auxiliary Enterprise Payroll revolving, Non-Profit foundation payroll deductions, Individual Retirement Account reductions, and the Student Association fees assessed each student.

This fund for the state universities serves as the payroll clearing accounts for staff paid by the revenue and activity funds.

The technical colleges use this fund for processing retirement annuities and student organization dues.

#### Community College Supplemental

Retirement funds deducted from eligible unclassified employees' salaries, plus the employer matching. These funds are transferred to organizations selected by the employee for investments.

#### Gifts and Deposits

The community colleges and state universities receive funds from estates or corporate and public foundations, based on grant requests submitted by a campus or the system office.

#### Endowment

Endowments to Hibbing Community College, from which the interest supports scholarships.

#### Environmental Trust

Monies received by Mankato State University for a project to explore Surface Water Quality.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE

ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
OTHER-MN STATE COLLEGES & UNIVERSI				72,722	72,722	72,722	72,722	72,722	72,722
OTHER-COMMUNITY COLLEGES	19,104	19,594	22,323						
OTHER-STATE UNIVERSITIES	26,795	24,552	25,414						
OTHER-TECHNICAL COLLEGES	23,236	21,837	22,772						
OTHER-STATE COUNCIL ON VOC ED	160	148	156						
OTHER-MINNESOTA RESOURCES/LCMR	152	89	3						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	69,447	66,220	70,668	72,722	72,722	72,722	72,722	72,722	72,722
CURRENT SPENDING:				72,722	72,722	72,722	72,722	72,722	72,722
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
MN RESOURCES	56	11							
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST	163	142	145						
GENERAL	1	1	2	2	2	2	2	2	2
STATE GOVT SPEC REV	96	78	3						
SPECIAL REVENUE	528	614	891	2,630	2,630	2,630	2,630	2,630	2,630
FEDERAL	33,913	34,331	37,198	39,157	39,157	39,157	39,157	39,157	39,157
AGENCY	25,139	21,977	21,415	21,362	21,362	21,362	21,362	21,362	21,362
COMM COLLEGE SUPP	4,714	3,881	4,000	4,000	4,000	4,000	4,000	4,000	4,000
GIFTS AND DEPOSITS	4,835	5,180	7,006	5,563	5,563	5,563	5,563	5,563	5,563
ENDOWMENT	2	5	8	8	8	8	8	8	8
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	69,447	66,220	70,668	72,722	72,722	72,722	72,722	72,722	72,722

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-MN STATE COLLEGES & UNIVERSI

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION				72,722	72,722	72,722	72,722	72,722	72,722
SUBTOTAL STATE OPERATIONS				72,722	72,722	72,722	72,722	72,722	72,722
TOTAL EXPENDITURES				72,722	72,722	72,722	72,722	72,722	72,722
CURRENT SPENDING:									
AGENCY PLAN ITEMS:			FUND						
MNSCU CONSOLIDATION			GEN	2	2	2	2	2	2
MNSCU CONSOLIDATION			AGN	21,362	21,362	21,362	21,362	21,362	21,362
MNSCU CONSOLIDATION			CC	4,000	4,000	4,000	4,000	4,000	4,000
MNSCU CONSOLIDATION			END	8	8	8	8	8	8
MNSCU CONSOLIDATION			FED	39,157	39,157	39,157	39,157	39,157	39,157
MNSCU CONSOLIDATION			G&D	5,563	5,563	5,563	5,563	5,563	5,563
MNSCU CONSOLIDATION			SR	2,630	2,630	2,630	2,630	2,630	2,630
TOTAL AGENCY PLAN ITEMS				72,722	72,722	72,722	72,722	72,722	72,722

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-COMMUNITY COLLEGES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	19,104	19,594	22,323						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	19,104	19,594	22,323						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	19,104	19,594	22,323						
CURRENT SPENDING:				22,323	22,323	22,323	22,323	22,323	22,323
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			AGN	<7,901>	<7,901>	<7,901>	<7,901>	<7,901>	<7,901>
MNSCU CONSOLIDATION			CC	<4,000>	<4,000>	<4,000>	<4,000>	<4,000>	<4,000>
MNSCU CONSOLIDATION			END	<8>	<8>	<8>	<8>	<8>	<8>
MNSCU CONSOLIDATION			FED	<8,576>	<8,576>	<8,576>	<8,576>	<8,576>	<8,576>
MNSCU CONSOLIDATION			G&D	<1,096>	<1,096>	<1,096>	<1,096>	<1,096>	<1,096>
MNSCU CONSOLIDATION			SR	<742>	<742>	<742>	<742>	<742>	<742>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<22,323>	<22,323>	<22,323>	<22,323>	<22,323>	<22,323>
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	407	486	742						
FEDERAL	6,231	6,696	8,576						
AGENCY	7,055	7,764	7,901						
COMM COLLEGE SUPP	4,714	3,881	4,000						
GIFTS AND DEPOSITS	695	762	1,096						
ENDOWMENT	2	5	8						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	19,104	19,594	22,323						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-STATE UNIVERSITIES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	26,795	24,552	25,414						
SUBTOTAL STATE OPERATIONS	26,795	24,552	25,414						
TOTAL EXPENDITURES	26,795	24,552	25,414						
CURRENT SPENDING:				23,725	23,725	23,725	23,725	23,725	23,725
AGENCY PLAN ITEMS:			FUND						
MNSCU CONSOLIDATION			AGN	<12,985>	<12,985>	<12,985>	<12,985>	<12,985>	<12,985>
MNSCU CONSOLIDATION			FED	<6,273>	<6,273>	<6,273>	<6,273>	<6,273>	<6,273>
MNSCU CONSOLIDATION			G&D	<4,467>	<4,467>	<4,467>	<4,467>	<4,467>	<4,467>
TOTAL AGENCY PLAN ITEMS				<23,725>	<23,725>	<23,725>	<23,725>	<23,725>	<23,725>
SOURCES OF FINANCING:									
STATUTORY APPROPRIATIONS:									
ENVIRONMENT TRUST	163	142	145						
FEDERAL	5,259	6,305	6,321						
AGENCY	17,233	13,687	13,038						
GIFTS AND DEPOSITS	4,140	4,418	5,910						
TOTAL FINANCING	26,795	24,552	25,414						



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-TECHNICAL COLLEGES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	23,236	21,837	22,772						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	23,236	21,837	22,772						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	23,236	21,837	22,772						
CURRENT SPENDING:				26,518	26,518	26,518	26,518	26,518	26,518
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			GEN	<2>	<2>	<2>	<2>	<2>	<2>
MNSCU CONSOLIDATION			AGN	<476>	<476>	<476>	<476>	<476>	<476>
MNSCU CONSOLIDATION			FED	<24,152>	<24,152>	<24,152>	<24,152>	<24,152>	<24,152>
MNSCU CONSOLIDATION			SR	<1,888>	<1,888>	<1,888>	<1,888>	<1,888>	<1,888>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<26,518>	<26,518>	<26,518>	<26,518>	<26,518>	<26,518>
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
GENERAL	1	1	2						
SPECIAL REVENUE	115	117	149						
FEDERAL	22,269	21,193	22,145						
AGENCY	851	526	476						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	23,236	21,837	22,772						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-STATE COUNCIL ON VOC ED

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	160	148	156						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	160	148	156						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	160	148	156						
CURRENT SPENDING:				156	156	156	156	156	156
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MNSCU CONSOLIDATION			FED	<156>	<156>	<156>	<156>	<156>	<156>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<156>	<156>	<156>	<156>	<156>	<156>
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
SPECIAL REVENUE	6	11							
FEDERAL	154	137	156						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	160	148	156						

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MN STATE COLLEGES & UNIVERSITIES  
PROGRAM: OTHER REVENUE  
ACTIVITY: OTHER-MINNESOTA RESOURCES/LCMR

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
EXPENDITURES:									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	152	89	3						
SUBTOTAL STATE OPERATIONS	152	89	3						
TOTAL EXPENDITURES	152	89	3						
CURRENT SPENDING:									
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
MN RESOURCES	56	11							
STATUTORY APPROPRIATIONS:									
STATE GOVT SPEC REV	96	78	3						
TOTAL FINANCING	152	89	3						

**EDUCATIONAL ENHANCEMENTS REPORT****Minnesota Community Colleges**

The Minnesota Community Colleges invested in educational enhancements in fiscal years 1994 and 1995 by improving instruction and the delivery of support services to students enrolled on its campuses.

**INSTRUCTIONAL AND CURRICULAR ENHANCEMENTS**

- Maintenance of the system's commitment to a strong developmental education program was supported with enhancement funds. Improvements included additional faculty positions which enabled the colleges to lower the class size in developmental courses. The community colleges are the only public system with developmental education as part of its statutory mission.
- Revision of curriculum to develop and implement the Minnesota Transfer Curriculum on all campuses was supported with enhancement investments. The Minnesota Transfer Curriculum is a package of lower division courses that enables a student to achieve competency in ten areas of emphasis. Once completed, it fulfills the lower division general education requirements at all public higher education institutions in Minnesota.
- Establishment of a new program development process was supported. The process includes support and resources to assist college staff in identifying potential new programs, conducting needs analyses and developing curriculum.

**ACADEMIC AND STUDENT SUPPORT ENHANCEMENTS**

- Improved learning resources resulted from completion of the on-line circulation component of the Project for Automated Library Systems (PALS). PALS links the colleges with the state universities so students can determine which library resources exist at all participating institutions through a computerized inventory of holdings. The newly completed circulation system will allow students to determine if the volume they want is on the shelf and then electronically check it out.
- Increased minority enrollment and staffing, and incorporation of diversity into the curriculum were supported with the diversity initiative.
- Increased campus student services staffing levels were supported to keep pace with the rapid increases in mandated services.
- Expanded services to students with sight, hearing or coordination impairments or other documented disabilities were supported with enhancement investments.

**EQUIPMENT AND TECHNOLOGY ENHANCEMENTS**

- State of the art equipment to support student learning, including upgraded computers, software, communication networks and other instructional equipment, was acquired under the campus technology initiative.
- A re-engineered and upgraded student information system was implemented. The resulting system, the Community College Information System (CCIS), is a state of the art system that provides improved and expanded services to the colleges.

**Minnesota State Universities**

Funding provided by the legislature to the MSUS supported a variety of educational enhancements during Fiscal Year 1994. The primary use of these funds was for additional class offerings, primarily in high demand general education and liberal studies areas. System-wide over 100 additional class sections were provided. Additional uses of these funds included technological enhancements such as installation of interactive television classrooms, networking of campus buildings, and training of faculty in interactive teaching methodologies. Services for freshmen, for minority students, and for students at risk constituted a third major category of educational enhancements made possible by this funding.

During Fiscal Year 1995 educational enhancement funding will be used for similar purposes - additional class offerings and instructional technology. In addition, projects such as the development or enhancement of international exchange programs, minority student services, and implementation of first year experience programs will be funded.

The MSUS Q-7 initiative continues to be supported by acceleration grants and new ventures grants provided to the universities. Examples of projects funded during F.Y. 1994 and F.Y. 1995 are the development and implementation of a Center for Global Studies and a Global Learning Laboratory that includes 35 student stations capable of receiving video input from global satellite transmissions at Mankato State University; a program to connect on-campus learning with off-campus community service at Moorhead State University, and the program of short-term residencies by Distinguished Women Scholars of Color at St. Cloud State University. Each project is designed to help achieve one or more of the Q-7 indicators of educational quality.

Grants for pilot projects to test the use of different performance indicators to measure educational quality were awarded to Winona State University and to Southwest State University. Winona State has used these funds to continue development and assessment of indicators identified in the WSU Academic Quality Assurance and Assessment Plan. A noteworthy aspect of this project is the independent assessment of indicators that will be undertaken by the National Center for Higher Educational Management Systems (NCHEMS). The project undertaken by Southwest State University begins with a review of the assessment literature to identify existing measures of educational quality that may be validated by a "construct validity" approach. The objective is to develop a clear cause-and-effect relationship between changes in the educational environment and increases in student performance in order to identify successful approaches to student success. Work on both projects is continuing.

## 1996-97 Biennial Budget

AGENCY: Minnesota State Colleges and Universities  
(MnSCU) APPENDIX A  
(Continuation)

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The state universities plan to use the equipment funding primarily for classroom and laboratory equipment, computer upgrades, interactive television equipment, and administrative and maintenance equipment. Library funding will be used to enhance serial and book holdings, CD-ROM databases, and indexes.

### Minnesota Technical Colleges

The 1993 session provided funds to the system for educational enhancements. These funds helped the board to keep tuition increases to 3.89% in F.Y. 1994 and 3.08% in F.Y. 1995. In addition, there were four major initiatives funded through this appropriation.

1. **Instructional Technology:** The integration of high technology into instructional methods was the primary objective of this initiative. A RFP process was established to award grants to colleges for hardware, software and staff training in multi-media. Based on the recommendations of experts in the field of multi-media who read the RFPs, 6 colleges were given demonstration grants and 12 were given smaller awards for development. A series of instructional teleconferences was also offered through MnSAT to all colleges. An example of the benefit of this grant is Duluth Technical College. Fifteen percent of the faculty received training in the use of multi-media and during the summer worked on developing presentations. This fall, multi-media were used in the delivery of instruction in the following career programs: medical secretary, occupational therapy assistant, legal secretary, medical lab technician and microbiology (in cooperation with Duluth Community College). Another example is Northeast Metro, where 12% of the faculty were trained, and fall quarter offerings included graphics, fashion merchandising, audio visual TV production, industrial lab, microcomputer specialist, math, and in conjunction with Lakewood Community College, physics, nursing and English.
2. **Networks:** The purpose of this initiative was to connect the colleges to: a) provide access to E-Mail, b) have ability to transfer data electronically, c) provide necessary connectivity for the new state accounting, procurement, and People Soft systems, and d) provide access to the PALS library system or any library on Internet. The goal is to have all 34 campuses linked by November 30, 1994 and to have library access by February 1995.
3. **Assessment:** An initiative to improve and standardize the assessment of incoming students was completed. The ASSET instrument was selected and staff from all colleges were trained on application and interpretation of results. All entering students, fall quarter, were assessed using ASSET.
4. **New Programs:** In F.Y. 1994, \$500,000 was allocated for start-up costs of 9 new instructional programs. In F.Y. 1995, the state allocation was used only to support equipment costs of new programs. This provided funds for 18 new program starts in F.Y. 1995.

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Minnesota State Colleges and Universities  
M.S. 135A Calculation for FY 1996 & FY 1997  
\$'s in 000's

APPENDIX B

FY 1996

Dollars in 1,000s  
\$ / FYE actual

M.S. 135A FORMULA ADJUSTMENTS

ADJUST SPENDING FOR INFLATION, FIXED & VARIABLE

	Total	Instruction, Total Appropriation	Tuition	Total	Noninstruction Appropriation	Est. Revenue	Instruction + Noninstruction Total	Instruction + Noninstruction Appropriation	Tuition, Rev.
FY 1995 Adjusted Base Spending	616,599	423,471	193,128	100,564	41,891	58,673	717,163	465,362	251,801
Inflation @ 3%	18,498	12,704	5,794	3,017	1,257	1,760	21,515	13,961	7,554
Subtotal, Base Spending	635,097	436,175	198,922	103,581	43,148	60,433	738,678	479,323	259,355
Fixed Base Spending, 35%	222,284	152,661	69,623	0	0	0	222,284	152,661	69,623
Variable Base Spending, 65%	412,813	283,514	129,299	0	0	0	412,813	283,514	129,299

ADJUST VARIABLE SPENDING FOR ENROLLMENT

FY 1995 Base FYE Enrollment	114,089								
Estimated FY 1996 FYE Enrollment	113,947								
Percent Change, FY 1995 - FY 1996	-0.12%								
Recognized Percent Change	0.2%								
Base Adjustment	472	160	312	0	0	0	472	160	312
Subtotal, Adjusted Variable Spending	413,285	283,674	129,611	0	0	0	413,285	283,674	129,611
Recognized FY 1996 FYE Enrollment	114,267								
Total Spending Base	635,569	436,335	199,234	103,581	43,148	60,433	739,150	479,483	259,667

PERFORMANCE ADJUSTMENT

1% Adjustment	0	0	0	0	0	0	0	0	0
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LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1

Post Board Funding Transfer	0	0	0	0	1,045	(1,045)	0	1,045	(1,045)
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SUB TOTAL ADJUSTED FY 96 BASE SPENDING

Excess Tuition	635,569	436,335	199,234	103,581	44,193	59,388	739,150	480,528	258,622
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TOTAL ADJUSTED FY 96 BASE SPENDING	25,706	0	25,706	25,706	0	25,706	25,706	0	25,706
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AGENCY TARGET

	731,669	447,341	284,328
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DIFFERENCE - ADJUSTED BASE SPENDING

	(33,187)	(33,187)	0
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**FY 1997**

Dollars in 1,000s

\$ / FYE actual

**M.S. 136A FORMULA ADJUSTMENTS**

**ADJUST SPENDING FOR INFLATION, FIXED & VARIABLE**

	Total	Instruction, Total Appropriation	Tuition	Total	Noninstruction Appropriation	Est. Revenue	Instruction + Noninstruction Total	Instruction + Noninstruction Appropriation	Tuition, Rev.
FY 1995 Adjusted Base Spending	616,599	423,471	193,128	100,270	41,597	58,673	716,869	465,068	251,801
Inflation @ 3% & 3%	37,551	25,789	11,762	6,106	2,533	3,573	43,657	28,323	15,335
Subtotal, Base Spending	654,150	449,260	204,890	106,376	44,130	62,246	760,526	493,390	267,136
Fixed Base Spending, 35%	228,953	157,241	71,711	0	0	0	228,953	157,241	71,711
Variable Base Spending, 65%	425,198	292,019	133,178	0	0	0	425,198	292,019	133,178

**ADJUST VARIABLE SPENDING FOR ENROLLMENT**

FY 1995 Base FYE Enrollment	114,089								
Estimated FY 1997 FYE Enrollment	115,161								
Percent Change, FY 1995 - FY 1997	0.94%								
Recognized Percent Change	0.2%								
Base Adjustment	633	215	418	0	0	0	633	215	418
Subtotal, Adjusted Variable Spending	425,831	292,234	133,596	0	0	0	425,831	292,234	133,596
Recognized FY 1997 FYE Enrollment	114,327								
Total Spending Base	654,783	449,475	205,308	106,376	44,130	62,246	761,160	493,606	267,554

**PERFORMANCE ADJUSTMENT**

1% Adjustment	0	0	0	0	0	0	0	0	0
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**LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1**

Post Board Funding Transfer	0	0	0	0	1,045	(1,045)	0	1,045	(1,045)
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**SUB TOTAL ADJUSTED FY 97 BASE SPENDING**

Excess Tuition	654,783	449,475	205,308	106,376	45,175	61,201	761,160	494,651	266,509
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**TOTAL ADJUSTED FY 97 BASE SPENDING**

	676,974	449,475	227,499				783,351	494,651	288,700
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**AGENCY TARGET**

							736,041	447,341	288,700
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**DIFFERENCE - ADJUSTED BASE SPENDING**

							(47,310)	(47,310)	0
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Minnesota Community Colleges  
FY 1995 Reconciliation to FY 1996 and FY 1997  
\$'s in 000's

APPENDIX B

	Instruction, Total			Noninstruction			Instruction + Noninstruction		
	Total	Appropriation	Tuition	Total	Appropriation	Est. Revenue	Total	Appropriation	Tuition, Rev.
<b>FY 95 SPENDING AUTHORITY</b>									
FY 95 Base Before Specials Intent	132,734	87,869	44,865	22,229	10,373	11,856	154,963	98,242	56,721
FY 95 Specials to develop Intent	9,072	6,006	3,066	0	0	0	9,072	6,006	3,066
Sub-Total Laws of 1993, 1st Special Session	141,806	93,875	47,931	22,229	10,373	11,856	164,035	104,248	59,787
Insurance Supplement	750	496	254	55	55	0	805	551	254
Excess Tuition - Laws 1993	11,338	0	11,338	0	0	0	11,338	0	11,338
Adjusted Excess Tuition to Actual	0	0	0	0	0	0	0	0	0
Adjusted Other Revenue to Actual	0	0	0	4,729	0	4,729	4,729	0	4,729
Debt Service Transfer	(1,391)	(1,391)	0	0	0	0	(1,391)	(1,391)	0
FY 1994 Carryforward	4,977	2,891	2,086	322	322	0	5,299	3,213	2,086
<b>RECONCILIATION to CURRENT SPENDING</b>	157,480	95,871	61,809	27,335	10,750	16,585	184,815	106,621	78,194
Adjust out Attorney General Expenditures	0	0	0	(79)	(79)	0	(79)	(79)	0
Adjust out Carryforward	(4,977)	(2,891)	(2,086)	(322)	(322)	0	(5,299)	(3,213)	(2,086)
Transfers Out Adjusted Into Base	1,391	1,391	0	0	0	0	1,391	1,391	0
<b>RECONCILIATION to M.S. 136A BASE</b>									
Adjust out Excess Tuition	(11,338)	0	(11,338)	0	0	0	(11,338)	0	(11,338)
<b>ACF CLEAN-UP ADJUSTMENTS</b>									
FY 1995 Base Spending	142,556	94,371	48,185	26,934	10,349	16,585	169,490	104,720	64,770
FY 1993 FYE, estimated	34,517								
FY 1993 FYE, actual	34,287								
FY 1993 FYE estimation error	(230)								
Enrollment Estimation Adjustment	(547)	(410)	(137)				(547)	(410)	(137)
Normalize Spending, (PSEO + Off-campus FYE )	3,586	0	3,586				3,586	0	3,586
Transfer Spending, 898 Off-Campus FYE to 67% Category	(0)	1,333	(1,333)				(0)	1,333	(1,333)
Subtotal, FY 1995 Base Instruction Spending	145,595	95,294	50,301						
FY 1993 FYE, actual funded	34,287								
FY 1995 FYE, estimated funded	32,903								
Percent Change in FYE, FY 1993 to FY 1995	-4.0%								
Phase-In Adjustment	0	0	0						
Subtotal, Base Instruction Spending	145,594	95,294	50,300						
<b>TOTAL ADJUSTED BASE SPENDING</b>	145,594	95,294	50,300	26,934	10,349	16,585	172,528	105,643	66,885

**FY 1996**

Dollars in 1,000s

\$ / FYE actual

**M.S. 135A FORMULA ADJUSTMENTS**

**ADJUST SPENDING FOR INFLATION, FIXED & VARIABLE**

	Total	Instruction, Total Appropriation	Tuition	Total	Noninstruction Appropriation	Est. Revenue	Instruction + Noninstruction Total	Appropriation	Tuition, Rev.
FY 1995 Adjusted Base Spending	145,594	95,294	50,300	26,934	10,349	16,585	172,528	105,643	66,885
Inflation @ 3%	4,368	2,859	1,509	808	310	498	5,176	3,169	2,007
Subtotal, Base Spending	149,962	98,153	51,809	27,742	10,659	17,083	177,704	108,812	68,892
Fixed Base Spending, 35%	52,487	34,354	18,133	0	0	0	52,487	34,354	18,133
Variable Base Spending, 65%	97,475	63,799	33,676	0	0	0	97,475	63,799	33,676

**ADJUST VARIABLE SPENDING FOR ENROLLMENT**

FY 1995 Base FYE Enrollment	32,903								
Estimated FY 1996 FYE Enrollment	32,827								
Percent Change, FY 1995 - FY 1996	-0.23%								
Recognized Percent Change	0.1%								
Base Adjustment	86	27	59	0	0	0	86	27	59
Subtotal, Adjusted Variable Spending	97,562	63,827	33,735	0	0	0	97,562	63,827	33,735
Recognized FY 1996 FYE Enrollment	32,943								
Total Spending Base	150,048	98,180	51,868	27,742	10,659	17,083	177,790	108,839	68,950

**PERFORMANCE ADJUSTMENT**

1% Adjustment	0	0	0	0	0	0	0	0	0
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**LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1**

Post Board Funding Transfer	0	0	0	0	290	(290)	0	290	(290)
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**SUB TOTAL ADJUSTED FY 96 BASE SPENDING**

Excess Tuition	150,048	98,180	51,868	27,742	10,949	16,793	177,790	109,129	68,660
	6,788	0	6,788	0	0	0	6,788	0	6,788

**TOTAL ADJUSTED FY 96 BASE SPENDING**

	156,836	98,180	58,656	27,742	10,949	16,793	184,578	109,129	75,448
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**AGENCY TARGET**

							177,875	102,427	75,448
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**DIFFERENCE - ADJUSTED BASE SPENDING**

							(6,702)	(6,702)	0
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Minnesota Community Colleges  
FY 1995 Reconciliation to FY 1996 and FY 1997  
\$'s in 000's

APPENDIX B

FY 1997

Dollars in 1,000s

\$ / FYE actual

M.S. 136A FORMULA ADJUSTMENTS

ADJUST SPENDING FOR INFLATION, FIXED & VARIABLE

	Total	Instruction, Total Appropriation	Tuition	Total	Noninstruction Appropriation	Est. Revenue	Instruction + Noninstruction Total	Appropriation	Tuition, Rev.
FY 1995 Adjusted Base Spending	145,594	95,294	50,300	28,934	10,349	16,585	172,528	105,643	66,885
Inflation @ 3% & 3%	8,867	5,803	3,063	1,640	630	1,010	10,507	6,434	4,073
Subtotal, Base Spending	154,461	101,097	53,363	28,574	10,979	17,595	183,035	112,077	70,958
Fixed Base Spending, 35%	54,061	35,384	18,677	0	0	0	54,061	35,384	18,677
Variable Base Spending, 65%	100,400	65,713	34,686	0	0	0	100,400	65,713	34,686

ADJUST VARIABLE SPENDING FOR ENROLLMENT

FY 1995 Base FYE Enrollment	32,903								
Estimated FY 1997 FYE Enrollment	32,982								
Percent Change, FY 1995 - FY 1997	0.24%								
Recognized Percent Change	0.4%								
Base Adjustment	266	85	181	0	0	0	266	85	181
Subtotal, Adjusted Variable Spending	100,667	65,800	34,867	0	0	0	100,667	65,800	34,867
Recognized FY 1997 FYE Enrollment	33,024								
Total Spending Base	154,727	101,183	53,545	28,574	10,979	17,595	183,301	112,162	71,140

PERFORMANCE ADJUSTMENT

1% Adjustment	0	0	0	0	0	0	0	0	0
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LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1

Post Board Funding Transfer	0	0	0	0	290	(290)	0	290	(290)
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SUB TOTAL ADJUSTED FY 97 BASE SPENDING

Excess Tuition	5,379	0	5,379	0	0	0	5,379	0	5,379
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TOTAL ADJUSTED FY 97 BASE SPENDING

	160,106	101,183	58,924	28,574	11,269	17,305	188,680	112,452	76,229
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AGENCY TARGET

	178,656	102,427	76,229						
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DIFFERENCE - ADJUSTED BASE SPENDING

	(10,025)	(10,025)	0						
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Minnesota State Universities  
FY 1995 Reconciliation to FY 1996 and FY 1997  
\$'s in 000's

APPENDIX B

	Total	Instruction, Total Appropriation	Tuition	Total	Noninstruction Appropriation	Est. Revenue	Instruction + Noninstruction Total	Appropriation	Tuition, Rev.
<b>FY 95 SPENDING AUTHORITY</b>									
FY 95 Base Before Specials Intent	234,453	156,248	78,205	26,654	14,573	12,081	261,107	170,821	90,286
FY 95 Specials to develop Intent	13,205	8,800	4,405	0	0	0	13,205	8,800	4,405
Sub-Total Laws of 1993, 1st Special Session	247,658	165,048	82,610	26,654	14,573	12,081	274,312	179,621	94,691
Insurance Supplement	881	587	294	35	35	0	916	622	294
Excess Tuition - Laws 1993	23,918	0	23,918	0	0	0	23,918	0	23,918
Adjusted Excess Tuition to Actual	(2,453)	0	(2,453)	0	0	0	(2,453)	0	(2,453)
Adjusted Other Revenue	0	0	0	9,442	0	9,442	9,442	0	9,442
Debt Service Transfer	(1,342)	(1,342)	0	(80)	(80)	0	(1,422)	(1,422)	0
FY 1994 Carryforward	17,214	11,505	5,709	750	682	68	17,964	12,187	5,777
<b>RECONCILIATION to CURRENT SPENDING</b>	285,875	175,797	110,077	36,802	15,211	21,591	322,676	191,008	131,668
Adjust out Attorney General Expenditures	0	0	0	(126)	(126)	0	(126)	(126)	0
Adjust out Carryforward	(17,214)	(11,505)	(5,709)	(750)	(682)	(68)	(17,964)	(12,187)	(5,777)
Transfers Out Adjusted Into Base	1,342	1,342	0	80	80	0	1,422	1,422	0
<b>RECONCILIATION to M.S. 135A BASE</b>									
Adjust out Excess Tuition	(21,465)	0	(21,465)	0	0	0	(21,465)	0	(21,465)
<b>ACF CLEAN-UP ADJUSTMENTS</b>									
FY 1995 Base Spending	248,538	165,635	82,903	36,005	14,482	21,523	284,543	180,117	104,426
Per Student Funding After Special/Insurance									
FY 1993 FYE, estimated	49,948								
FY 1993 FYE, actual	49,329								
FY 1993 FYE estimation error	(619)								
Estimation Adjustment Factor, \$s / FYE (\$4,757=100% avg.)									
Enrollment Estimation Adjustment	(2,890)	(1,918)	(972)				(2,890)	(1,918)	(972)
Normalize Spending, (PSEO + Off-campus FYE ) x \$1,757.54	2,625	0	2,625				2,625	0	2,625
Transfer Spending, 1,206Off-Campus FYE to 67% Category	0	2,121	(2,121)				0	2,121	(2,121)
Subtotal, FY 1995 Base Instruction Spending	248,274	165,837	82,437						
FY 1993 FYE, actual funded	49,329								
FY 1995 FYE, estimated funded	44,974								
Percent Change in FYE, FY 1993 to FY 1995	-8.8%								
Phase-In Adjustment	0	0	0						
Subtotal, Base Instruction Spending	248,274	165,837	82,437						
<b>TOTAL ADJUSTED BASE SPENDING</b>	248,274	165,837	82,437	36,005	14,482	21,523	284,279	180,319	103,960

Minnesota State Universities  
FY 1995 Reconciliation to FY 1996 and FY 1997  
\$'s in 000's

APPENDIX B

FY 1996 Dollars in 1,000s \$/ FYE actual	Instruction, Total			Noninstruction			Instruction + Noninstruction		
	Total	Appropriation	Tuition	Total	Appropriation	Est. Revenue	Total	Appropriation	Tuition, Rev.
<b>M.S. 136A FORMULA ADJUSTMENTS</b>									
<b>ADJUST SPENDING FOR INFLATION, FIXED &amp; VARIABLE</b>									
FY 1995 Adjusted Base Spending	248,274	165,837	82,437	36,005	14,482	21,523	284,279	180,319	103,960
Inflation @ 3%	7,448	4,975	2,473	1,080	434	646	8,528	5,410	3,119
Subtotal, Base Spending	255,722	170,812	84,910	37,085	14,916	22,169	292,807	185,728	107,079
Fixed Base Spending, 35%	89,503	59,784	29,719	0	0	0	89,503	59,784	29,719
Variable Base Spending, 65%	166,219	111,028	55,192	0	0	0	166,219	111,028	55,192
<b>ADJUST VARIABLE SPENDING FOR ENROLLMENT</b>									
FY 1995 Base FYE Enrollment	44,974								
Estimated FY 1996 FYE Enrollment	44,452								
Percent Change, FY 1995 - FY 1996	-1.16%								
Recognized Percent Change	0.3%								
Base Adjustment	349	112	237	0	0	0	349	112	237
Subtotal, Adjusted Variable Spending	166,568	111,139	55,429	0	0	0	166,568	111,139	55,429
Recognized FY 1996 FYE Enrollment	45,096								
Total Spending Base	256,071	170,924	85,147	37,085	14,916	22,169	293,156	185,840	107,316
<b>PERFORMANCE ADJUSTMENT</b>									
1% Adjustment	0	0	0	0	0	0	0	0	0
<b>LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1</b>									
Post Board Funding Transfer	0	0	0	0	485	(485)	0	485	(485)
<b>SUB TOTAL ADJUSTED FY 96 BASE SPENDING</b>									
Excess Tuition	17,126	0	17,126				17,126	0	17,126
<b>TOTAL ADJUSTED FY 96 BASE SPENDING</b>	<b>273,197</b>	<b>170,924</b>	<b>102,273</b>				<b>310,282</b>	<b>186,325</b>	<b>123,957</b>
<b>AGENCY TARGET</b>							300,440	176,483	123,957
<b>DIFFERENCE - ADJUSTED BASE SPENDING</b>							(9,842)	(9,842)	0

**FY 1997**

Dollars in 1,000s

\$ / FYE actual

**M.S. 136A FORMULA ADJUSTMENTS**

**ADJUST SPENDING FOR INFLATION, FIXED & VARIABLE**

FY 1995 Adjusted Base Spending	248,274	165,837	82,437	36,005	14,482	21,523	284,279	180,319	103,960
Inflation @ 3% & 3%	15,120	10,099	5,020	2,193	882	1,311	17,313	10,981	6,331
Subtotal, Base Spending	263,394	175,936	87,458	38,198	15,364	22,834	301,591	191,300	110,291
Fixed Base Spending, 35%	92,188	61,578	30,610	0	0	0	92,188	61,578	30,610
Variable Base Spending, 65%	171,206	114,359	56,847	0	0	0	171,206	114,359	56,847

**ADJUST VARIABLE SPENDING FOR ENROLLMENT**

FY 1995 Base FYE Enrollment	44,974								
Estimated FY 1997 FYE Enrollment	45,230								
Percent Change, FY 1995 - FY 1997	0.57%								
Recognized Percent Change	0.2%								
Base Adjustment	304	97	207	0	0	0	304	97	207
Subtotal, Adjusted Variable Spending	171,510	114,456	57,054	0	0	0	171,510	114,456	57,054
Recognized FY 1997 FYE Enrollment	45,076								

Total Spending Base	263,698	176,034	87,664	38,198	15,364	22,834	301,896	191,398	110,498
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**PERFORMANCE ADJUSTMENT**

1% Adjustment	0	0	0	0	0	0	0	0	0
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**LAWS OF 1993, 1ST SPECIAL SESSION CH. 2, ART 1**

Post Board Funding Transfer	0	0	0	0	485	(485)	0	485	(485)
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**SUB TOTAL ADJUSTED FY 96 BASE SPENDING**

Excess Tuition	263,698	176,034	87,664	38,198	15,849	22,349	301,896	191,883	110,013
	16,413	0	16,413				16,413	0	16,413

**TOTAL ADJUSTED FY 96 BASE SPENDING**

	280,111	176,034	104,077				318,309	191,883	126,426
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**AGENCY TARGET**

							302,909	176,483	126,426
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**DIFFERENCE - ADJUSTED BASE SPENDING**

							(15,400)	(15,400)	0
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Minnesota Technical Colleges  
FY 1995 Reconciliation to FY 1996  
\$'s in 000'S

APPENDIX B

FY 1996

	Instruction, Total			Noninstruction			Instruction + Noninstruction		
	Total	Approp	Tuition	Total	Approp	Est. Revenue	Total	Approp	Tuition, Rev.
FY95 Spending Authority									
Laws of 1993, First SpSess	232,429	168,919	63,510	1,606	1,606		234,035	170,525	63,510
Adjust for Local Rev	993	0	993				993	0	993
Clean-up FY95	24,000	24,000	0				24,000	24,000	0
subtotal	257,422	192,919	64,503	1,606	1,606	0	259,028	194,525	64,503
Adjust for FY94 15%	(23,253)	(23,253)					(23,253)	(23,253)	0
Laws of 1994, Base Rec	234,169	169,666	64,503	1,606	1,606	0	235,775	171,272	64,503
Add Excess Tuition	12,282	0	12,282	0			12,282	0	12,282
Add Insurance Supplement	19	19	0	0			19	19	0
Subtract Debt Service Transfers	(844)	(844)	0	0			(844)	(844)	0
Add FY94 Carryforward	1,513	1,513	0	38	38		1,551	1,551	0
Add Flood Relief	0	0	0	150	150		150	150	0
Add DHS Transfer	0	0	0	50	50		50	50	0
Transfer Work Study	(280)	(280)	0	280	280		0	0	0
Add Post Board Receipts	0	0	0	270		270	270	0	270
Add Misc Receipts	0	0	0	10		10	10	0	10
Add TC/CC Joint Powers	444	0	444	0			444	0	444
BBS FY95	247,303	170,074	77,229	2,404	2,124	280	249,707	172,198	77,509
<b>RECONCILIATION to CURRENT SPENDING</b>									
Adjust Non-recurring Approp									
Flood Relief	0	0	0	(150)	(150)		(150)	(150)	0
DHS	0	0	0	(50)	(50)		(50)	(50)	0
Adj Debt Service Pre 79	0	0	0	(20)	(20)		(20)	(20)	0
Adj Debt Service post 79	0	0	0	107	107		107	107	0
Adjust Atty Gen Costs	(2)	(2)	0	0			(2)	(2)	0
Adjust Carryforward	(1,513)	(1,513)	0	(38)	(38)		(1,551)	(1,551)	0
Restore Debt Serv Transfers	844	844	0	0			844	844	0
Adjust Joint Powers	(444)	0	(444)	0			(444)	0	(444)
Extension Conversion Adj	(217)	0	(217)	0			(217)	0	(217)
Ext Indirect Costs Adj	(200)	0	(200)	0			(200)	0	(200)
Line Item Transfer	(22,290)	(15,087)	(7,203)	22,290	15,087	7,203	0	0	0
Transfer of Ext Excess Tuition	(3,448)	0	(3,448)	3,448		3,448	0	0	0
Local Revenue Transfer	(993)	0	(993)	993		993	0	0	0
Adj Other Revenue	0	0	0	8,641		8,641	8,641	0	8,641
BBS Current Spending	219,040	154,316	64,724	37,625	17,060	20,565	256,665	171,376	85,289
<b>RECONCILIATION to M.S. 135A BASE</b>									
Adjust out Excess Tuition	(8,834)	0	(8,834)				(8,834)	0	(8,834)
<b>ACF CLEAN-UP ADJUSTMENTS</b>									
FY 1995 Base Spending	210,206	154,316	55,890	37,625	17,060	20,565	247,831	171,376	76,455

Minnesota Technical Colleges  
FY 1995 Reconciliation to FY 1996  
\$'s in 000'S

APPENDIX B

FY 1996 (continued)	Instruction, Total			Noninstruction				Instruction + Noninstruction		
	Total	Approp	Tuition		Total	Approp	Est. Revenue	Total	Approp	Tuition, Rev.
FY 1993 FYE, estimated	32,785									
FY 1993 FYE, actual	34,070									
FY 1993 FYE estimation error	1,285									
Enrollment Estimation Adj	5,857	3,931	1,926					5,857	3,931	1,926
TC/CC Joint Programs	608	444	164					608	444	164
Normalize Spending, PSEO	985	0	985					985	0	985
Subtotal, FY 1995 Base Spending	217,656	158,691	58,965		37,625	17,060	20,565	255,281	175,751	79,530
FY 1993 FYE, actual	35,472									
FY 1995 FYE, estimated	36,086									
Percent Change FY93 to FY95	1.73%									
Phase-In Adjustment	3,768	2,747	1,021					3,768	2,747	1,021
Subtotal, Base Spending	221,424	161,438	59,986		37,625	17,060	20,565	259,049	178,498	80,551
<b>TOTAL ADJUSTED BASE SPENDING</b>	<b>221,424</b>	<b>161,438</b>	<b>59,986</b>		<b>37,625</b>	<b>17,060</b>	<b>20,565</b>	<b>259,049</b>	<b>178,498</b>	<b>80,551</b>
<b>ADJUST SPENDING FOR INFLATION, FIXED &amp; VARIABLE</b>										
FY 1995 Adj Base Spending	221,424	161,438	59,986		37,625	17,060	20,565	259,049	178,498	80,551
Inflation @ 3%	6,643	4,843	1,800		1,129	512	617	7,771	5,355	2,417
Subtotal, Base Spending	228,066	166,281	61,785		38,754	17,572	21,182	266,820	183,853	82,967
Fixed Base Spending, 35%	79,823	58,198	21,625		38,754	17,572	21,182	118,577	75,770	42,807
Variable Base Spending, 65%	148,243	108,083	40,161					148,243	108,083	40,161
<b>ADJUST VARIABLE SPENDING FOR ENROLLMENT</b>										
FY 1995 Base FYE Enrollment	36,212									
Estimated FY96 FYE	36,668									
Percent Change, FY95-FY96	1.26%									
Recognized Percent Change	0.0%									
Base Adjustment	0	0	0					0	0	0
Subtotal, Adj Variable Spending	148,243	108,083	40,161					148,243	108,083	40,161
Recognized FY96 FYE	36,212									
Total Spending Base	228,066	166,281	61,785		38,754	17,572	21,182	266,820	183,853	82,967
<b>PERFORMANCE ADJUSTMENT</b>										
1% Adjustment	0	0	0		0	0	0	0	0	0
Post Board Funding Transfer						270	(270)		270	(270)
Subtotal ADJUSTED BASE SPENDING	228,066	166,281	61,785		38,754	17,842	20,912	266,820	184,123	82,697
Add Excess Tuition	2,226	0	2,226					0	0	2,226
Total Adjusted FY96 Base Spending	230,292	166,281	64,011		38,754	17,842	20,912	266,820	184,123	84,923
<b>AGENCY TARGET</b>									167,547	
<b>ADJUSTED BASE SPENDING</b>									(16,576)	



Minnesota Technical Colleges  
FY 1995 Reconciliation to FY 1997  
\$'s in 000's

APPENDIX B

FY 1997

	Instruction, Total			Noninstruction						
	Total	Approp	Tuition	Total	Approp	Est. Revenue		Total	Approp	Tuition, Rev.
FY95 Spending Authority										
Laws of 1993, First SpSess	232,429	168,919	63,510	1,606	1,606			234,035	170,525	63,510
Adjust for Local Rev	993	0	993					993	0	993
Clean-up FY95	24,000	24,000						24,000	24,000	0
subtotal	257,422	192,919	64,503	1,606	1,606	0		259,028	194,525	64,503
Adjust for FY94 15%	(23,253)	(23,253)						(23,253)	(23,253)	0
Laws of 1994, Base Rec	234,169	169,666	64,503	1,606	1,606	0		235,775	171,272	64,503
Add Excess Tuition	12,282	0	12,282					12,282	0	12,282
Add Insurance Supplement	19	19	0					19	19	0
Subtract Debt Service Transfers	(844)	(844)	0					(844)	(844)	0
Add FY94 Carryforward	1,513	1,513	0	38	38			1,551	1,551	0
Add Flood Relief	0	0	0	150	150			150	150	0
Add DHS	0	0	0	50	50			50	50	0
Transfer Work Study	(280)	(280)	0	280	280			0	0	0
Add Post Board Receipts	0	0	0	270		270		270	0	270
Add Misc Receipts	0	0	0	10		10		10	0	10
Add TC/CC Joint Powers	444	0	444					444	0	444
BBS FY95	247,303	170,074	77,229	2,404	2,124	280		249,707	172,198	77,509
<b>RECONCILIATION to CURRENT SPENDING</b>										
Adj Non-recurring Approp										
Flood Relief	0	0	0	(150)	(150)			(150)	(150)	0
DHS	0	0	0	(50)	(50)			(50)	(50)	0
Adj Debt Service pre-79	0	0	0	(315)	(315)			(315)	(315)	0
Adj Debt Service post 79	0	0	0	108	108			108	108	0
Adj for Atty Gen Costs	(2)	(2)	0					(2)	(2)	0
Adj Carryforward	(1,513)	(1,513)	0	(38)	(38)			(1,551)	(1,551)	0
Restore Debt Serv Transfers	844	844	0					844	844	0
Adj Joint Powers	(444)	0	(444)					(444)	0	(444)
Extension Conversion Adj	(216)	0	(216)					(216)	0	(216)
Ext Indirect Costs Adj	(200)	0	(200)					(200)	0	(200)
Line Item Transfer	(22,290)	(15,087)	(7,203)	22,290	15,087	7,203		0	0	0
Transfer of Excess Tuition	(3,448)	0	(3,448)	3,448		3,448		0	0	0
Local Revenue Transfer	(993)	0	(993)	993		993		0	0	0
Adj Other Revenue	0	0	0	8,641		8,641		8,641	0	8,641
BIS Current Spending	219,040	154,316	64,724	37,331	16,766	20,565		256,371	171,082	85,289
<b>RECONCILIATION to M.S. 135A BASE</b>										
Adjust out Excess Tuition	(8,834)	0	(8,834)					(8,834)	0	(8,834)
<b>ACF CLEAN-UP ADJUSTMENTS</b>										
FY 1995 Base Spending	210,206	154,316	55,890	37,331	16,766	20,565		247,537	171,082	76,455

FY 1997 (continued)

	Instruction, Total			Noninstruction					
	Total	Approp	Tuition	Total	Approp	Est. Revenue	Total	Approp	Tuition, Rev.
FY 1993 FYE, estimated	32,785	0							
FY 1993 FYE, actual	34,070	0							
FY 1993 FYE estimation error	1,285	0							
Estimation Adjustment Factor									
Enrollment Estimation Adj	5,857	3,931	1,926				5,857	3,931	1,926
TC/CC Joint Programs Agreement	608	444	164				608	444	164
Normalize Spending, PSEO	985	0	985				985	0	985
Subtotal, FY95 Base Spending	217,656	158,691	58,965	37,331	16,766	20,565	254,987	175,457	79,530
FY 1993 FYE, actual	35,472								
FY 1995 FYE, estimated	36,086								
Percent Change FY93 to FY95	1.73%								
Phase-In Adjustment	3,768	2,747	1,021				3,768	2,747	1,021
Subtotal, Base Spending	221,424	161,438	59,986	37,331	16,766	20,565	258,755	178,204	80,551
<b>TOTAL ADJUSTED BASE SPENDING</b>	<b>221,424</b>	<b>161,438</b>	<b>59,986</b>	<b>37,331</b>	<b>16,766</b>	<b>20,565</b>	<b>258,755</b>	<b>178,204</b>	<b>80,551</b>
<b>ADJUST SPENDING FOR INFLATION, FIXED &amp; VARIABLE</b>									
FY95 Adj Base Spending	221,424	161,438	59,986	37,331	16,766	20,565	258,755	178,204	80,551
Inflation @ 3% and 3%	13,485	9,832	3,653	2,273	1,021	1,252	15,758	10,853	4,906
Subtotal, Base Spending	234,909	171,270	63,639	39,604	17,787	21,817	274,513	189,057	85,456
Fixed Base Spending, 35%	82,218	59,944	22,274	39,604	17,787	21,817	121,822	77,731	44,091
Variable Base Spending, 65%	152,691	111,325	41,365				152,691	111,325	41,365
<b>ADJUST VARIABLE SPENDING FOR ENROLLMENT</b>									
FY 1995 Base FYE Enrollment	36,212								
Estimate FY97 FYE	36,949								
Percent Change, FY95-FY97	2.04%								
Recognized Percent Change	2.0%								
Base Adjustment	3,001	2,206	794				3,001	2,206	794
Subtl, Adj Variable Spending	155,691	113,531	42,160				155,691	113,531	42,160
Recognized FY97 FYE	36,923								
Total Spending Base	237,909	173,476	64,433	39,604	17,787	21,817	277,514	191,263	86,251
<b>PERFORMANCE ADJUSTMENT</b>									
1% Adjustment	0	0	0	0	0	0	0	0	0
Post Board Funding Transfer					270	(270)	0	270	(270)
Subtotal ADJUSTED BASE SPENDING	237,909	173,476	64,433	39,604	18,057	21,547	277,514	191,533	85,981
Add Excess Tuition	65	0	65						65
Total Adjusted FY97 Base Spending	237,974	173,476	64,498	39,604	18,057	21,547	277,514	191,533	86,046
<b>AGENCY TARGET</b>								167,547	
<b>ADJUSTED BASE SPENDING</b>								(23,986)	

## ALLOCATION OF INDIRECT COSTS - F.Y. 1993

Primary Programs			Support Programs				Total
Instruc- tional	Community Service	Other General Fund	Academic Support	Student Support	Institu- tional Support	Physical Plant	
Direct Costs							
70,207	5,456	14,030	21,634	14,707	27,074	15,718	168,826

## Allocation of Indirect Costs from Support Programs to Primary Programs

	5,547		(1,517)	(1,031)	(1,898)	(1,102)	Community Services
		1,322	(361)	(246)	(452)	(262)	Financial Aids
		815	(223)	(151)	(279)	(162)	Intercoll. Athletics
71,449			(19,533)	(13,279)	(24,445)	(14,192)	Instruction
	(3,117)	3,117					Flow Thru Receipts (Community Services)
141,656	7,886	19,284	0	0	0	0	168,826

## Other Expenditures:

Flow-Through Receipts  
Student Financial Aid  
Intercollegiate Athletics

\$15,050,973  
2,619,637  
1,613,147  
-----  
\$19,283,757

## Primary Programs:

Instruction	\$70,206,689	90.29%
Community Service	5,455,981	7.01%
Intercollegiate Ath.	1,298,111	1.67%
Student Fin. Aid	798,074	1.03%
	-----	
	\$77,758,855	100.00%

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ALLOCATION OF SUPPORT EXPENDITURES TO PRIMARY PROGRAMS  
1996-97 BIENNIAL BUDGET  
POST-SECONDARY EDUCATION  
Average Cost Funding - Allocation Summary  
(Dollars in Thousands)

APPENDIX B

MINNESOTA STATE UNIVERSITIES- F.Y. 1993

Direct Costs	[-----PRIMARY PROGRAMS-----]				[-----SUPPORT PROGRAMS-----]				Total
	Instruction & Dept. Research	Separately Budgeted Research	Public Service	Other	Academic Support	Student Support	Institution Support	Physical Plant	
Akita	615	0	0	0	0	0	0	0	615
Bemidji	13,832	0	0	548	2,626	1,388	3,658	3,862	25,914
Mankato	39,212	343	756	1,590	8,570	3,666	8,160	6,449	68,745
Metropolitan	6,781	0	256	9	3,078	528	1,982	2,090	14,722
Moorhead	22,210	18	393	867	4,666	2,472	5,543	4,536	40,703
St. Cloud	40,865	358	373	1,890	6,808	3,344	7,245	6,206	67,088
Southwest	8,415	32	56	583	1,227	1,364	3,226	2,050	16,955
Winona	20,331	312	55	620	3,478	2,017	5,900	3,581	36,294
Chancellor's Office					129	156	5,076	66	5,426
<b>TOTAL</b>	<b>152,261</b>	<b>1,063</b>	<b>1,889</b>	<b>6,106</b>	<b>30,583</b>	<b>14,933</b>	<b>40,790</b>	<b>28,839</b>	<b>276,464</b>
Support Cost Allocations									
Physical Plant	17,733	124	220	711	3,562	1,739	4,751	(28,839)	0
Sub-Total	169,994	1,186	2,109	6,817	34,145	16,673	45,540	0	276,464
Institutional Support	33,524	234	416	1,344	6,734	3,288	(45,540)		0
Sub-Total	203,518	1,420	2,525	8,162	40,848	19,961	0		276,464
Student Support	15,837	111	197	635	3,181	(19,961)			0
Sub-Total	219,356	1,531	2,721	8,797	44,059	0			276,464
Academic Support	41,585	290	516	1,668	(44,059)				0
<b>FULL ALLOCATED COST</b>	<b>260,941</b>	<b>1,821</b>	<b>3,237</b>	<b>10,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>276,464</b>

## MINNESOTA TECHNICAL COLLEGES

## ALLOCATION OF INDIRECT COSTS FY93

	Primary Programs		Support Programs				Total
	Instruction	Non-Instruction	Academic Support	Student Support	Institutional Support	Physical Plant	
Direct Costs:	132,100,846	19,065,033	13,819,412	19,949,653	36,243,847	31,540,444	252,719,235
Support Costs Allocations:							
Physical Plant	20,614,724		2,156,560	3,113,202	5,655,958	(31,540,444)	
Institutional Support	33,369,523		3,490,872	5,039,411	(41,899,805)		
Student Support	25,440,834		2,661,432	(28,102,265)			
Academic Support	22,128,276		(22,128,276)				
TOTAL	233,654,202	19,065,033	(0)	0	(0)	0	252,719,235

APPENDIX B

FY 1993 COST STUDY  
Summary Data by System

Minnesota Community Colleges

	FYE	Expenditures	Cost Per Student
<b>Lower Division</b>			
High	2,836.6	\$16,947,297	\$5,975
Medium	14,312.6	\$58,747,470	\$4,105
Low	18,001.6	\$65,961,400	\$3,664
<b>Total</b>	<b>35,150.8</b>	<b>\$141,656,167</b>	<b>\$4,030</b>

Minnesota Technical Colleges

	FYE	Expenditures	Cost Per Student
<b>Lower Division</b>			
High	3,259	\$25,986,067	\$7,974
Medium	12,330	\$78,358,518	\$6,355
Low	19,883	\$102,692,741	\$5,165
<b>Total</b>	<b>35,472</b>	<b>\$207,037,326</b>	<b>\$5,837</b>

Minnesota State Universities

	FYE	Expenditures	Cost Per Student
<b>Lower Division</b>			
High	7,598	\$41,473,822	\$5,459
Medium	11,017	\$53,025,156	\$4,813
Low	10,105	\$38,836,544	\$3,843
<b>Total</b>	<b>28,720</b>	<b>\$133,335,522</b>	<b>\$4,643</b>

	FYE	Expenditures	Cost Per Student
<b>Upper Division</b>			
High	2,714	\$21,809,013	\$8,036
Medium	6,656	\$37,403,802	\$5,620
Low	10,212	\$49,682,122	\$4,865
<b>Total</b>	<b>19,582</b>	<b>\$108,894,937</b>	<b>\$5,561</b>

	FYE	Expenditures	Cost Per Student
<b>Graduate</b>			
High	323	\$2,574,062	\$7,969
Medium	1,779	\$10,182,143	\$5,724
Low	1,640	\$6,027,425	\$3,675
<b>Total</b>	<b>3,742</b>	<b>\$18,783,630</b>	<b>\$5,020</b>

<b>State University Total</b>	<b>52,044</b>	<b>\$261,014,089</b>	<b>\$5,015</b>
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## 1996-97 Biennial Budget

Agency: Minnesota State Colleges and Universities

## NATIONAL ASSOCIATION of COLLEGE and UNIVERSITY BUDGET OFFICERS (NACUBO)

## EXPENDITURE CATEGORIES

(Dollars in Thousands)

	<u>Actual FY 1993</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 1996</u>	<u>Estimated FY 1997</u>
INSTRUCTION	\$360,239	\$367,275	\$403,613	\$382,789	\$386,359
RESEARCH	1,579	1,870	2,080	1,957	1,975
PUBLIC SERVICE	7,056	6,903	7,168	6,841	6,858
ACADEMIC SUPPORT	72,929	76,591	83,032	78,737	79,323
STUDENT SERVICES	73,463	76,936	84,066	80,047	80,784
INSTITUTIONAL SUPPORT	111,401	115,584	125,713	119,174	120,109
PLANT OPERATIONS	66,871	68,109	74,670	70,880	71,528
<b>TOTAL</b>	<b>\$693,538</b>	<b>\$713,266</b>	<b>\$780,342</b>	<b>\$740,424</b>	<b>\$746,936</b>



## 1996-97 Biennial Budget

Agency: Minnesota State Colleges and Universities

## FULL YEAR EQUIVALENT (FYE) STUDENT ENROLLMENT BY

## CATEGORY OF INSTRUCTION/APPROPRIATION

	<u>Actual FY 1993</u>	<u>Actual FY 1994</u>	<u>Estimated FY 1995</u>	<u>Estimated FY 1996</u>	<u>Estimated FY 1997</u>
<b>UNDERGRADUATE</b>					
Regular	111,170	107,701	106,103	107,055	108,151
Non Resident/Non Reciprocity	3,674	3,874	3,864	3,827	3,868
Off Campus	1,512	1,435	1,331	0	0
Post Secondary Enrollment Option	2,383	2,768	2,972	3,085	3,153
Mid West Compact	<u>0</u>	<u>0</u>	<u>68</u>	<u>74</u>	<u>76</u>
<b>TOTAL UNDERGRADUATE</b>	<u>118,739</u>	<u>115,778</u>	<u>114,338</u>	<u>114,041</u>	<u>115,248</u>
<b>GRADUATE</b>					
Regular	3,151	3,013	3,115	3,728	3,776
Off Campus	592	534	567	0	0
Mid West Compact	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>5</u>
<b>TOTAL GRADUATE</b>	<u>3,743</u>	<u>3,547</u>	<u>3,687</u>	<u>3,733</u>	<u>3,781</u>
<b>SYSTEM TOTAL FYE</b>	<u>122,482</u>	<u>119,325</u>	<u>118,025</u>	<u>117,774</u>	<u>119,029</u>

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1996-97 BIENNIAL BUDGET

PROGRAM STRUCTURE

AGENCY: MINNESOTA, UNIVERSITY OF

PROGRAM

PAGE

PRIMARY PROGRAMS

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Instruction

Non-Instruction

Special Appropriations, Agricultural

Special Appropriations, Health Sciences

Special Appropriations, Institute of Technology

Special Appropriations, System

OTHER ACTIVITIES

B-218

Legislative Commission on Minnesota Resources

Special Projects

Minnesota Care

APPENDIX

B-235

College Descriptions

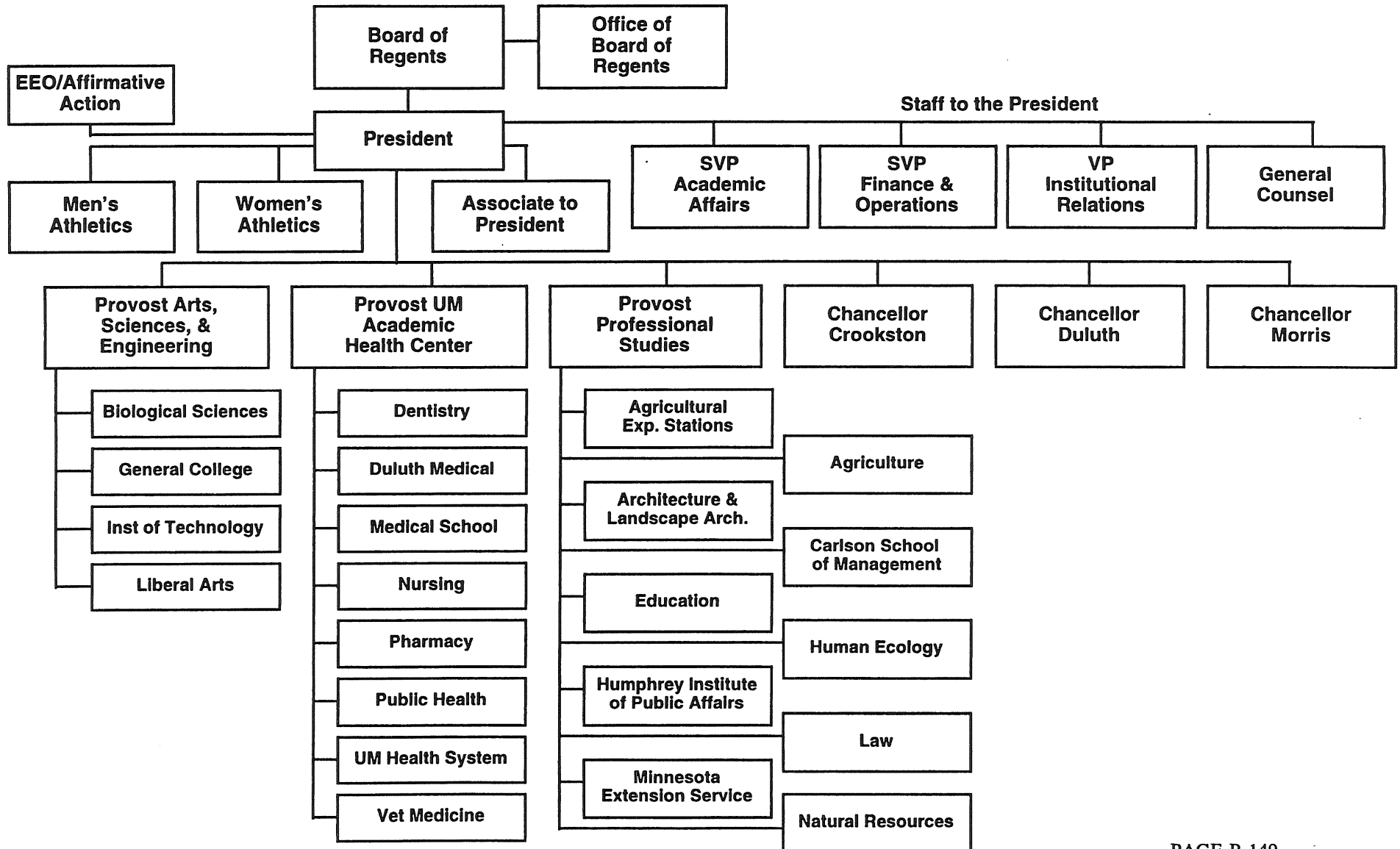
Step Down Schedule

M.S. 135A.01 Base Adjustments

F.Y. 1993 Per Student Expenditures

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# University of Minnesota Organizational Structure



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# 1996-97 Biennial Budget Agency Budget Brief (\$ in thousands)

Agency: Minnesota, University of

Fund: General

## Summary of Agency Actions:

	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>
<b><u>BASE YEAR (F.Y. 1995)</u></b>	<b>\$462,664</b>	<b>\$462,664</b>	<b>\$925,328</b>
<b><u>BASE ADJUSTMENT:</u></b>			
One-time Appropriations	\$(477)	\$(477)	\$(954)
<b><u>CURRENT SPENDING</u></b>	<b>\$462,187</b>	<b>\$462,187</b>	<b>\$924,374</b>
<b><u>AGENCY DECISION ITEMS:</u></b>			
Budget Cap	\$(8,073)	\$(8,073)	\$(16,146)
<b><u>AGENCY PLAN</u></b>	<b>\$454,114</b>	<b>\$454,114</b>	<b>\$908,228</b>
<b><u>GOVERNOR'S INITIATIVES:</u></b>			
Cap Restoration	\$8,100	\$8,100	\$16,200
Cambridge Bank Court Decision	(4,622)	(4,622)	(9,244)
U-2000 Strategic Investments	18,090	35,710	53,800
<b>GOVERNOR'S RECOMMENDATIONS</b>	<b>\$475,682</b>	<b>\$493,302</b>	<b>\$968,984</b>

## Brief Explanation of Agency Plan:

We have identified in this document the financial needs of the University of Minnesota over and above the budget targets that exist in law. Each need has been carefully analyzed to assure that it moves our University forward in a manner that best serves the state and the University mission. These financial needs total \$143,700,000. To finance this plan, we have proposed a partnership--a new contract--that will ask the state, University students, and the internal University community to each commit to a share of the funding solution for these identified set of needs. We are proposing a partnership of an average 6.0% annual increase in state funding calculated from our F.Y. 1995 appropriation level, a 4.8% annual increase in general tuition revenue that is associated with an anticipated inflation increase of 3% coupled with an additional 1.8% increase for new investments implied by the U2000 plan, and a reallocation of \$28,200,000 within the current University

enterprise. The University asks that the state determine its level of partnership based on the merits and direction of this biennial budget proposal.

The intent of the narrative of this budget brief is to identify, for the state, the consequences of choosing no new partnership with the University. Choices that the University would be forced to make within a scenario of no new state partnership have been articulated in this budget brief in order that the state, and its elected officials, are fully aware of the consequences of such a scenario.

## Revenue Summary:

If we have no increased partnership with the state, only the University students and the internal University community would share in developing a funding solution for the \$143,700,000 of identified need:

- For the students, in the short term, it will mean a 12% tuition increase per year (7.2% above the Partnership Proposal of 4.8% each year). This level of tuition increase would generate \$67,600,000 over the biennium.
- For the University community as a whole, it would mean reallocation of resources on the magnitude of \$33,700,000 each year of the biennium (an additional \$19,600,000 each year above the Partnership Proposal.)
- In addition, other revenue increases, including a parking surcharge on all University parking facilities and a surcharge on Wisconsin residents attending the University (bringing their tuition rate up to the level of that for Minnesota residents) would be choices confronting the University in order to meet our financial needs. These other revenue increases would generate an estimated \$8,700,000 for the biennium.

## Financing of the \$143,700,000 of need under the \$908,000,000 Agency Plan:

<u>Share</u>	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1996-97</u>	<u>Percent</u>
State @ 0% / 0%	\$-0-	\$-0-	\$-0-	0.0%
Tuition @ 12% / 12%	21,700	45,900	67,600	47.0%
University Reallocation	29,600	37,800	67,400	46.9%
Other Revenue Increases	<u>3,800</u>	<u>4,900</u>	<u>8,700</u>	<u>6.1%</u>
Total Plan	\$55,100	\$88,600	\$143,700	100.0%

These levels of tuition increases, reallocations, and other revenue increases are most undesirable; but even more undesirable for the state, is the prospect of the University not reaching the higher standards it has outlined in the U2000 plan.

Faced with a scenario of no new financial partnership from the state, the University will reallocate at a level of \$67,400,000 over the biennium, or 5.2% of the general operating budget. The first \$28,200,000 of this reallocation is the University's commitment to the Partnership Proposal. As described in the Budget Initiative titled "Strategic Reallocations," these reallocations are grouped into 3 major categories: 1) Deliberate Rightsizing of Academic Units and Productivity Enhancements; 2) Administrative Re-engineering; and, 3) State Specials Reductions.

For detail on the Partnership Proposal reallocation commitment of \$28,200,000, please refer to the Budget Initiative titled "Strategic Reallocations." This is the maximum reallocation that can be accomplished in an orderly manner, without serious damage to the mission of the University and to the goals of U2000. The additional \$39,200,000 required under the budget cap scenario will require deeper and more dramatic actions. If this \$39,200,000 gap were to be closed through tuition only, it would represent a further increase of 7% (over the planned 12% increase) for each year of the biennium; an annual tuition increase of 19% is regarded as counterproductive to the needs of the state and of higher education. Thus, the consequences of further reallocations beyond the Partnership Proposal include:

1. The merger, and in some cases, elimination of programs. With the first \$28,200,000 of reallocations, the University will, to the fullest extent possible, maximize cost savings from efficiency improvements. Budget reductions beyond the \$28,200,000 will require the University to begin to downsize or eliminate programs despite the fact that they are efficiently run. Reductions of an additional \$30,400,000 for the biennium, or \$15,200,000 per year, would bring the total reductions in the rightsizing category to 2.7% of the F.Y. 1995 O&M budget. On an annual basis, this level of reallocation would be the equivalent of approximately twice the reallocation provided by the closing of the Waseca campus in 1992.

2. Administrative Re-engineering will extend to restricting access of non-University entities to University libraries, cutting the subsidy to the University bus system, and a request to the state that the University be exempted from all 1/3 debt service payments on capital projects. The cost reductions listed here are estimated to total \$4,800,000 for the biennium.

3. The proposed conversion of some State Specials to O&M funding would also be changed. Under the budget cap scenario, we will request that all the state specials be converted to O&M funding. This drastic measure is necessitated by the need to maximize, at a very high level, our financial management flexibility. Once all state specials are converted to O&M funding, each allocation, with some minor exceptions, would be reduced from its Partnership Proposal level by another 2.75% and certain allocations would realize even deeper cuts (increasing the reductions to state specials by \$4,000,000 to \$8,600,000 for the biennium to accommodate the budget cap reduction and to fund needed infrastructure requirements upon which these specials benefit.)

## NACUBO DISTRIBUTIONS

This table represents the NACUBO distribution of the difference between the F.Y. 1995 base and the budget cap targets set for F.Y. 1996 and F.Y. 1997. It is not representative of the University's entire reallocation plan.

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction	(\$4,497)	(\$4,497)	(\$4,497)	(\$4,497)
Research	(702)	(702)	(702)	(702)
Public Service	(517)	(517)	(517)	(517)
Academic Support	(738)	(738)	(738)	(738)
Student Services	(347)	(347)	(347)	(347)
Institutional Support	(398)	(398)	(398)	(398)
Plant Services	(874)	(874)	(874)	(874)
Total	(\$8,073)	(\$8,073)	(\$8,073)	(\$8,073)

## GOVERNOR'S RECOMMENDATIONS:

The Governor recommends a biennial appropriation of \$968,984,000 to the University of Minnesota. This amount includes one-time appropriations of \$53,800,000 to leverage investments that will assist the University in achieving the goals set forth in its strategic plan University 2000. The Governor's budget sets the University's recurring state appropriations base at \$915,184,000.

The Governor recognizes that limited state resources will require the University to make substantial reallocations over the F.Y. 1996-1997 biennium and beyond. To give the University flexibility to manage its budget within these limits and hold annual tuition and fee increases for resident undergraduate students to 3%, the Governor recommends that all the State Special appropriations be reallocated to the University's Non-Instruction O & M appropriations budget.

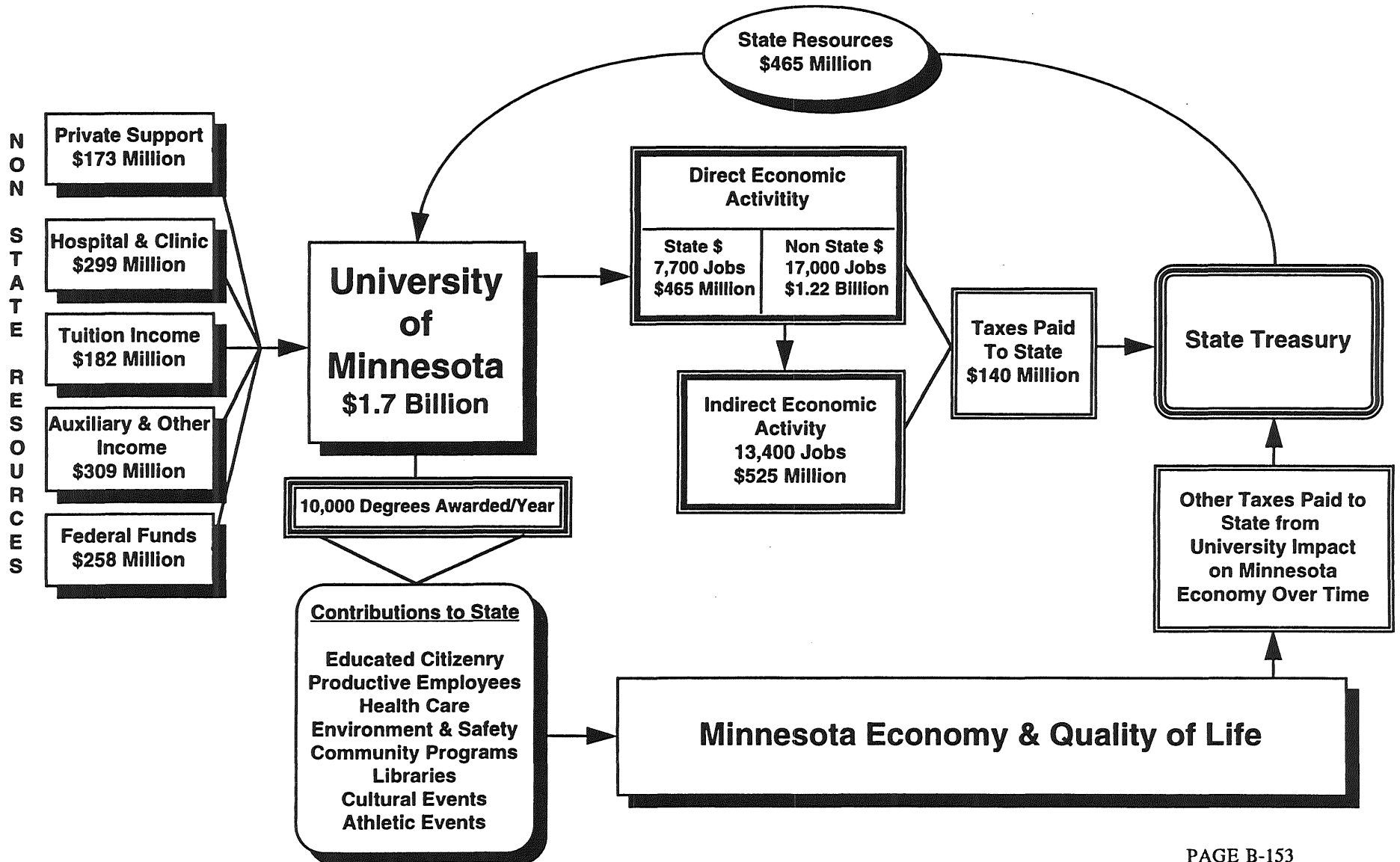
To moderate the need for additional reallocations and tuition increases, the Governor also encourages the University to re-evaluate the new investments proposed in this initiative---particularly the increases in state specials spending---and to focus investment of state resources on programs fulfilling the University's teaching and research missions.

Should the University choose to increase undergraduate tuition and fees by more than 3% per year, the Governor recommends that the resulting additional costs to the State Grant Program for awards to University students be assessed against the University's budget.



# University of Minnesota: Contributions to the State

[Resources = Investments => Social & Economic Returns]



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## 1996-97 Biennial Budget

**AGENCY:** Minnesota, University of

### **AGENCY DESCRIPTION:**

The State of Minnesota has 108 institutions of higher learning; it has only one research university. Combining teaching, research, and service, the University of Minnesota is widely recognized as one of the country's top public research universities.

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the creation of knowledge and the advancement of learning and artistic activity; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world.

The University's mission is 3-fold:

**Research and Discovery:** Generate and preserve knowledge, understanding, and creativity by conducting high-quality research, scholarship, and artistic activity that benefits students, scholars, and communities across the state, the nation, and the world.

**Teaching and Learning:** Share that knowledge, understanding, and creativity by providing a broad range of educational programs, in a strong and diverse community of learners and teachers, and prepare a graduate, professional, and undergraduate student body for active roles in a multiracial and multicultural world.

**Outreach and Public Service:** Extend, apply, and exchange knowledge between the University and society, by applying scholarly expertise to community problems, by assisting organizations and individuals to respond to their changing environments, and by making the knowledge and resources created and preserved here accessible to the citizens of the state, the nation and the world.

For Minnesota and the nation the University produces an educated citizenry and trained workforce, contributes through research and scholarly activity to the knowledge base on which society depends, and puts new knowledge to use through a variety of service, outreach, and technology transfer activities. In these related activities, the University advances the economic, social, and cultural development of Minnesota. Leveraging the state's financial investment by a 3-1 ratio, the University of Minnesota yields a high return for all Minnesotans.

### **Educated Citizenry and Trained Workforce**

The University's most important contribution to the state is its many graduates—more than 10,000 per year—who have been making and will continue to make significant contributions to their communities and to the state's economy over the course of their careers.

Over 200,000 of these graduates are current citizens of Minnesota. The Medical School has provided more than 50% of Minnesota's physicians; the Dental School has educated 82% of the state's dentists; more than 60% of the state's pharmacists have been trained in the College of Pharmacy and nearly all of them have benefitted from the college's continuing education activities; and the College of Veterinary Medicine has provided over 60% of the state's veterinarians.

In addition, the College of Agriculture has educated over 14,000 students; the Law School has educated more than 8,000 lawyers; the College of Liberal Arts has graduated 75,000 students; the Institute of Technology has educated more than 30,000 students; the Graduate School has granted 39,000 advanced degrees; and the College of Education has educated over 35,000 teachers.

The Carlson School of Management has educated 23,000 students, nearly 20% of whom own or have founded their own companies. Recent information from more than 1,000 of those companies shows that they employ 220,000 people, add \$5,200,000,000 to the Minnesota economy, and add \$23,400,000,000 to the worldwide economy.

A comprehensive listing of the University's graduates and their contributions to the state would obviously include more than those identified above. But even this short listing demonstrates that the University of Minnesota educates and trains large numbers of the state's leaders and practitioners in areas that are crucial for the vitality and continued prosperity of the state.

### **Contribution to Knowledge Base**

Faculty involvement in research activities benefits both the University's educational programs and its capacity to develop technologies that can be successfully marketed as commercial products.

Faculty research influences the education of the University's students at all levels: undergraduate, graduate, and professional. Undergraduate students have the opportunity to experience firsthand the discovery of new knowledge and to learn important concepts from faculty who helped develop these ideas. By participating in the research of their advisors or performing research of their own, graduate students learn the standards of their academic disciplines and the processes by which new knowledge is developed. Professional students, too, learn from the research of their faculty, particularly as the research is applied to the practical legal, medical, educational and business issues being addressed in the research.

Faculty involvement in research also helps build the intellectual foundation for developing new technologies that can be transferred into the marketplace and further develop the state's economic base. The success of the University's faculty in developing basic research knowledge is evidenced by the growth of the University's research activities in recent years. For example,

- In 1992-93, 2,780 faculty members submitted 4,050 research proposals to various funding sources seeking \$645,000,000, an increase of 56% from the 2,593 proposals requesting \$251,000,000 in 1982-83.
- More than 3,000 proposals were funded for a total of \$263,600,000, an increase of 67% from the 1,799 awards totaling \$110,000,000 in 1982-83.
- Invention disclosures by University faculty increased from 30 in 1982-83 to 122 in 1992-93. Patents issued to University faculty increased from 5 in 1982-83 to 31 in 1992-93.
- For the period 1986-1992, the University ranked 6th in patents by U.S. universities, with 214 U.S. patents.
- In 1992 (the latest year data were available), the University ranked 6th in science and engineering research and development expenditures.

## 1996-97 Biennial Budget

AGENCY: Minnesota, University of  
(Continuation)

The University's national reputation as a leading research university is demonstrated not only by the large volume of sponsored research done but also by the number of research centers it has established, such as: the Center for Interfacial Engineering, Natural Resources Research Institute, Geometry Center, Cancer Center, Center for Transportation Studies, Army High Performance Computing Research Center, Center for Research in Learning, Perception and Cognition, Biomedical Engineering Center, Dental Research Institute, and the Strategic Management Research Center.

### Putting Knowledge to Use

Discoveries and new technologies stemming from University research are also important to society and to the state's economy. Some of these products are familiar to everyone--"K Rations," "Haralson apples," and the "Black Box" flight recorder. Many other discoveries are less familiar, but no less important to our lives and the state's economy. These include:

- 1) elimination of wheat rust and other plant diseases,
- 2) virtual elimination of dozens of poultry and livestock diseases,
- 3) development of hybrid varieties of corn, wheat, flax, soybeans, bluegrass, potatoes, barley, oats, sunflowers, apples, and other plants and flowers,
- 4) the first use of artificial blood in a human patient,
- 5) the first use of an artificial pancreas for treating diabetic patients,
- 6) the first successful implantation of an artificial heart valve,
- 7) development of a mobile system for preservation of transplantable human organs,
- 8) invention of the DeWall Oxygenator (heart-lung machine),
- 9) vaccine against Lyme disease,
- 10) implantable blood pump, and
- 11) vehicle detection through image processing for traffic surveillance and control.

Cold-hardy and disease resistant strains of soybeans developed by the University with familiar hometown names such as Dassel, Sibley, Kasota, and Glenwood are grown today on nearly 5,000,000 acres and are worth \$1,000,000,000 to Minnesota farmers--the state's largest cash crop.

Reforestation projects by University faculty and students, work in forestry disease prevention, the development of new tree stock, and the development of new wood processing technologies have been of critical importance to Minnesota's lumber and paper industries.

University research has played an especially important part in the creation of Minnesota's "Medical Alley," which is comprised of more than 400 medical companies. St. Jude Medical's most successful product, for example, is a heart valve commercialized by University researchers, which now accounts for \$250,000,000 in annual sales. Medtronic is the largest of the area's medical companies, employing 8,000 people, including 2,000 University graduates. Former Medtronic employees have started more than 40 new medical companies.

Institute of Technology alumni have founded more than 1,000 companies, employing more than 153,000 people, with world-wide annual sales of more than \$18,500,000,000; 623 of those

companies are in Minnesota, employing more than 95,000 Minnesotans, with \$12,000,000,000 in sales, adding value to Minnesota's economy.

Taconite production technology, developed by the University and transferred to mining companies in Minnesota, led to the production of hundreds of millions of tons of taconite and the retention of thousands of jobs on Minnesota's iron range. Today, Minnesota taconite plants still generate 40,000,000 tons a year, provide 6,000 jobs, and spend more than \$900,000,000 in Minnesota each year.

In total since 1983, the University has negotiated technology transfer agreements with 232 companies. Through the Center for Interfacial Engineering, for example, 50 member companies have joined with the University to undertake research and training projects on the molecular interactions that occur when materials such as adhesives, coatings, and film meet. And through Minnesota Project Outreach, over 400 small technology-based companies in Minnesota and 73 public sites have received on-line computer access to technical information and expertise from University experts.

Additional services provided by the University of Minnesota include: the School of Dentistry handles more than 100,000 clinic visits each year, two-thirds of which are uninsured; the Poison Control Center answers more than 4,500 calls annually; the Medical School operates neighborhood clinics in 6 Twin Cities-area locations; the Minnesota Geological Survey maintains a Minnesota water wells database which is used for local and state ground water management; the Minnesota Extension Service's DIAL-U gives advice on insect control, plant disease control, and care of lawns, trees, and gardens to about 25,000 callers per year; the Children, Youth & Family Consortium has helped communities deal with issues such as poverty and nutrition, family violence, parenting, teen pregnancy, teen substance abuse, and community family support systems; the Center for Applied Research and Educational Improvement has partnered with 268 cooperative programs to improve K-12 education across the state.

Museums and gardens are part of the University's contribution to the cultural life of Minnesota. The Frederick Weisman Art Museum is one of the finest to be found anywhere and offers dynamic art programs. An average of 150,000 Minnesotans per year view the touring exhibits of our art collection. The Goldstein Gallery is unique and widely respected. The Landscape Arboretum is considered to be a valuable gardening and landscape resource. The Bell Museum of Natural History is a favorite spot to visit, and its traveling exhibits help people throughout the state understand facts, principles, and the controversies of the natural sciences. The Alworth Planetarium on the Duluth campus offers public and school shows on astronomy.

Recreational opportunities are provided by the University too. The new Aquatic Center has drawn visitors and events Minnesota could not previously host. Intercollegiate athletics provide competitive and exciting games that entertain thousands and serve as a focal point for many Minnesotans' pride and identity in the collegiate sports arena. The Northrop Auditorium hosts artists, performances, political leaders, and scholars of national and international renown.

### Economic Impact on the State

The University's impact on the social and cultural life of Minnesota, though identifiable and significant, is not easily quantified. But the University's economic impact is more obvious. The University of Minnesota plays a critical role in the state's economy and is a major stimulus of economic activity and long-term economic development. Major components of the state's economy have developed from the research conducted at the University over the past 50 years.

## 1996-97 Biennial Budget

**AGENCY:** Minnesota, University of  
(Continuation)

State funding provides about 1/4 of the University's annual budget. Therefore, this funding leverages nearly 3 times as much funding from other sources (e.g. federal government, health care payers, foundations, business and industry, private donors). Without state support, many of these additional resources would go to other research universities, and the associated economic benefits would be reaped by other states.

As an employer in the state, the University of Minnesota employs approximately 34,000 people in full- and part-time positions. By the most conservative estimate, this direct economic activity produces indirect economic activity from the purchase of goods and services of an additional \$500,000,000 (creating more than 13,000 jobs). This direct and indirect economic activity generated by the University produces approximately \$140,000,000 per year in tax revenue for the state.

Even at \$140,000,000 per year, though, the tax revenue generated by the University's direct and indirect economic activity is just a small part of the economic benefit the state derives from the University's activities. As previously described, University discoveries and well-educated University graduates provide the basis for establishing business ventures that employ thousands of Minnesotans at high paying jobs year after year, jobs that would either have been created elsewhere or not created at all if it were not for the investment in education and research made at the University. And University-led advances in agriculture, forestry, medical technology, mining, and computing have led Minnesotans to establish products and companies that are recognizable nationally and internationally.

The State's investments in the University of Minnesota 10 years ago, 25 years ago, and 50 years ago continue to pay dividends today. We are enriched individually and collectively as citizens of the state because of the education, research, and outreach services provided by the University of Minnesota. Dollars to support it can be viewed realistically as an investment—one that will continue to yield dividends in the future. It is because of the State's investment that federal agencies, private companies, and individuals are also willing to invest. The University's support from non-state sources is very much dependent on the core base of State support.

Minnesotans should expect such a return from their investment in the University. And because the University provides a healthy return on the State's investment, the University anticipates a level of support from the State that will allow it to continue to fulfill its mission of teaching, research, and service in a manner befitting the citizens of this special state.

### AGENCY CHALLENGES:

The University of Minnesota, like postsecondary institutions across the country, faces several challenges in the next few years, including:

- meeting the changing expectations for higher education
- addressing changing demographics and an increasingly diverse society
- maintaining the social and economic health of Minnesota and the Upper Midwest
- preparing for the shift of society and the economy from a local to a global scale

- dealing with a rapidly changing resource base for higher education
- offsetting the rising costs of higher education for students
- remaining competitive in the recruitment and retention of quality faculty, staff, and students.

### AGENCY STRATEGIES:

Last year, in order to achieve the mission and goals of the institution, President Nils Hasselmo initiated University 2000, an ongoing strategic planning process that links planning, budgeting, and performance and translates them into visionary action plans.

During the fall of 1993, the University completed a public consultation process that included an opinion survey of Minnesota employers, site visits to peer institutions, and focus groups consisting of nearly 1,000 political, civic, and economic leaders in a process called Conversations with Minnesota.

As a result, President Hasselmo recommended 6 strategic areas of emphasis: 1) Research; 2) Graduate and Professional Education; 3) Undergraduate Education; 4) Outreach and Access; 5) User-Friendly University Community; and, 6) Diversity. The University Board of Regents approved the U2000 strategic plan in January, 1994.

### REVENUE SUMMARY:

Not Applicable

### SUMMARY OF BUDGET REQUEST:

The Program level narrative and the Budget Initiative pages discuss the University's partnership proposal to the State of Minnesota.

### GOVERNOR'S RECOMMENDATION:

The University has taken bold steps to address the challenge facing all institutions of higher education: maintaining excellence in an environment of increasing costs and slower growth in public resources. It has closed a campus, made significant internal reallocations among its colleges, controlled salary growth, and crafted a strategic plan—University 2000—to guide future decision-making. The Governor commends President Hasselmo, the Board of Regents and the University community for their effort and accomplishments.

In its budget request for the 1996-97 biennium, the University has made a serious commitment to achieving the goals set forth in University 2000. To support the University in its efforts to strengthen the quality of research and teaching, the Governor recommends one-time appropriations of \$53.8 million. This strategic investment pool will leverage critically needed investments in research and instructional equipment, libraries, instructional technology, building maintenance and equipping research facilities. It includes appropriations of \$500,000 per year for continued research on wheat scab, a crop disease that has cost Minnesota farmers several hundred million dollars over the past 2 years.

State budget constraints, exacerbated by the Cambridge Bank court decision, do not permit the state to increase ongoing base appropriations at the level of the University's request, 6%. In total, the Governor's recommendations will fund \$60,756,000 or 69% of the university's \$87,700,000

## 1996-97 Biennial Budget

AGENCY: Minnesota, University of  
(Continuation)

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appropriations request. Limited new recurring taxpayer investments will challenge the University to make deeper reallocations and more aggressively pursue cost-containment in both the F.Y. 1996-97 and F.Y. 1998-99 biennia. Fiscal realities may require the University to increase reallocations in the 1998-1999 biennium by 2-3% more each year over the amounts identified for F.Y.s 1996 and 1997 in order to meet the University's goals for priority programs and to constrain resident undergraduate tuition growth to the level of inflation.

The Governor believes that the university's undergraduate students should not be asked to shoulder the burden of that challenge. Over the 1996-97 biennium, the Governor recommends that undergraduate tuition increases at the University and all state public higher education institutions be held at the annual projected rate of inflation, or 3%.

The University's reallocation efforts have proven during the current biennium that it can moderate tuition increases by holding annual tuition rate increases for undergraduates to between 4 and 5%. The Governor's budget recommendation for the need-based State Grant Program will accommodate annual undergraduate tuition and fee increases of up to 3%. However, if the University decides that additional increases are required, then it will be responsible for covering any additional costs of grants awarded to its students that cannot be met within the State Grant Program budget.

To allow the University maximum flexibility in meeting this budget challenge, the Governor recommends that all University Special appropriations be folded into the Operations and Maintenance budget. The Governor also encourages the University Board of Regents to reduce the need for additional reallocations by taking a more critical look at their requests for new spending. For example, nearly \$4.2 million can be saved by reducing the Regents' request for compensation to one consistent with an annual 3% inflation assumption. The Governor requests that the Regents give priority to investments in the University's teaching and research missions over programs dedicated to public service. Trimming new investments targeted for state specials would lower the need for reallocations by \$2.8 million.

The \$915,184,000 biennial base appropriation to the University includes \$500,000 for curriculum development or program reallocation planning required to adjust teacher education programs to prepare prospective teachers to meet new licensing standards beginning in F.Y. 1999. The proposed standards include a knowledge of the philosophy and contents of Minnesota's graduation standards and enhanced skills in teaching and evaluating reading, writing and mathematics.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN

PROGRAM RESOURCE ALLOCATION:	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
PRIMARY PROGRAMS	609,154	628,210	652,714	670,141	685,641	671,931	695,441	719,141	695,441
OTHER ACTIVITIES	8,240	6,873	6,714	7,267	7,267	6,587	6,237	6,237	6,237
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY PROGRAM	617,394	635,083	659,428	677,408	692,908	678,518	701,678	725,378	701,678
CURRENT SPENDING:				658,951	658,951	658,951	658,951	658,951	658,951
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	465	425							
GENERAL	432,098	445,041	462,664	454,114	486,114	475,682	454,114	509,814	493,302
MN RESOURCES	2,389	51		1,030	1,030	350			
HEALTH CARE ACCESS	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
STATUTORY APPROPRIATIONS:									
GENERAL	177,256	183,244	190,527	216,027	199,527	196,249	241,327	209,327	202,139
AGENCY	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	617,394	635,083	659,428	677,408	692,908	678,518	701,678	725,378	701,678

STATE OF MINNESOTA - DEPARTMENT OF FINANCE  
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT  
BY SEC SEQ

AGENCY: UNIVERSITY OF MINN

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	659,428	659,428	653,191	653,191	6,237	6,237		
BASE ADJUSTMENTS								
ONE-TIME APPROPRIATIONS	<477>	<477>	<477>	<477>				
SUBTOTAL BASE ADJ.	<477>	<477>	<477>	<477>				
CURRENT SPENDING	658,951	658,951	652,714	652,714	6,237	6,237		



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## 1996-97 Biennial Budget

**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### PROGRAM DESCRIPTION:

The primary programs of the University of Minnesota encompass the 3 major roles of this university--teaching, research and outreach. Each of these roles is critical to the state and its citizens. These primary roles are best described in the context of the U2000 strategic plan. This plan guides the development for the multiple roles of the University into the 21st century. The success of the U2000 strategic plan requires broad support--a redefining and strengthening of the long-standing, fundamental partnership between the University community, the state, and its citizens. This partnership must be seen as an investment in the future--an investment that will ensure the intellectual and economic vitality of the University and of its contributions to the state as we enter the 21st century. The Primary Programs/Appendix provides a description of each collegiate unit of the University.

### PROGRAM STATUS:

The F.Y. 1996-97 Biennial Budget Proposal represents a major step in the implementation of strategies arising from the U2000 strategic planning process. This planning centers on the necessity to accelerate the reshaping of the University to increase its benefits to the citizens of the state and the nation. The planning process must also maximize the special role of the University of Minnesota as the land-grant research university of the state within, and in collaboration with, the higher education systems of the state and the region.

The U2000 strategic planning process and this budget proposal imply making choices and commitments to invest and redirect resources to areas of highest priority. We are committed to a long-term, orderly and well planned reshaping of the institution; a reshaping that is guided specifically by our commitment to excellence and sound fiscal and educational management. We are confident of the choices we are making as part of U2000 and well aware of the consequences of not making and effectively implementing these choices.

The U2000 plan identifies 6 strategic areas that provide the framework for the acceleration of the reshaping of the University. Four of these areas--research, professional and graduate education, undergraduate education, and outreach and access--are the essence of the land-grant research mission of the University. These areas interlock and leverage each other--the excellence and effectiveness in 1 area depends on the qualities of the others. The U2000 planning process and the biennial budget proposal imply allocations and reallocations, investments and disinvestments in each of these areas. The intent of these actions is to increase the excellence, quality, and cost effectiveness of the institution's outputs, responding to changing needs and expectations yet sustaining the essential core of our educational institution. The 2 other strategic areas--user-friendliness and diversity--place into the forefront the essential need for the institution to significantly improve its customer orientation and address the importance of making its resources accessible, in an effective manner, to underrepresented populations.

### PLANNED RESULTS:

Goals in each of these 6 strategic areas of U2000 have been adopted, and critical measures are being established to determine our progress toward the achievement of these goals. These measures guide the resource allocation and reallocation process.

In the area of research, the goal is to sustain the University, within a most competitive environment, as 1 of the major research institutions of the nation. This is an essential goal for the economic and social well being of the state and its citizens. It is a goal that is intimately tied to the quality of our professional and graduate programs, an area for which the University has, within the state, almost exclusive responsibility. Limited resources and a highly competitive environment require that we focus our programs, be prepared to respond to demands and expectations of society, and commit to quality, not size.

During the past 5 years the University has revitalized and focused many of its undergraduate programs. For example, in the Twin Cities we have made changes in the focus of the College of Education which led to the exiting of most of its undergraduate teacher training programs and we have established a new liberal education curriculum. The Morris campus has focused on the need to deliver a quality, liberal arts experience which has led to national acknowledgement of the University of Minnesota-Morris as an outstanding liberal arts college. Our Crookston campus is engaged in a significant and exciting restructuring of its programs in technical and applied education. This restructuring is being undertaken in direct response to needs of the citizens of our state. The Duluth campus has, through significant internal reallocations, improved and focused its undergraduate programs. A major step in this systemwide refocusing effort was the discontinuance of all instructional programs on the Waseca campus. Yet much more remains to be done. Central to the goals of U2000 is the need to focus our programs; significantly increase retention and graduation rates and assist our students, faculty and staff to develop higher expectations of performance and commitment.

Outreach activities are an integral component of the University mission and are closely tied to the research mission. They touch almost every aspect of our state in areas as diverse as health services, families, agriculture and related industries, technology transfer, economic development, and the K-12 educational system. The planned evolution of the newly proposed *University College*, and the development of cooperative partnership programs with Minnesota's other higher education institutions, represents a redirection of resources which will significantly improve the utilization of assets, across the state, while being responsive to the goal of providing life-long learning opportunities for our citizens.

A major effort is directed at the enhancement of user-friendliness through improvement of both the physical environment and the support infrastructure. We intend to accomplish this goal, in part, by striving for simplicity, effectiveness, and a positive customer orientation. The University is committed to downsizing its bureaucratic structure. While significant improvements have been made in some areas, much remains to be done to redirect our efforts from low value-added activities to activities of more importance to the institution, the state, the nation and the world. The U2000 plan clearly demonstrates a commitment to invest funds in areas that affect our physical infrastructure and technology and information systems that will bring about greater effectiveness, efficiency, and positive customer orientation.

## 1996-97 Biennial Budget

**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

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We look with pride to the significant changes we have made in the area of diversity. Yet, changing demographics and the demonstrably increased need by historically underserved populations require a higher level of performance in this area. We have identified diversity as a major strategic area; moreover, diversity goals are integrated into each of the other 5 major strategic areas. Our diversity goals, as stated in the U2000 planning process, place particular emphasis on output measures such as retention and graduation rates, as well as on the participation of underserved populations in both our student and faculty ranks.

### BUDGET AND REVENUE SUMMARY:

The achievement of the goals described above depends on the implementation of a set of actions over the long-term. This biennial budget proposal describes the resource allocation process that underpins our strategies for implementation.

At the outset, it must be stated that the planning process, as might be expected, has not uncovered a set of simple actions to be undertaken. Rather, the strategic implementation depends on a long-term reshaping of the institution based on investments, reallocations, restructuring and improvement. The 3 major areas targeted for action in this reshaping effort are the academic core, the supporting infrastructure, and the physical infrastructure.

In the academic core, the central strategy is to focus, reshape, right size, and reallocate resources within and across units. Our goal is to invest in the development of a better supported and more effective faculty. It is essential that the University respond to instructional, research, and outreach needs through reallocation from lower to higher priority need and opportunity areas.

For too long the technical and support infrastructure that underpins the academic enterprise at the University has not received the attention it requires and deserves. As a result, many students, faculty, staff, and citizens have been neither appropriately supported nor served by this infrastructure. This biennial budget proposal will direct resources toward information and technology systems, re-engineering of student and staff services, and the maintenance of the libraries of the University.

Finally, the physical infrastructure of the University must receive significantly increased attention. This biennial budget proposal is a first, but modest step in that direction. It represents a strategic investment and reallocation to improve the environment for faculty and staff, and provides for appropriately enhanced and safe facilities for students and community members who utilize the campuses.

Well planned and thoughtfully executed investment strategies are critical to the success of the U2000 strategic plan. Our investment plan is directed approximately one-third to the physical infrastructure and two-thirds to the area that underpins the education, research, and outreach mission of the University. This biennial budget proposes that these investments be financed by a partnership

between the state and the University. The state is asked to sustain, and slightly increase, the present proportion of its budget that it invests within the University, thereby arresting the decline that has occurred during the past 6 years. This implies an increase of 6.0% per year over that provided under the budget cap. It is proposed that students, as part of the partnership, participate through a tuition increase of 4.8% per year of which approximately 3% is associated with expected inflation and 1.8% with investments implied by the U2000 planning process. The University proposes to assume responsibility, as part of this partnership, to increase other revenues by \$1,500,000 and strategically reallocate \$28,200,000. All these elements of the partnership contribute to the \$143,700,000 of investments described in the budget initiative pages.

### NACUBO DEFINITIONS AND DISTRIBUTIONS

**Instruction:** This category includes expenditures for all activities that are part of the University's instruction program. Expenditures for credit and noncredit courses, for academic, vocational, and technical instruction, for remedial and tutorial instruction, and for regular, special, and extension sessions are included.

**Research:** This category includes all expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the University or separately budgeted by an organizational unit within the University. Subject to these conditions, it includes expenditures for individual and/or project research as well as those of institutes and research centers.

**Public Service:** This category includes all expenditures for activities that are established primarily to provide noninstructional services beneficial to individuals and groups external to the University. These activities include community service programs and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional services to particular sectors of the community.

**Academic Support:** This category includes expenditures primarily to provide support services for the University's primary missions--instruction, research, and public service. It includes: 1) retention, preservation and display of educational materials; 2) the provision of services that directly assist the academic functions of the University; 3) technology such as computing support and media such as audiovisual services; 4) academic administration and personnel development providing administrative support and management direction to the 3 primary missions; and 5) separately budgeted support for course and curriculum development.

**Student Services:** This category includes expenditures for offices of admission and registrar and those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his or her intellectual, cultural, and social development outside the context of the formal instruction program.

**Institutional Support:** This category includes expenditures for: 1) central executive-level activities concerned with management and long-range planning of the entire University; 2) fiscal operations; 3) administrative data processing; 4) space management; 5) employee personnel and records; 6) security, printing and transportation services; 7) support services to faculty and staff that are not operated as auxiliary enterprises; and 8) activities concerned with community and alumni relations.

**Plant Services:** This category includes all expenditures of current operating funds for the operation and maintenance of physical plant, in all cases net of amounts charged to auxiliary enterprises, hospitals, and independent operations. It includes all expenditures for operations established to

## 1996-97 Biennial Budget

**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

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provide services and maintenance related to grounds and facilities. Also included are utilities, fire protection, property insurance, and similar items.

The following table displays the distribution of the primary programs within NACUBO categories.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends that the State of Minnesota assist the University in meeting the goals and priorities of University 2000 by increasing ongoing state appropriations above the limit set by the 1993 legislature, and through additional one-time appropriations of \$53.8 million. These appropriations include \$500,000 in each year of the biennium to support continued research on wheat and barley scab, a plant disease that has cost Minnesota farmers hundreds of millions over the past 2 years.

The Governor recognizes that limited state appropriations will require the University to make substantial reallocations in order to meet the budget set by University Regents for the 1996-1997 biennium and beyond. Therefore, the Governor recommends that the University be given maximum flexibility to manage its state funds through the reallocation of all State Special appropriations to the University's Non-Instruction O & M budget.

The Governor requests that the University hold annual tuition and fee increases for resident undergraduate students to 3%, the amount forecast in the Governor's budget for the State Grant Program. Should the University choose to raise undergraduate tuition and fees by more than the 3% threshold, the Governor recommends that the resulting additional cost to the State Grant Program for awards to University students be assessed against the University's budget.

In order to moderate both the need for reallocation and tuition increases, the Governor encourages the University to re-evaluate proposed new investments such as the increases in state specials spending, and to focus investment of state resources on programs fulfilling the University's teaching and research missions.

Finally, the appropriation to the University includes \$500,000 for curriculum development and program planning to adjust University teacher education programs to prepare prospective K-12 teachers to meet new licensing standards beginning in F.Y. 1999. Under these new standards all elementary and secondary teachers will be required to demonstrate or achieve the following:

1. Knowledge of the philosophy and contents of Minnesota's graduation standards
2. At least a B average in coursework required for graduation
3. At least a B average in English composition including demonstration of writing skills traditionally associated with completion of at least one additional year of composition or technical writing beyond the general requirement for a BA.
4. Knowledge of and practice in using current software and other technology for improving student learning

In addition to these requirements, persons seeking a secondary teaching license would be required to:

1. Complete a major with at least a B average in the academic discipline(s) the student is seeking certification to teach.
2. Demonstrate skills in teaching and evaluating reading, including technical reading if appropriate, using the academic discipline for which certification is sought.
3. Demonstrate skills in the teaching and evaluating of communication, including technical writing if appropriate, using the academic discipline for which certification is sought.
4. Be evaluated in their internship on their ability to use their chosen academic field as a medium for developing students' general reading, writing, and speaking skills

Persons seeking an elementary teaching license would be required to:

1. Complete the following coursework with at least an overall B average
  - a) College level math or computer science (8 quarter credits)
  - b) College-level natural sciences (8 quarter credits)
  - c) American history and/or political science (12 quarter credits)
  - d) Western civilization, humanities, arts, or literature (12 quarter credits)
  - e) Non-western civilization, humanities, arts, or literature (12 quarter credits)
2. Demonstrate skills in teaching and evaluating reading, writing, and mathematics.
3. Be evaluated in their internship on their use of a variety of subject areas as the foundation for developing students' general communication skills.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
INSTRUCTION	389,544	420,000	450,000	463,845	474,345	465,876	481,765	498,465	481,643
NON INSTRUCTION	138,228	125,363	116,507	206,296	147,839	206,055	213,676	155,514	213,798
AGRICULTURE SPECIAL	43,154	44,247	45,997		48,324			49,674	
HEALTH SCIENCE SPECIAL	16,659	16,758	17,458		4,136			4,233	
TECHNOLOGY SPECIAL	2,890	2,911	3,021		1,602			1,654	
SYSTEM SPECIAL	18,679	18,931	19,731		9,395			9,601	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	609,154	628,210	652,714	670,141	685,641	671,931	695,441	719,141	695,441
CURRENT SPENDING:				652,714	652,714	652,714	652,714	652,714	652,714
AGENCY PLAN ITEMS:			FUND						
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MAINTAIN PERFORMANCE		GEN		8,100	8,100	8,100	8,100	8,100	8,100
U2000 (1994 SUPPLEMENT)		GEN		9,100	9,100		300	300	
U2000 - CRITICAL INITIATIVES		GEN		10,000	10,000		23,700	23,700	
SALARY AND FRINGE POOL		GEN		16,900	16,900		34,500	34,500	
UTILITIES & BLDG MAINTENANCE INFLATION		GEN		2,000	2,000		4,000	4,000	
NEW BUILDING OPERATIONS		GEN		1,900	1,900		4,900	4,900	
BUILDING MAINTENANCE		GEN		5,000	5,000		9,000	9,000	
CAPITAL DEBT		GEN		2,100	2,100		4,100	4,100	
STRATEGIC REALLOCATIONS		GEN		<29,600>	<14,100>	<27,810>	<37,800>	<14,100>	<37,800>
APPROPRIATION LIMIT, LAWS 1993		GEN		<8,073>	<8,073>	<8,073>	<8,073>	<8,073>	<8,073>
CAMBRIDGE BANK COURT DECISION		GEN				<4,622>			<4,622>
U-2000 STRATEGIC INVESTMENTS, STATE		GEN				18,090			35,710
U-2000 STRATEGIC INVESTMENTS, STUDENTS		GEN				5,722			11,612
U-2000 STRATEGIC INVESTMENTS, UNIVERSITY		GEN				27,810			37,800
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				17,427	32,927	19,217	42,727	66,427	42,727
SOURCES OF FINANCING:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
DIRECT APPROPRIATIONS:									
GENERAL	432,098	444,966	462,187	454,114	486,114	475,682	454,114	509,814	493,302
STATUTORY APPROPRIATIONS:									
GENERAL	177,056	183,244	190,527	216,027	199,527	196,249	241,327	209,327	202,139

**1996-1997 B I E N N I A L B U D G E T**  
**(DOLLARS IN THOUSANDS)**

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS

				FY 1996			FY 1997		
			Est.						
	FY 1993	FY 1994	FY 1995	Agency	Agency	Governor	Agency	Agency	Governor
				Plan	Request	Recomm.	Plan	Request	Recomm.
ACTIVITY RESOURCE ALLOCATION:									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	609,154	628,210	652,714	670,141	685,641	671,931	695,441	719,141	695,441

1996-1997 BIENNIAL BUDGET  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINNESOTA  
PROGRAM: PRIMARY PROGRAMS

				<u>F.Y. 1996</u>	<u>F.Y. 1997</u>		
NACUBO CATEGORIES	<u>F.Y. 1993</u>	<u>F.Y. 1994</u>	<u>F.Y. 1995</u>	<u>Agency Plan</u>	<u>Agency Request</u>	<u>Agency Plan</u>	<u>Agency Request</u>
Instruction	272,123	285,500	298,000	299,756	307,551	306,069	318,739
Research	76,005	77,286	79,993	83,235	84,692	86,381	88,803
Public Service	57,185	58,149	60,185	59,954	60,443	61,233	62,032
Academic Support	36,897	37,519	38,833	39,707	39,707	41,301	41,301
Student Services	47,275	48,072	49,755	53,900	53,900	55,951	56,551
Institutional Support	37,537	38,170	39,506	35,557	40,057	39,050	43,500
Plant Services	<u>82,132</u>	<u>83,516</u>	<u>86,441</u>	<u>98,030</u>	<u>99,289</u>	<u>105,457</u>	<u>108,216</u>
Total	609,154	628,210	652,714	670,141	685,641	695,441	719,141

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINNESOTA  
PROGRAM: PRIMARY PROGRAMS

RECONCILIATION OF F.Y. 1995 TO BASE LEVEL  
HIGHER EDUCATION BILL (GENERAL FUND)

	F.Y. 1995 -----	F.Y. 1996 -----	F.Y. 1997 -----	1996-97 BIENNIUM -----
INSTRUCTION:				
APPROPRIATION - O & M	271,932	269,163	269,163	538,326
RESTRUCTURE & REALLOCATION	( 2,769)			
INCOME	180,837	180,837	180,837	361,674
INTENT TUITION	132,608			
ADDITIONAL TUITION	48,229			
FORMULA ADJUSTMENTS (1)				
APPROPRIATION		11,593	23,726	35,319
TUITION		5,801	11,827	17,629
CURRENT SPENDING	450,000	467,394	485,554	952,948
NON-INSTRUCTION:				
APPROPRIATION - O & M	104,048	106,817	106,817	213,634
RESTRUCTURE & REALLOCATION	2,769			
INCOME	9,690	9,690	9,690	19,380
APPROPRIATION - SPECIALS	86,207	86,207	86,207	172,414
FORMULA ADJUSTMENTS (1)				
APPROPRIATION		5,791	11,755	17,546
INCOME		291	590	881
CURRENT SPENDING	202,714	208,796	215,059	423,855
BASE LEVEL SPENDING (2)	----- 652,714 =====	----- 676,190 =====	----- 700,613 =====	----- 1,376,803 =====
DIRECT APPROPRIATIONS SUMMARY:				
BASE LEVEL TOTALS (2)	462,187	479,571	497,669	977,239
"CAP GAPS"	( 8,073)(3)	( 25,457)	( 43,555)	( 69,011)
AGENCY TARGETS (3)	454,114	454,114	454,114	908,228
AGENCY REQUEST ITEMS (4)	----- 32,000 -----	----- 32,000 -----	----- 55,700 -----	----- 87,700 -----
PARTNERSHIP PROPOSAL	454,114 =====	486,114 =====	509,814 =====	995,928 =====

(1) PER WORKSHEETS.

(2) MINNESOTA STATUTES 135A.

(3) CHAPTER 2, LAWS 1993, FIRST SPECIAL SESSION, ARTICLE 1, SECTION 9, SUBDIVISION 8 (SEE AGENCY BRIEF).

(4) PARTNERSHIP INITIATIVES.



**University of Minnesota**  
**Educational Enhancements / Tuition Increases above 3%**

	F.Y. 1994	F.Y. 1995	Examples of Quality Increases above 3%:	F.Y. 1994	F.Y. 1995
Fall Enrollment Base / Regular Tuition	\$124,195,304	\$135,476,286	* Library Improvements	\$300,000	
General Increase at 3%	\$3,725,859	\$4,064,289	* Operation of Biological Sciences Addition	\$283,920	
Subtotal Revenues at 3%	\$127,921,163	\$139,540,575	* Student Center Addition - Morris	\$69,470	
Quality Increase at 1.3%/1994, 1.2%/1995	\$1,595,992	\$1,625,715	* Classroom Equipment	\$100,000	\$100,000
Projected Regular Tuition Revenue	\$129,517,155	\$141,166,290	* Disability Services	\$731,000	\$340,000
Total Percent Increase	4.3%	4.2%	* Enhanced Investment in Computing	\$300,000	\$250,000
			* Inst. Federal Match for Student Aid Programs	\$427,900	\$205,687
			* CLA Enhance Undergraduate Advising		\$350,000
			* Carlson School Strategic Priorities		\$150,000
			* Center for Industrial Mathematics		\$155,000
			* Duluth Campus Priorities above 3% General Rate		\$315,000
			* Improving Student Environment		\$79,000
			* Integrated Program Planning - College of Ed.		\$186,362
			* Student Service Relocation - College of Agriculture		\$240,000
			<b>Total Examples of Quality Increases</b>	<b>\$2,212,290</b>	<b>\$2,371,049</b>

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Maintain Current Performance Levels

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$8,100	\$8,100	\$8,100	\$8,100
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

### RATIONALE:

The University faces the financial need of \$16,200,000 to maintain operation at the base level of funding from the State of Minnesota. The difference between the University's F.Y. 1995 appropriation times 2 (\$924,400,000) and the F.Y. 1996-97 biennial appropriations cap (\$908,200,000) equals \$16,200,000.

Minnesota Laws, 1994 includes a new higher education funding formula which calls for a process of adjusting the F.Y. 1995 spending base. The result of the required calculations for the University is a positive base adjustment of \$1,200,000. Therefore, \$1,200,000 of this \$8,100,000 annual request represents this base adjustment in accordance with the new formula provision in law.

Approval of this proposal will support operations of the University at the current operations level of effort.

The University is undertaking a comprehensive effort in developing institutional critical measures of performance (reference Critical Measures document). The goal of this effort is to define, specify and track key performance measures which will help in the development of future strategic plans and resource allocations. In order to move into the future with improvements in quality - improvements in critical measurements - current levels of operations and the corresponding attainment of goals must be maintained.

In addition, although the University is planning to make internal reallocations to fund the highest priorities of U2000, those reallocations will be done in a targeted and planned manner. In order to make the necessary reductions for reallocation, each budgetary unit within the University (College/Administrative Unit) must start the exercise at the appropriate level of base funding. The

targeted nature of the reductions assumes the current level of operations will continue for those areas which are not negatively affected by reallocations. Therefore, the correct level of base funding is the necessary first step in the process.

### PROGRAM OUTCOMES:

By supporting the basic operation of the University, this proposal supports the backbone upon which the U2000 strategic areas of emphasis will build. It will allow new or reallocated resources to be put directly and immediately into those items which will improve and enhance quality in the University.

**Relationship to Goals:** Planned modification of operations from the current level is an essential pre-condition to accomplishing the goals being set in the U2000 critical measures and goals process, as it affects the University's ability to move forward with improvements in all of the 18 measurement areas identified. Inability to "maintain current performance levels" would necessitate revision of all goals, and subsequent plans.

### LONG-TERM IMPACT:

By allowing the base level of operations to continue, this proposal will make it possible to expediently implement initiatives impacting the future of the University.

### NACUBO DISTRIBUTIONS

	<u>Dollars in Thousands</u>					
	<u>F.Y. 1996</u>			<u>F.Y. 1997</u>		
	<u>Agency Plan</u>	<u>Agency Request</u>	<u>Governor Recomm</u>	<u>Agency Plan</u>	<u>Agency Request</u>	<u>Governor Recomm</u>
Instruction	\$4,524	\$4,524	\$4,524	\$4,524	\$4,524	\$4,524
Research	702	702	702	702	702	702
Public Service	517	517	517	517	517	517
Academic Support	738	738	738	738	738	738
Student Services	347	347	347	347	347	347
Institutional Support	398	398	398	398	398	398
Plant Services	874	874	874	874	874	874
Total	\$8,100	\$8,100	\$8,100	\$8,100	\$8,100	\$8,100

### GOVERNOR'S RECOMMENDATION:

The Governor recommends that annual appropriations to the University be increased by \$8,100,000 per year to \$462,214,000. This restores base-level appropriations to their F.Y. 1995 level. When combined with the University's 1% share of the Cambridge Bank reductions, annual base-level appropriations for the University total \$457,592,000 (see Cambridge Bank Initiative). To maximize the University's level of flexibility in managing its state funds, the Governor further recommends that all state special appropriations to the University be folded into the Non-Instruction Operations and Maintenance budget (see State Special Conversion Proposal). The Governor requests that the University hold annual increases in tuition and fees for resident undergraduate students to 3%.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Investment in U2000/1994 Supplemental

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$9,100	\$300	\$300	\$300
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M.S.				

## RATIONALE:

The University faces the financial need of 1-time investment dollars of \$9,145,000 in the following categories:

Item	Dollars in Thousands			
	Crookston	Duluth	Morris	Twin Cities
<b>Enhancing the Learning and Working Environment</b>				
Phone Access/Student Service		\$120		\$630
Direct Lending Demo Site		150		
Tech Support Financial Aid				750
Campus-Facilities/Equip	\$45	235	\$60	1,161
Campus Access Improvements				515
Integrated Student Services Proj.				500
Campus Security & Safety				35
<b>Investing In Educational Equipment and Technology</b>				
Classroom Technology & Distance Ed.	\$66	\$344	\$88	\$1,657
Computers/Related Equip.	43	226	57	1,118
<b>Improving Library Resources</b>				
Library-Information Products				130
Library-Electronic Access	20			750
Library- Acquisitions	10	21	16	53
<b>Indigent Care Funding</b>				
Indigent Care-Dental School				300
<b>Totals</b>	<b>\$184</b>	<b>\$1,096</b>	<b>\$221</b>	<b>\$7,599</b>

Phone Access to Student Services--To further develop touch-tone telephone access to a variety of services such as registration and course selection, grade reporting, financial aid/admissions status checking, and student financial account information.

Direct Lending Demo Site--To complete the activities to eliminate a 4% origination fee for all students in the program.

Technology support for Administration/Financial Aid--To develop an imaging system in the admissions and financial aid offices to eliminate file paper and allow immediate access to student information.

Campus Environment-Facilities/Equipment--To purchase new scrubbers, sweepers, etc. to improve the productivity of facilities management staff.

Campus Access Improvements--To encourage more bike transportation through traffic control and bikeways, to complete an inner campus transit way, and to purchase a paratransit vehicle for the disabled.

Integrated Student Services Project--To develop an information technology strategy for student administrative computing systems (admissions, registration/records and financial aid) and a feasibility study for system replacement.

Campus Security and Safety--To pilot a campus monitoring system, a fire alarm monitoring system and a photo imaging system for the University Police Department.

Classroom Technology and Distance Education--To better equip classrooms and conference rooms with appropriate technology.

Computers and Related Equipment--To upgrade computer and instructional equipment in all instructional areas.

Libraries--To purchase approximately 2,000 monographs (books), 10 CD-ROMs and improved electronic access to the Libraries databases.

Indigent Care-Dental School--To make up the difference between Medical Assistance billings and Medical Assistance payments (based on F.Y. 1993 data). The University is proposing that this funding be established as a state special.

University 2000 envisions the University of Minnesota as a global, land grant, research University--a leading institution for the 21st century. U2000 is premised on 2 principles: 1) quality must be the hallmark of every activity of the University, and 2) partnerships with individuals and organizations throughout the state are necessary for success. As referenced in the agency initiative entitled "Strategic Reallocations", the University is planning to reallocate internal funds to begin to meet the needs involved with implementation of its strategic plan. This specific initiative presents an opportunity for the State of Minnesota to partner with the University, through a number of 1-time investments, to begin the process of meeting the goals of U2000.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Investment in U2000/1994 Supplemental  
(Continuation)

### PROGRAM OUTCOMES:

Funding of this initiative will advance a number of the strategic areas of emphasis under U2000.

Items designed to improve student services and the campus environment will go a long way to make the University a more effective, efficient, user-friendly community. Students will be the direct beneficiaries of phone access to student administrative services, improvements in the direct-lending program in Duluth, improved access to admissions and financial aid information, better transit systems throughout the Twin Cities campus, an improved information technology strategy for student administrative computing systems, and campus security and safety initiatives.

Investments in educational equipment across all campuses will positively impact the strategic areas of Research, Graduate and Professional Education and Undergraduate Education. Enhancements in classroom technology, computers and related equipment and distance education technology are necessary to achieve excellence in teaching and learning, research and discovery, and outreach and service. The direct beneficiaries of such enhancements will be students, faculty, and staff, and the citizens of the state.

An investment in libraries is an investment in an extraordinary state-wide asset. Libraries support the strategic areas of Research, Graduate and Professional Education, Undergraduate Education, Outreach and User-Friendly University Community. The funds will focus not only on library acquisitions, but also on new information technologies, data-base licensing fees, and improved access to information in electronic form. Students, faculty, staff and citizens throughout the state will benefit from these improvements.

The 1 specific program initiative, Indigent Care in the Dental School, represents an investment in Outreach. It addresses a specific role of the University in extending its expertise beyond the University community in continuing to provide health care to Medical Assistance and indigent patients.

**Relationship to Goals:** These proposals relate to 14 of the 18 critical measures but are particularly critical to those measures that relate to educational quality, access to the University, and the campus environment. Work environment and equipment enhancements relate to the critical measure "characteristics of new students," in terms of both readiness to succeed and diversity. Improvements in the overall campus environment and the learning environments in classrooms will affect the "student experience" critical measure as well as improve the "graduation rate." Computer enhancements and improved library resources will positively affect the critical measures "faculty and staff recruitment, development, satisfaction, and retention," "scholarship, research, and artistic accomplishments" of the faculty, and enhancement of the faculty's "responsiveness to compelling

state needs" and "outreach and public service activities." Investments in facilities relate to measures of improved access, safety, and user-friendliness.

### LONG-TERM IMPACT:

The items included in this initiative represent predominately 1-time investments which will lead to further improvements to the University's computer, instructional equipment, library, security and administrative systems. They are the initial building blocks to future, large-scale improvements. Other items in this proposal, such as the phone access to student services, purchase of equipment for facilities management and the transit system, and purchase of computer hardware, will result in immediate benefits that will last for a number of years to come. All items, because they are an investment in U2000, are an investment in the future of the University and the State of Minnesota. They correspond to the strategic goals designed to improve the quality of all University endeavors--beginning today, and extending far into the future.

### NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction	\$ 3,600	\$ 3,600		
Research				
Public Service	300	300	\$300	\$300
Academic Support	1,000	1,000		
Student Services	2,150	2,150		
Institutional Support				
Plant Services	2,050	2,050		
Total	\$9,100	\$9,100	\$300	\$300

### GOVERNOR'S RECOMMENDATION:

The Governor recommends that investments detailed in this and other University requests be leveraged through one-time appropriations of \$53.8 million (see Governor's Initiative). The Governor does not recommend the University's request to establish a new State Special appropriation to cover the costs of indigent patient care provided by the University School of Dentistry.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Investment in U2000 Critical Initiatives

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$10,000	\$23,700	\$23,700	\$23,700
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_ No X

If yes, statute(s) affected: M.S.

## RATIONALE:

In this initiative, the University is proposing an ongoing partnership with the State of Minnesota to begin the process of meeting the goals and priorities of University 2000. The University's strategic plan (U2000) envisions a global, land grant research University - a leading institution for the 21st century. To attain the goals of quality set forth in that plan, however, investments must be made in a variety of academic, student service and research arenas. As indicated in the agency narrative portion of this document, the University provides benefits to the State of Minnesota in many ways. By being a part of U2000, the State of Minnesota now has an opportunity to expand on the existing benefits and enhance the living and working environment of Minnesota for its citizens.

The University is requesting a partnership with the State of Minnesota centered around U2000. Specifically, investments will be made in the following areas:

	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
<b>Investments in Learning Community</b>		
Strengthen Key Disciplines	\$3,000	\$3,800
Targeted Recruitment & Retention/Faculty	1,400	1,800
Research & Education Grant Matches	1,500	2,500
Excellence Through Diversity	500	700
<b>Investment in Student Services</b>		
Services for Prospective Students	400	500
Services for Current Student Body	0	2,800

	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
<b>Investment in Education/Systems Infrastructure</b>		
Equipment Technology	0	3,500
Library Resources	0	1,500
Distance Education	0	1,500
Development & Training	400	800
Human Resources/Student Systems	300	800
<b>Investment in Cancer Center</b>	2,500	3,500

**Strengthen Key Disciplines and State Specials**—Of the \$6,800,000 for this item, \$3,116,000 represents increases in the state specials, which are also impacted by reallocations, as follows: \$1,200,000 for the Agricultural Experiment Station to increase collaboration with external agencies and enhance high priority programming such as biological control and precision agriculture; \$1,150,000 for the Minnesota Extension Service for several initiatives including non-campus based programs and alleviation of a noncompetitive compensation structure for extension educators; \$91,000 for the Talented Youth Mathematics program to strengthen outreach programs of instruction in mathematics; \$25,000 for the Humphrey Forum to restore the base; \$250,000 for Natural Resources Research Institute programs including a special initiative on iron ore applied research; \$100,000 for the Center for Urban and Regional Affairs for its programs on economic development of urban minority communities; and \$300,000 for the Leadership Academy, a new program in partnership with the Minnesota State Universities and Colleges to build leadership and develop innovative organizational and teaching designs to meet the needs of students and communities affected by the merger. Funds will also be used to provide targeted investments, in all campuses, in academic areas of excellence of significant opportunity, and of high student demand. These include, for example, disciplines that support the newly instituted thrust on children, youth and families, including the basic social sciences and the Institute of Child Development; activities underpinning the further nurturing of biomedical engineering in the Institute of Technology, the College of Biological Sciences and the Medical School; programs that underpin education, research and outreach on the environment and natural resources (such as the Large Lakes Observatory on the Duluth Campus); and further development on all campuses of the undergraduate initiative centered on the liberal education curriculum, internationalization, and responsiveness to areas experiencing heavy student demand. Key investments in areas of excellence and of significant opportunity (for example, in the area of diabetes in the Medical School and in the Center for Interfacial Engineering in the Institute of Technology) will improve the competitiveness of such activities.

**Targeted Recruitment & Retention of Faculty**—These funds will support the cost of retaining and recruitment of faculty in disciplines which the University considers crucial to its excellence and competitiveness. A recently completed study shows that the University spent, during the past 3 years, an annual average of \$1,500,000 in retention costs associated with salary and non-recurring commitments. In spite of the University's efforts, the retention rate is 58% for those faculty members receiving external offers, principally from other research universities. The retention of highly abled faculty in a fiercely competitive environment is a fundamental strategic goal of U2000.

**Research & Education Grant Matches**—It is now increasingly the case that educational and research grants awarded by federal agencies require that the recipient provide matching institutional funds. Federal agencies such as the National Science Foundation and the Department of Education award research, instructional, and educational program grants with the requirement that the receiving institution match these grant funds with internal funds. Private foundations, as well, are looking for an investment on the part of the institution when determining how they will deliver their grants. The

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Investment in U2000 Critical Initiatives  
(Continuation)

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intent of this initiative is to provide the University with a pool of matching funds to leverage external resources at a maximum level. At a minimum, the matching funds should leverage at a rate of 2:1, and hopefully at a level of 3:1. In addition, a portion of these matching funds will be dedicated to initiate activities of an interdisciplinary nature in order to nurture these extremely beneficial, but sometimes difficult, ventures.

**Excellence Through Diversity**--Both the student and faculty populations at the University of Minnesota demand diversity throughout. This initiative will assist in the recruitment and retention of key faculty of color in targeted areas; for example, the College of Education is a targeted area for key diversity recruitment and retention. For both graduate and undergraduate student recruitment and retention, scholarships and fellowships promoting diversity will be funded through this initiative. The University is currently investing in a national fellowship program that assists in the development of strong relationships between universities and historically black colleges in order to attract students of color to pursue graduate study at the sponsoring universities. This initiative will further the University's diversity efforts. Financial support for undergraduate students of color will encourage and support those students with college potential. In 1987, the Minority Encouragement Program was established with the St. Paul School District as an early intervention strategy designed to bring students of color to the University and support their academic financial needs. This initiative will further support this program and others like it which promote excellence through diversity on all campuses of the University.

**Services for Prospective Students**--The Office of Admissions will continue to expand the University's recruitment program to attract the kind of diverse and academically prepared freshman class U2000 mandates. The goals and critical measures proposed to the Board of Regents make it clear that to increase at the same time the number of new freshman, the diversity of class, and the mean high school rank, the University will need to increase the level of its support for recruiting activities and support functions. The funds requested will be used for a number of initiatives including: expansion of the number of on-campus programs for prospective students of color, more extensive market research to ascertain our customers' needs; participation in the "College View" electronic request for information and electronic application for admission (including the development of a multimedia segment for students in high schools to view); and expansion of our technical support staff to allow the University to capitalize on new developments in technology.

**Services for Current Student Body**--Funding will provide services in the areas of registration, academic advising offices and the Office of Student Financial Aid. Additional direct student contact staff, a new information phone system, including a "1-800" number, and renovation of the information center will provide improved access and service for students. In addition, funding from this initiative will help maintain and expand the community-building efforts currently under way on the campuses. Special emphasis is to be devoted to academic and career advising programs.

Particularly on the Twin Cities campus, a large urban commuter campus, community building is a critical element in providing students with an accessible and receptive college environment.

**Equipment/Technology**--Funding will provide for computer and instructional related equipment throughout the University such as enhancements to the network infrastructure and public computer laboratories, specialized instructional equipment (non-computer), and classroom technology such as general projection and media equipment and the creation of a new media center.

**Library Resources**--Funding will provide for investments in electronic information resources for research; network equipment and software; a new Electronic Research Center that will provide access to and service full-text electronic files across disciplines, and an inflationary increase on new acquisitions for all 4 campuses.

**Distance Education**--Funding will equip additional classrooms, extend video interconnections to additional partners and locations, and enhance curriculum development and delivery systems for distance learning. The University, on all campuses, has initiatives in the areas of distance education.

**Development and Training**--Funding will provide for opportunities and programs that encourage the professional development and skill development of our faculty and staff. Career development/assessment seminars, personal effectiveness workshops (e.g. stress management) and technology training are examples of types of programming for staff, including significant resources devoted to staff development and training. Development of supervisors and administrators will be facilitated through a training program and short courses that focus on critical tasks, such as, conducting effective performance reviews or managing a budget. Faculty will have opportunities to enhance their teaching and research skills by participation in workshops and seminars that highlight teaching methodologies and research tools. This funding will allow the University to implement a number of development efforts to a much broader group of participants that previously have been piloted only on a small scale.

**Human Resources/Student Systems**--The University needs to begin the development of a new human resources system. The current system is well beyond its useful life and can not deliver needed information on a timely basis. Funds would be used for the initial feasibility study required for the eventual replacement of the existing system. The University intends to look closely at the human resources system currently being developed by the State of Minnesota in order to evaluate the financial benefits of common systems. In addition, these funds, in the second year of the biennium, will continue to support the badly needed replacement of student administrative computing systems (i.e., admissions, registration/records, and student financial aid) making them more user friendly and "state of the art." As noted in the agency budget initiative titled "Investment in U2000/1994 Supplemental," \$500,000 is requested in F.Y. 1996 to develop an information technology strategy and a feasibility study for the replacement of these systems. It is estimated that replacing these systems is an \$8,000,000 to \$15,000,000 project to be implemented over a 3-5 year period.

**Investment in the Cancer Center**--Funding will cover a portion of the costs associated with administrative operation, faculty, program development, database administration, and research facility support in equipment and maintenance. These funds are for the "core" operations that will attract research funds 4 or 5 times larger than the investments. The Academic Health Center and the University Hospital and Clinic will provide the remainder of needed funds for core operations, while research funds from the National Institutes of Health will provide the major portion of the other resources.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Investment in U2000 Critical Initiatives  
(Continuation)

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This initiative builds on the investments described in the proposal entitled "Investing in U2000/1994 Supplement." It does not duplicate the investments described in that initiative.

### PROGRAM OUTCOMES:

Support of this initiative will directly impact the University's ability to attain the goals of U2000. Items to be funded will advance each of the strategic areas of emphasis:

**Research--**Through investments in the learning community (key disciplines & State Specials, targeted recruitment and retention, research and education grant matches, and excellence through diversity) and the Cancer Center, we will sustain and enhance our recruitment and retention of faculty who reflect the diversity of our society; ensure that highly ranked core/central disciplines maintain or improve their national rankings; improve our quality nationally relative to our competitors in all research and post baccalaureate activities; strengthen our interdisciplinary activities and reach broadly into new arenas and avenues of information, nationally and internationally; establish applied research and teaching programs, including creating and expanding the number of nationally recognized centers for applied research; remain competitive for grants that are critical to program quality and economic development.

**Graduate and Professional Programs--**Through investments in the learning community and education/systems infrastructure, we will ensure that top-ranked graduate programs sustain and enhance their national standings; enhance teaching pedagogy programs for graduate and professional students who aspire to careers in teaching; increase interdisciplinary opportunities for students creating and maintaining, where appropriate, broader affiliation with interdisciplinary research centers and laboratories; develop and promote interdisciplinary degree programs and minors; increase the number and quality of practitioner-oriented/applied professional programs and students served by these programs, especially at the Masters level, in response to state and national needs; stimulate special post graduate programs within industries and public agencies to enhance the vitality of professional work force through life-long learning opportunities.

**Undergraduate Education--**Through investments in student services, we will recruit a diverse population of students who are academically prepared and motivated to enrich and profit from the richness of the college experience; on the Twin Cities campus, recruit a freshman class, that moves us toward our goal of 80% of whom have graduated in the top 25% of their high school graduating class; recruit a class that can move us toward our goals of graduating in 5 years at least half of all freshman entering in 1996 and improve the graduation rate of minority students by 50% with the long-term goal of graduation rate equivalent to that of the University student population as a whole; implement fully the new faculty teaching evaluation policy, monitor its success, and make appropriate improvements; increase the number of students participating in undergraduate research

programs; enhance collegiate honors programs; improve career counseling and job placement services to assist students in making the transition from education to employment; redesign financial aid programs to enhance academic performance and retention and graduation rates; improve the effectiveness and delivery of financial aid and scholarships for undergraduate students supported by up-to-date technology and equipment.

**Outreach and Access to University Programs--**Through investment in the learning community, educational/systems infrastructure, and the Cancer Center, we will provide broader and easier access to traditional degree programs for talented and motivated part-time students; establish new collaborative experimental programs that connect advanced education to emerging patterns of employment and that connect the University's research and graduate programs to the teaching resources of other post secondary institutions; promote and develop methodologies and delivery technologies to ensure that outreach is accessible to a diversity of people and challenges in society; retain and enhance a position of national leadership in providing access to new and current degree programs of the highest quality for part-time, degree-seeking students, building upon the collaboration of Continuing Education & Extension (CE&E) with our colleges and schools.

**A User-friendly University Community--**Through investments in student services and education/systems infrastructure, we will improve the overall physical environment, classrooms, and study space with the objective that students remain on campus and to facilitate greater interaction among students, faculty and staff; we will provide state-of-the-art technology to upgrade registration, admissions, information processing, financial aid processing, academic advising, and review of graduation status.

**Diversity--**Through investment in the learning community and student services, we will, with the K-12 system, strengthen research on the learning environment, improve and expand the existing special learning opportunities and pre-college programs designed to prepare students of color for higher education; produce teachers who are prepared to teach effectively in the K-12 systems in an increasingly diverse and multicultural world; improve our financial aid, advising, counseling, and other academic support services to increase the retention and graduation rates of minority students; improve our recruitment of faculty of color.

**Relationship to Goals:** These investments in the academic core of the University, in student services, and in education/systems infrastructure should improve both access and the academic environment and be visible in critical measures of scholarship, research, artistic accomplishments; faculty and staff recruitment/retention; reputation of undergraduate, graduate and professional programs; attraction of externally funded research moneys; characteristics of new student; student experience; and graduation rate. Investments in the Cancer Center also relate to the interdisciplinary/applied programs critical measure. Inability to make access and academic environmental improvements would require revision of related goals.

### LONG-TERM IMPACT:

The items included in this initiative represent an investment in the future of the University of Minnesota. Each item is designed to enhance or improve the quality of some aspect of the University--those aspects which are most important to the University's mission. Because the items in this proposal are recurring, support of this initiative represents a commitment to the future--a future which will see increasingly focused and better quality programming in research, graduate, professional and undergraduate education; a future which will see better prepared and job competitive alumni who will be in positions to enhance the economy of the State of Minnesota; a

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Investment in U2000 Critical Initiatives  
(Continuation)

future which will see an expansion of University expertise to those areas of the state which could benefit from such a resource; a future where the University remains among the nationally competitive research institutions in the attraction of external funds; a future which will see a more friendly and accessible Twin Cities campus; and a future which will see world-class faculty and students which reflect the diversity of our society. As the University embraces the goals of U2000, the State of Minnesota must be an active contributing partner if these goals are to be achieved.

## NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction	\$ 4,950	\$ 4,950	\$11,350	\$11,350
Research	4,000	4,000	6,000	6,000
Public Service				
Academic Support			1,500	1,500
Student Services	650	650	4,050	4,050
Institutional Support	400	500	800	800
Plant Services				
Total	\$10,000	\$10,000	\$23,700	\$23,700

## GOVERNOR'S RECOMMENDATION:

The Governor recommends that investments detailed in this request be leveraged through one-time appropriations of \$53.8 million (see Governor's Initiative). The Governor also recommends that the University be given maximum flexibility to manage its state funds, through the reallocation of all Special Appropriations to the Non-Instruction Operations and Maintenance appropriations budget.

To moderate the need for additional reallocations, the Governor encourages the University to re-evaluate the new investments proposed in this initiative—particularly the increases in State Specials activities—and to focus investment of state resources on programs fulfilling the University's teaching and research missions. The Governor requests that the University hold annual increases in tuition and fees for undergraduate students to 3%.



# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Salary and Fringe Pool

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$16,900	\$34,500	\$34,500	\$34,500
- Grants	\$0-	\$0-	\$0-	\$0-
<b>Revenues: (\$000s)</b>				
General Fund	\$0-	\$0-	\$0-	\$0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M S				

## RATIONALE:

The University faces the financial need of \$51,400,000 for the F.Y. 1996-97 biennium to provide salary increases in all employee categories. Funds will be used to create a pool of dollars available for salary and fringe increases. The proposal assumes no specific level of settlement, but additional funding in the amount indicated could accommodate an overall compensation (wages and benefits) increase of 3.3% per year. Under such a scenario, detailed biennial funding by campus is as follows:

	Dollars in Thousands			
	Crookston	Duluth	Morris	Twin Cities
Compensation Increase	\$668	\$4,223	\$1,214	\$45,295

Details by type of appropriation are as follows:

Appropriation Type	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
Operations & Maintenance	\$15,525	\$31,707
Agricultural Special	1,057	2,146
Health Sciences Special	94	191
Technology Special	50	101
System Special	174	355

Note: The amounts listed above for each state special correspond only to the pieces which will remain state specials, and not to the state specials which will be converted to operations & maintenance. Detail on this conversion proposal can be found in the budget initiative titled "State Special Conversion Proposal."

The University's most important asset is its human resources. The presence of high quality faculty is essential to recruit talented students, leads to a higher percentage of funded grants, and results in a better educated and satisfied pool of graduates. The presence of high quality competitive staff at all levels of the University leads to more efficient and effective operations in both the academic and support arenas. Because the University wishes to remain competitive in the recruitment and retention of high quality employees, it is essential to provide a fair level of remuneration. In 2 of the last 4 years, University employees have received no salary increases including no "step" or "lane" increases. If the state financial picture improves or another opportunity presents itself, the University will aggressively pursue additional funding for staff and faculty compensation.

## PROGRAM OUTCOMES:

By touching all aspects of the University, this proposal supports each of the 6 strategic areas of emphasis in U2000. Faculty and staff are the foundation of making improvements in research, graduate and professional education, undergraduate education, outreach, the user-friendly University community and diversity.

Employees who feel they are being treated fairly and are appreciated for their efforts will be more productive and effective. Such an environment benefits not only the University and those with direct access to it, but all citizens who expect high quality outputs from institutions receiving state support.

**Relationship to Goals:** This initiative area is most directly related to the faculty and staff recruitment/retention critical measure, but it is indirectly related to many other critical measures, since most of what the University does depends on having excellent faculty and staff. Critical measurement areas particularly affected by the quality of faculty and staff are: the student experience; scholarship, research and artistic accomplishments; reputation of undergraduate, graduate, and professional programs; sponsored funding; interdisciplinary/applied programs; and outreach and public service. Inability to attract and retain high quality faculty and staff would, over time, require revision of related goals in all of these areas.

## LONG-TERM IMPACT:

The ability to recruit and retain high quality employees will have immediate, as well as long-term, implications. Good work accomplished now will impact the course of work necessary in the future. Improvements will be made which can be built upon as the years progress, and potential problems and misdirections will be avoided.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Salary and Fringe Pool  
(Continuation)

**NACUBO DISTRIBUTIONS**

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction	\$ 7,847	\$ 7,847	\$16,020	\$16,020
Research	1,005	1,005	2,053	2,053
Public Service	938	938	1,915	1,915
Academic Support	2,453	2,453	5,007	5,007
Student Services	1,435	1,435	2,929	2,929
Institutional Support	1,240	1,240	2,532	2,532
Plant Services	<u>1,981</u>	<u>1,981</u>	<u>4,044</u>	<u>4,044</u>
Total	\$16,900	\$16,900	\$34,500	\$34,500

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the University manage the costs of wage and benefit increases within an annual recurring state appropriations budget of \$457,592,000. Because of state budget constraints, the Governor cannot recommend additional recurring appropriations to cover compensation cost increases at this time. To assist the University in managing its state resources, the Governor recommends that all state Special Appropriations be reallocated into the Operations and Maintenance budget.

While the Governor's budget recommendation will require deeper reallocations that those envisioned under the University's request, the University can moderate the need for additional reallocations by re-examining its proposed new spending initiatives. The Governor requests that the University hold annual increases in tuition and fees for undergraduate students to 3%.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Utilities and Building Maintenance Inflation

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,000	\$4,000	\$4,000	\$4,000
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M.S.				

## RATIONALE:

The University of Minnesota faces the financial need for projected inflation on utility and building maintenance costs. Utility costs include electricity, fuel, non-heating gas, steam heat, water & sewer, telecommunications and waste management. Building Maintenance costs include expenditures in the following areas: building custodial, repair and preventive maintenance, computer equipment (not software), general equipment, grounds and vehicles. Funding by campus is as follows:

	Dollars in Thousands	
	F.Y. 1996	F.Y. 1997
Crookston	\$23	\$ 46
Duluth	146	292
Morris	31	62
Twin Cities	1,800	3,600

While the University is not seeking support to fund general inflation on non-salary items such as instructional or office supplies, projected utility expenditures represent an increase in costs over which the University has no direct control, and must include within its budget. These costs increase with increases in consumption patterns and inflation. Consumption estimates indicate no increases over the next biennium except for the addition of new facilities because the University is actively working at energy conservation and savings. The rate of inflation, however, will drive costs up by at least an estimated 3.5%.

Building Maintenance expenditures are a critical part of supporting assets and retaining accountability for the stewardship of public property. While such expenditures do not represent necessary payments to outside entities, they are internally determined obligations and as such can be considered unavoidable. In addition, certain facilities and pieces of equipment impact the quality of educational programming and maintenance of those assets will enhance the academic programs. Finally, through this proposal and the proposal to fund an increase in the base funding of building maintenance costs, the University is setting a course toward fully funding routine maintenance costs. Inflation on current levels of Repair & Replacement funding is included in this plan.

## PROGRAM OUTCOMES:

Funding increased utility costs will ensure that customers of University facilities will receive satisfactory service (lights, heat, etc) and valuable commodities stored in University facilities will be preserved.

Fully recognizing maintenance costs will allow the University to comply with regulatory mandates, realize the projected useful life of assets and provide the best cost/benefit result for maintenance activities. In addition, if this inflation is not recognized and funded, the goal of fully funding routine upkeep and stabilizing the University's deferred maintenance costs will not be realized.

Relationship to Goals: Funding for maintenance relates most directly to the facilities critical measure, but is also indirectly related to critical measures on faculty and staff recruitment/retention, student experience, and customer service, in that it affects the physical environment in which the University's students, faculty and staff learn and work. Lack of funding for the inflation on current maintenance costs will delay needed facility improvements and require revision of related goals in the facility and customer service measurement areas in particular.

## LONG-TERM IMPACT:

Funding the inflation on current maintenance costs will decrease future expenditures related to deferred maintenance. Moreover, investments in facilities and equipment will positively impact the teaching and learning environment now and for years to come.

## NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction				
Research				
Public Service				
Academic Support				
Student Services				
Institutional Support				
Plant Services	\$2,000	\$2,000	\$4,000	\$4,000
Total	\$2,000	\$2,000	\$4,000	\$4,000

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Utilities and Building Maintenance Inflation  
(Continuation)

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**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the University manage the inflationary cost increases for utilities and building maintenance within an annual recurring state appropriations budget of \$457,592,000. Because of state budget constraints, the Governor cannot at this time recommend an increase in recurring appropriations to cover these costs. Because not maintaining the current level of investment in building maintenance will only aggravate the costs of deferred maintenance, the Governor strongly encourages the University to give priority to this initiative in its internal budget allocations decisions.

To assist the University in managing its state resources, the Governor recommends that all Special appropriations be reallocated into the Operations and Maintenance budget. While the Governor's budget recommendation will require deeper reallocations than those envisioned under the University's request, the University can moderate the need for additional reallocations by re-examining its proposed new spending initiatives. The Governor requests that the University hold annual increases in tuition and fees for undergraduate students to 3%.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: New Buildings Operation

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$1,900	\$4,900	\$4,900	\$4,900
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M.S.				

**RATIONALE:** The University faces the financial obligation for the operation of 4 new buildings. Funds would cover the cost of custodial service, maintenance and utilities. The 4 buildings and associated costs (estimated based on projected completion dates) are as follows:

	Dollars in Thousands	
Building	F.Y. 1996	F.Y. 1997
Cancer Center	\$950	\$1,425
Carlson School	0	130
Basic Sciences	465	2,860
UMD Campus Center	485	485

The addition of building inventory results in incremental cost increases to the University. If the buildings are to be used for their intended purposes, resulting in improved instruction and research, then the costs associated with operating those buildings at the appropriate level are unavoidable. The state, while showing support for the programming associated with these new buildings and approving funding for some of these facilities, did not provide additional funds to cover the operating expenses. Economies due to decommissioning of facilities is included in the planned strategic reallocation.

**PROGRAM OUTCOMES:** The university must ensure the costs described in this proposal are covered. Adequate maintenance, custodial and utility coverage is essential. Support for this initiative will mean that the instructional and research programs using the facilities will be able to continue as planned, and the University will be able to direct its resources toward other items associated with U2000.

**Relationship to Goals:** Funding for new buildings operation most directly relates to the facilities critical measure, but it is also related to critical measures on faculty and staff recruitment/retention, student experience, and customer service, since the lack of funding for these costs will affect the

instructional and research programs provided in these buildings. Lack of funding would affect our ability to meet related goals in the facilities, faculty and staff, student experience, and customer service areas.

**LONG-TERM IMPACT:** Support for this initiative will ensure adequate maintenance, custodial and utility coverage for the buildings involved. Planning and providing for these costs now will hold down future expenses related to deferred maintenance and substandard custodial service.

## NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction				
Research				
Public Service				
Academic Support				
Student Services				
Institutional Support				
Plant Services	\$1,900	\$1,900	\$4,900	\$4,900
Total	\$1,900	\$1,900	\$4,900	\$4,900

**GOVERNOR'S RECOMMENDATION:** The Governor recommends that the University manage the costs of operating these new facilities through an annual, recurring state appropriations budget of \$457,592,000. Because of state budget constraints, the Governor cannot at this time recommend an increase in recurring appropriations to cover these costs. The Governor recommends that the University manage these costs through reallocation and through non-state revenues.

By providing capital appropriations to help construct the Carlson School and Basic Sciences buildings, the state of Minnesota has not promised to provide new, additional appropriations to cover the costs of operating these facilities. When deciding whether to expand its physical plant, the University must responsibly plan how it will finance the costs of operating and maintaining new facilities, as well as the programs they serve.

Given current constraints on state resources, both the state and the University must more carefully consider the consequences for the operation and maintenance of current programs and facilities when planning whether to undertake new construction.

# **F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Building Maintenance

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$5,000	\$9,000	\$9,000	\$9,000
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

## **RATIONALE:**

Compliance with regulatory mandates, scheduled and preventive maintenance, and custodial tasks are critical to the proper stewardship of public assets. In the spring of 1994, an internal University study was completed which analyzed the ongoing building maintenance and repair needs throughout the University. The product of that analysis was a plan for addressing those needs, and this proposal corresponds to that plan. While this funding will not allow the University to meet industry custodial or maintenance standards, it will allow the highest priority fire and life safety needs (specifically fume hoods, fire alarms, and sprinkler systems) to be addressed in accordance with: 1) Occupational Health and Safety Administration (OSHA), 2) Minnesota Pollution Control Agencies (MPCA/EPA), 3) Minnesota Department of Health, 4) Metropolitan Waste Control Commission, and, 5) Minnesota Uniform Fire Code mandates. In addition, safety conditions pertaining to snow removal will be improved.

## **PROGRAM OUTCOMES:**

Without the funding proposed in this initiative, the resulting below-standard maintenance and custodial activities will accelerate the decay of University assets. Funding this initiative, however, will improve fire and life safety conditions (primarily in laboratory ventilation and snow removal), and stabilize the level of deferred maintenance at the University. Students, staff and faculty working in laboratories and everyone accessing the Minneapolis and St. Paul campuses will benefit from a safer environment. By improving the infrastructure, this proposal supports all the strategic areas included in U2000. It directly enhances the "User-friendly University Community" goal through enhancement of the physical environment. In addition, by supporting the buildings and grounds which house all programming, this proposal supports research; graduate, professional and undergraduate education; outreach; and diversity goals.

**Relationship to Goals:** Funding for these safety improvements, custodial staffing, and equipment needs relates most directly to the facilities critical measure, but relates to critical measures on faculty and staff recruitment/retention, student experience and customer service. Lack of funding would affect our ability to meet related goals in the facilities, faculty and staff, student experience and customer service areas.

## **LONG-TERM IMPACT:**

Appropriate scheduled and preventive maintenance will allow the University's public assets to realize their intended useful life. Enhancements in the teaching and learning environment will move forward without increased barriers due to a poorly maintained and unsafe environment. In addition, funding these costs now will decrease future expenditures related to deferred maintenance.

## **NACUBO DISTRIBUTIONS**

	<u>Dollars in Thousands</u>			
	<u>F.Y. 1996</u>		<u>F.Y. 1997</u>	
	<u>Agency Plan</u>	<u>Agency Request</u>	<u>Agency Plan</u>	<u>Agency Request</u>
Instruction				
Research				
Public Service				
Academic Support				
Student Services				
Institutional Support				
Plant Services	\$5,000	\$5,000	\$9,000	\$9,000
Total	\$5,000	\$5,000	\$9,000	\$9,000

## **GOVERNOR'S RECOMMENDATION:**

The Governor recommends that the University's highest priority deferred maintenance/fire and life safety needs be funded from a portion of the \$53.8 million investment pool of one-time appropriations. The Governor commends the University's effort at improving the stewardship of its physical plant to control the costs of deferred maintenance. However, budget constraints do not permit the Governor to recommend additional recurring appropriations dedicated to facilities maintenance at this time.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Capital Debt

	1996-97 Biennium		1998-99 Biennium	
	F.Y. 1996	F.Y. 1997	F.Y. 1998	F.Y. 1999
Expenditures: (\$000s)				
General Fund				
- State Operations	\$2,100	\$4,100	\$4,100	\$4,100
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

## RATIONALE:

The University is facing the financial obligation to cover the projected costs of debt on 2 capital investments: 1) modernization of the University steam service system; and, 2) construction of an addition to the University of Minnesota, Duluth Medical School Building. On the first project, \$100,000,000 in University bonds will be sold to renovate 2 of the existing 3 steam plants. The Southeast Plant will be completely converted to a state-of-the-art multi-fuel facility in which electricity is co-generated as steam is produced. The plant at the St. Paul campus will be upgraded and continue to use natural gas. The Minneapolis main plant will be decommissioned. The second project entails the addition of space to house research laboratories and related support function for the Duluth School of Medicine.

In 1988, a study of the University's utilities showed that the antiquated steam system, which provides heat for the Minneapolis and St. Paul campuses, would require extensive renovation or replacement within 10 years. In April, 1992, the University Board of Regents approved a 25 year contract with Foster Wheeler, which took over the operation of the steam plants July 1, 1992. The approved renovation of existing facilities, to be undertaken by Foster Wheeler, is scheduled to begin in the next year. The University believes that it has chosen a reliable, environmentally sound, economical heating system with a stable fuel supply at lowest cost and with the least financial risk. The debt costs associated with this project are unavoidable.

The Duluth School of Medicine has established a successful track record in recruiting and preparing medical students for careers in the field of primary health care delivery. In addition, the faculty have been successful in competing and attracting federal research funds. With approval of this project by the state, UMD's capacity for these activities will be improved. The debt costs associated with this project are unavoidable.

## PROGRAM OUTCOMES:

The costs associated with the initiative are unavoidable. To function as a teaching and learning environment and a safe place to live, work, study and visit, the University must have heat. Moreover, to maintain its quality and value in the field of medical education, UMD needs the approved space described here. Students, faculty, staff and anyone accessing programming at the University will benefit by the enhancements in other areas made possible through funding this initiative.

**Relationships to Goals:** Funding to cover the projected costs of debt on these 2 capital investments relates most directly to the facilities critical measure. However, to the extent that such funding is not provided and funds must be taken from other areas, goals in these other areas would need to be revised.

## LONG-TERM IMPACT:

The costs associated with this initiative will continue into the future. By supporting those costs beginning in F.Y. 1996, the level of internal reallocations necessary to fund future obligations is reduced. Resources will be available for other goals related to U2000.

## NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction				
Research				
Public Service				
Academic Support				
Student Services				
Institutional Support	\$2,100	\$2,100	\$4,100	\$4,100
Plant Services				
Total	\$2,100	\$2,100	\$2,100	\$2,100

## GOVERNOR'S RECOMMENDATION:

The Governor does not recommend additional state appropriations for this budget initiative. The Governor recommends that the University manage these debt service costs through reallocation within an annual recurring state appropriations budget of \$457,592,000. Because of state budget constraints, the Governor cannot at this time recommend an increase in recurring appropriations to cover these costs.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Strategic Reallocations

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	(\$14,100)	(\$14,100)	(\$14,100)	(\$14,100)
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

### RATIONALE:

The University is proposing a strategic reallocation of \$28,200,000 for the 1996-1997 biennium to fund a share of the \$143,700,000 of needed investments and financial needs.

There is a strong feeling within the University that to continue to positively impact the lives of Minnesotans, we must maintain our missions of teaching, research and outreach and, at the same time, commit ourselves to meeting the challenges of tomorrow. This will require making choices and commitments to direct, and redirect, our efforts and resources to achieve the highest priorities and standards. We know that these are difficult choices and yet at the same time, we understand all too well the consequences of not moving forward with the choices of U2000 and the consequences imminent under the proposed reduction in state funding for the University of Minnesota.

We have identified in this document the financial needs of the University of Minnesota, over and above the budget targets that exist in law. Each need has been carefully analyzed to ensure that it moves this University forward in a manner that best serves the state, its students, and the University. These financial needs total \$143,700,000. To attain these financial needs, we have proposed a partnership--a new contract--that will ask the state, the University students, and the internal University community, to each commit to a share of the funding solution for these identified set of needs. We are proposing a partnership of an average 6.0% annual increase in state funding calculated from our fiscal year 1995 appropriation level, a 4.8% annual increase in general tuition revenue which is associated with an anticipated inflation increase of 3.0% coupled with an additional 1.8% increase for new investments implied by U2000 plans, and a reallocation of \$28,200,000 within the current University enterprise.

The University's strategic reallocation is designed to be an integral component to increase the excellence, quality, and cost effectiveness of the institution's output.

### PROGRAM OUTCOMES:

The University of Minnesota's Biennial Budget Partnership Proposal calls for a reallocation of existing resources totaling \$28,200,000 during the 1996-1997 biennium.

The University is proposing a strategic reallocation in order to: 1) sharpen the institutional profile, 2) create a smaller and better supported faculty, 3) maximize the utilization of human and physical resources, and 4) redirect current resources to better serve the state.

The strategic reallocation is classified under 3 broad categories. The categories and their planned biennial reallocations are:

	<u>Dollars in Thousands</u>
Deliberate Rightsizing of Academic Units & Productivity Enhancements (O&M)	\$17,700
Administrative Re-engineering	5,900
State Specials Reductions	<u>4,600</u>
Grand Total Biennial Reallocation	\$28,200

#### **Deliberate Rightsizing of Academic Units & Productivity Enhancements (\$17,700,000)**

The following discussion outlines the necessary reallocations required of the University of Minnesota, Twin Cities, the University of Minnesota, Duluth (UMD), the University of Minnesota, Morris (UMM), and the University of Minnesota, Crookston (UMC).

#### **University of Minnesota, Twin Cities (\$15,900,000)**

The biennial reallocation of \$15,900,000 in the O&M budget requires an overall reduction of the faculty complement within and across academic programs. Overall the total faculty complement of the University will decrease by approximately 60 full-time equivalent faculty members over the biennium. This reduction in faculty will require restructuring of curriculum in some programs, decreasing the number of offerings of specialized courses with historically low enrollments, and increases in faculty workload requirements. In addition, we are studying classroom scheduling with the goal of permitting higher rates of utilization.

Of the necessary reductions on the Twin Cities campus, \$2,710,000 over the biennium will come from reductions in Continuing Education and Extension and Summer Session programs and from reductions in the Graduate School which will apply to operations through the entire system. The remaining reductions will be made in the 3 major provost areas of the Twin Cities campus, as discussed below.

#### **Twin Cities: Academic Health Center (\$5,800,000)**

The Provost for the Academic Health Center is responsible for the Medical School, the School of Dentistry, the School of Nursing, the College of Pharmacy, the School of Public Health, the College of Veterinary Medicine, the Medical School at the University of Minnesota, Duluth, and the University Hospital and Clinic. These units play a critical role in educating the state's health care professionals, supplying, for example, 50% of the state's doctors, 65% of the state's family



## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Strategic Reallocations  
(Continuation)

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practitioners, 82% of the state's dentists, and 66% of the state's pharmacists. The necessary reductions will be taken from targeted areas within the Academic Health Center. Areas of national and international reputation will be protected, along with areas of highest student demand.

### *Twin Cities: Arts, Sciences, and Engineering (\$3,990,000)*

The provost for Arts, Sciences, and Engineering is responsible for the College of Liberal Arts, the Institute of Technology, the College of Biological Sciences, the General College, the Program for Individualized Learning, and the Intercollege Program. These colleges provide more than 80% of all undergraduate instruction and 50% of all graduate instruction on the Twin Cities campus. The necessary reductions will be taken by reducing faculty positions in all colleges. The College of Liberal Arts, which provides 50% of all undergraduate instruction and 25% of all graduate instruction on the Twin Cities campus, will be protected to the greatest extent possible. Also protected will be access to courses that students must take in order to complete their degree programs in timely fashion, those programs that are ranked nationally because of their high quality and the importance of their research and scholarly activity, and funds for instructional equipment.

### *Twin Cities: Professional Studies (\$3,400,000)*

The Provost for Professional Studies is responsible for the Carlson School of Management, the Law School, the Humphrey Institute of Public Affairs, the College of Architecture and Landscape Architecture, and the College of Education, which play the key role in the state in educating professionals in these areas at the post-baccalaureate level. The Provost is also responsible for the Institute of Agriculture, Forestry, and Home Economics (IAFHE), which comprises the College of Agriculture, the College of Natural Resources, the College of Human Ecology, the Minnesota Extension Service (MES), and the Agricultural Experiment Station (AES). The agricultural and natural resource sectors of the state's economy are built on products and processes developed by the IAFHE—including most of the plant varieties used by Minnesota farmers—and the dissemination of this work by the MES. The necessary reductions in the O&M budget will be taken by reducing faculty, adjunct faculty, and staff in these professional programs. The College of Natural Resources, the Minnesota Extension Service, the Agricultural Experiment Station, and the Law School will be entirely protected, but subject to significant internal reallocation.

### *University of Minnesota, Duluth (\$1,500,000)*

The Chancellor at UMD is responsible for UMD's colleges of Liberal Arts, Science and Engineering, Fine Arts, Education and Human Service Professions, and Business and Economics. The Chancellor is also responsible for the Natural Resources Research Institute. Together these units play important roles in sustaining the educational, economic, and cultural vitality of northeastern Minnesota, while drawing students from throughout the state and region. Reductions at UMD will be taken from administrative units and funding for the Industrial Technology program will also be reduced.

### *University of Minnesota, Morris (\$300,000)*

The Chancellor at UMM is responsible for 1 of the nation's best small public liberal arts colleges. UMM students have the highest academic profile of undergraduate students on any of the University's campuses. Most graduated in the top 10th percentile of their high school classes and chose UMM because of the quality of its educational programs. Reductions at UMM will include several faculty and staff positions.

### *University of Minnesota, Crookston (\$0)*

The Chancellor at UMC has recently overseen the most significant reorganization and redirection of academic programs of any of the state's public higher education institutions. UMC is being transformed from a 2-year institution to a 4-year institution offering unique programs in a number of polytechnic areas. Enrollment will also be increased significantly over the next several years. Because of this significant restructuring, no reductions will be required during the 1996-97 biennium.

### *Administrative Re-engineering (\$5,900,000)*

Of the \$28,200,000 to be reallocated from low priority to high priority programs, \$5,900,000 will be obtained from reductions in administrative activities. This implies a restructuring of processes and reduction of administrative support staff members of approximately 40 to 60 positions. The impact of these reductions will fall most heavily on the central support functions of the University. The University is committed to downsizing its bureaucratic structure through re-engineering of its administrative processes. The process of re-engineering this infrastructure must be accompanied by a reduction in administrative costs, including personnel, and by increases in performance. Administrative functions that affect students will be protected to the maximum extent possible. In addition, economies due to decommissioning of facilities will be achieved in this category.

### *State Specials (\$4,600,000)*

The University's strategic biennial reallocation of \$28,200,000 also includes reallocations within the category of state specials. As part of the University's partnership proposal, we are proposing to convert a portion of the existing state specials to the Operations and Maintenance (O&M) fund. As such, the \$4,600,000 of biennial reductions to state specials outlined as part of the strategic reallocation includes a \$2,275,000 biennial modification to those specials which will remain as state specials as well as a reduction of \$2,325,000 for F.Y. 1997 for those specials which are converted to O&M funding.

The \$2,275,000 biennial reallocations and reductions within specials that will remain as state specials are limited to the following:

- 1) The Agriculture Experiment Station state special will internally reallocate \$1,200,000 for the biennium from lower priority to high priority programs and to increase collaboration and partnership with state agencies and other states and countries. High priority examples include the areas of biological control, precision agriculture, molecular biology of plants, animals and organisms important to agriculture and natural resources, environmental impact studies and continuation of the consolidation of swine, dairy cattle, and the avian species.
- 2) The Minnesota Extension Service plans an internal reallocation of \$600,000 for the biennium which is designed to decrease the number of St. Paul based tenured specialists and staff reductions to provide additional resources for non-campus based programs.
- 3) The Humphrey Forum is reduced by \$25,000 for F.Y. 1996 only.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Strategic Reallocations  
(Continuation)

- 4) The Industrial Relations Education Program is reduced by \$200,000 for the biennium in conjunction with increasing some fees charged to the private sector and an aggressive pursuit of funds from federal grant agencies. This reduction is dictated by the overall need for increased financial resources relating to support facilities upon which this program benefits.
- 5) The Center for Urban and Regional Affairs is reduced by \$200,000 for the biennium through a curtailment of low priority activities.
- 6) The Minnesota Geological Survey will be reduced by \$50,000. This reduction is dictated by the overall need for increased financial resources relating to support functions upon which this program benefits.

It is important to note that new investments are also being proposed for those state specials which remain as state specials. Highlights of these investments can be found in the Agency Initiative titled "Investment in U2000 Critical Initiatives."

Reallocations within specials that are proposed to be converted to O&M will total \$2,325,000 for F.Y. 1997. These reductions will focus primarily on specials previously categorized as system specials. Health Sciences will be protected to the maximum extent possible.

## LONG-TERM IMPACT:

Consistent with U2000, the central strategy is to focus, reshape, right size, and reallocate resources within and across units. Our goal is to develop a better supported and more effective faculty. The reduction and reallocation outlined above is guided by considerations of program excellence and demonstrated need. In order to enhance our competitive margin, it is essential that outstanding components of the University remain outstanding.

# NACUBO DISTRIBUTIONS

	Dollars in Thousands			
	F.Y. 1996		F.Y. 1997	
	Agency Plan	Agency Request	Agency Plan	Agency Request
Instruction	(\$14,875)	(\$ 7,080)	(\$19,750)	(\$ 7,080)
Research	( 2,785)	( 1,328)	( 3,750)	( 1,328)
Public Service	( 2,056)	( 1,567)	( 2,366)	( 1,567)
Academic Support	( 1,175)	( 1,175)	( 1,175)	( 1,175)
Student Services			( 600)	
Institutional Support	( 7,450)	( 2,950)	( 7,400)	( 2,950)
Plant Services	( 1,259)		( 2,759)	
Total	(\$29,600)	(\$14,100)	(\$37,800)	(\$14,100)

## GOVERNOR'S RECOMMENDATION:

The Governor recommends that the University make strategic reallocations of at least \$27,810,000 in F.Y. 1996 and \$37,800,000 in F.Y. 1997. The Governor recognizes that state budget constraints will require the University to revisit its budget request, and to weigh the value and consequence of proposed new investments, reallocations, and tuition increases. The Governor requests that the University hold annual tuition increases for undergraduate students to 3%. Fiscal realities in F.Y. 1998-99 may require the University to increase reallocations by 2-3% more each year over the amounts identified for F.Y. 1996 and F.Y. 1997 in order to meet the University's goals for priority programs, and to constrain undergraduate tuition growth to the level of inflation.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: Tuition Plan

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Partnership Proposal/4.8%	\$8,500	\$17,800	\$17,800	\$17,800
Budget Cap Scenario/12%	\$21,700	\$45,900	\$45,900	\$45,900

Statutory Change? Yes ☐ No ☒

If yes, statute(s) affected: M.S.

### RATIONALE:

In this biennial budget proposal, the University of Minnesota has developed a range of tuition options varying from 4.8% annual increases to 12% annual increases as a portion of the financing plan for \$143,700,000 of identified needs.

The 4.8% annual increases, (3.0% for inflation and 1.8% for U2000 Investments), as part of the Partnership Proposal, generates \$26,300,000 for the biennium and assumes that the state will increase its appropriation to the University by \$87,700,000 above the budget cap of \$908,228,000 for the biennium and that the University will reallocate current dollars at a level of \$28,200,000 for the biennium and generate \$1,500,000 in other revenue increases for the biennium.

The 12% annual increase, as part of the budget cap scenario, generates \$67,600,000 for the biennium and assumes that the state will provide no new funding above the budget cap of \$908,228,000 for the biennium and that the University will reallocate current dollars at a level of \$67,400,000 for the biennium and generate \$8,700,000 in other revenue increases for the biennium.

Under the Partnership Proposal, the intent is for all parties; students, the state, and the University community, to contribute to the financing of the \$143,700,000 of identified financial investments and needs. When comparing the percent share of the \$143,700,000 each of these funding sources covers, the state share covers approximately 60% and the students and the University community share covers approximately 40%.

Under the budget cap scenario, the reality is that only the students and the University community would be contributing to the financing of the \$143,700,000 of identified financial investments and needs. The state share would be \$0, therefore increasing to a significant degree both tuition increases and internal reallocations. When comparing the percent share of the \$143,700,000 each of these funding sources covers, the state share would cover 0% and the students and University community would cover 100%.

### PROGRAM OUTCOMES:

Although both budget options result in tuition increases, the alternative is to significantly increase reallocations. Significant concern exists regarding the 12% tuition increase decreasing access to the University by those students unable to financially accommodate the rapid acceleration in tuition.

### LONG-TERM IMPACT:

According to a report prepared by the Legislative Auditor in February of 1994, the rise in tuition at the University over the past decade has been directly related to the reductions in state support and to inflation. Using the Higher Education Price Index, reductions in state funding account for 46% of the tuition growth and 51% can be associated with the impact of inflation on the purchasing power of tuition income, while only 3% is attributable to spending increases and enrollment declines.

The University is proposing a new partnership that requires an increase in tuition above the projected rate of inflation by approximately 1.8% per year. The alternative is to drastically increase tuition income beyond the modest real growth proposed as part of our biennial budget partnership. If there is no additional state support, tuition income will move drastically up. For F.Y. 1996-97, increases could average as high as 12%. The long-term impact of higher tuition rates will be to jeopardize access to the University for economically disadvantaged students and to deprive them of the opportunity to benefit from higher education. In conjunction with higher tuition will be the consequences of additional reallocations far in excess of the \$28,200,000 proposed under the partnership.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends that increases in tuition and fees charged to University resident undergraduates be limited to the rate of inflation. The Governor also recommends that the University be responsible for covering additional costs to the State Grant Program for university students attributable to tuition and fee increases exceeding the 3% threshold.

# F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: Minnesota, University of  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: State Special Conversion Proposal

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-
Statutory Change? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				
If yes, statute(s) affected: M.S.				

## RATIONALE:

The University is requesting to fold several of the current State Special appropriations into the general operations and maintenance (O&M) appropriation. The intent of this request is to convert from state special status to O&M status the funding, dollar for dollar, for 11 of the 27 State Specials currently contained in the 4 major State Special appropriations; Agricultural, Health Sciences, Institute of Technology, and System. These 11 specials are as follows:

	<u>Dollars in Thousands</u>
	<u>F.Y. 1995</u>
Hospital Education Offset	\$10,944
Human Genetic Institute	622
Medical Research	2,150
Microelectronics Laboratory	833
Productivity Center	433
Underground Space Center	249
Biological Process Technology Institute	1,021
General Research	1,402
Minority Graduate Fellowships	59
Sea Grant Program	353
Supercomputer Institute	8,000
TOTAL CONVERSION	\$26,066

Under this proposal, the specials that would retain the State Special status would now total \$60,140,878 for F.Y. 1995.

	<u>Dollars in Thousands</u>
	<u>F.Y. 1995</u>
Agricultural Experiment Stations	\$28,005
Minnesota Extension Service	17,992
Biomedical Engineering Center	331
County Papers / Indigent Care	334
Medical Research	410
Rural Physicians Associates Program	832
Veterinary Diagnostics Laboratory	1,835
Minnesota Geological Survey	1,160
Talented Youth Mathematics	346
Bell Museum	192
Humphrey Forum	124
Industrial Relations	873
Natural Resources Research Institute	2,358
Student Loan Matching Program	613
Center for Urban and Regional Affairs	969
Women's Athletics	3,769
TOTAL REMAINING SPECIALS	\$60,141

Several of the current State Specials are very similar in nature to the activities supported by the University's general operations and maintenance budget (O&M), while others have a "special" quality regarding the nature of the activity in comparison to the general operations of the University as a higher education institution. An example of a "non-special" like activity would be the General Research special. Within the current O&M fund, there is extensive research activity that is very similar in nature to the research activity paid for by the General Research special. A perfect example of a "special" activity is the Minnesota Geological Survey. Across the United States, there are 3 basic models for the establishment of a state's geological survey—1) as a separate state agency, 2) as part of a state agency, or 3) as a function of the state's research university. It is very appropriate for the University to act as the agent for Minnesota's geological survey, because if the state did not provide "special" funding to the University, the University would not provide this service to the state.

## PROGRAM OUTCOMES:

Once these 11 specials are converted to O&M funding, the activities will no longer be considered apart from the rest of the O&M budget. This will allow the University to maximize managerial flexibility within the context of its academic mission of teaching and discovery. Given the level of limited resources, financial flexibility is a key element in the University's efforts to concentrate its energies and resources on the highest priorities of the institution and state.

## LONG-TERM IMPACT:

As the University moves towards the goals of U2000, identification and commitment to priorities becomes ever more critical. All elements of the general operations of the University as a higher education institution must be considered when establishing these financial commitments and priorities. Conversion of these 11 specials allows for this level of decision-making and managerial flexibility for the long-term.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** Minnesota, University of  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** State Special Conversion Proposal  
(Continuation)

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**NACUBO DISTRIBUTIONS**

(Note: no change by function, source of funds only)

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that several State Special Appropriations be converted into the University's general Operations and Maintenance (O&M) appropriation. State budget constraints will limit the University's recurring base appropriations in the 1996-97 biennium. State Special Appropriations comprise 18.5% of the University's total state appropriation. The University will not be able to reallocate and restructure its operations to the extent that this budget requires so long as nearly 20% of its state resources are dedicated. With constrained state investment, the state must be willing to give the University Board of Regents greater discretion in managing state appropriations to the University.

**F.Y. 1996-97 AGENCY BUDGET INITIATIVE**

**AGENCY:** University of Minnesota  
**PROGRAM:** Primary Programs  
**ACTIVITY:**

**ITEM TITLE:** Cambridge Bank Court Decision

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$(4,622)	\$(4,622)	\$(4,622)	\$(4,622)
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_\_\_ No  X

If yes, statutes(s) affected:

**RATIONALE:**

The state is obligated to pay \$160 million in the F.Y. 1996-1997 biennium as a consequence of the court decision. State budget constraints require that all state government share the cost of this decision.

**PROGRAM OUTCOMES:**

This initiative reduces the amount of base appropriations to the University by approximately 1 percent. The Governor anticipates that the University will make additional reallocations within its budget plan in order to accommodate this reduction.

**LONG-TERM IMPACT:**

The impact of this reduction is carried into the future.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends that recurring appropriations to the University of Minnesota be reduced by \$4,622,000 in each year of the biennium in order to cover the University's share of the state's liability in the Cambridge Bank court decision.

## F.Y. 1996-97 AGENCY BUDGET INITIATIVE

AGENCY: University of Minnesota  
PROGRAM: Primary Programs  
ACTIVITY:

ITEM TITLE: University 2000 Strategic Investment Pool

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
Expenditures: (\$000s)				
General Fund				
- State Operations	\$18,090	\$35,710	\$-0-	\$-0-
Revenues: (\$000s)				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes X No \_\_\_\_\_

If yes, statutes(s) affected: M.S.

### RATIONALE:

The University has identified its budget priorities and a plan to fund them. However, state budget constraints do not permit full funding of the University's request for recurring appropriations. Because of the University's critical importance to the state's long-term economic health, the Governor is proposing a strategic investment pool to leverage the investments identified in the University's budget plan.

### PROGRAM OUTCOMES:

The Governor requests that this appropriation be focussed on investments that will strengthen and improve the quality of the University's research and teaching missions. Examples of such investments include research and instructional equipment; library collections, both paper-based and electronic; computer equipment and software; equipment for custodial and facilities maintenance, and critical fire and life safety repairs.

### LONG-TERM IMPACT:

Because these appropriations will not be available on a recurring basis, the University will need to make additional future reallocations in order to balance spending with available resources. Fiscal realities may require the University to increase reallocations in F.Y. 1998 and F.Y. 1999 by 2-3% more each year over the amounts identified for F.Y. 1996-97 in order to meet their goals for primary programs, and to constrain undergraduate tuition growth to the level of inflation.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends one-time appropriations of \$18,090,000 in F.Y. 1996 and \$35,710,000 in F.Y. 1997 to the University of Minnesota for investments that will assist the University in achieving the goals set forth in its strategic plan, University 2000.

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Instruction  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

Minnesota law provides that "the University of Minnesota shall offer undergraduate, graduate, and professional instruction through the doctoral degree." The University's objective for its instructional program is to further strengthen the quality of its undergraduate instruction, while maintaining its unique role within the public higher education system in most areas of graduate and professional education and in all areas of Ph.D. level education. The instruction provided by the University of Minnesota is distinguished from other Minnesota providers by the fact that it is provided by a faculty engaged simultaneously in the most current research and the application of knowledge in the service of the state. The University serves about 70,000 credit seeking students--undergraduate, graduate, and professional--each year. These students are at the center of the University's activities, in many cases participating in the research and service mission as well as instruction. Instruction is grounded in the research, scholarly, artistic, and service work of the faculty and is given social purpose by the University's land-grant mission. The University has a special obligation to provide access to unique graduate and undergraduate programs and regional responsibilities for access to some educational offerings.

Collegiate unit descriptions are included as an appendix to the program level narrative. Please reference that section for more detailed information about particular collegiate units.

### BUDGET ISSUES:

The general fund budget targets specified by the Department of Finance as the basis for the Agency Budget Plan are \$8,073,000 below present operating levels in each year of the coming biennium. While some of the goals of U2000 are not dependent on financing and can be accomplished at the specified level, most of them cannot be accomplished at that level without severe reduction in the programs and services offered by the University. The Agency Budget Brief discusses the University response at the Agency Plan level and the Program level narrative and budget initiative pages discuss the University's partnership proposal. Each response indicates the high priority placed on the instructional activity.

### REVENUE:

Not Applicable

### GOVERNOR'S RECOMMENDATION:

The Governor recommends recurring biennial appropriations of \$538,326,000 for instructional programs. The Governor requests that the University hold annual increases in tuition and fees for resident undergraduate students to 3%. In addition, the Governor recommends one-time appropriations for instructional program investments of \$31,081,000 over the biennium.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: INSTRUCTION

				FY 1996			FY 1997		
ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	389,544	420,000	450,000	463,845	474,345	465,876	481,765	498,465	481,643
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	389,544	420,000	450,000	463,845	474,345	465,876	481,765	498,465	481,643
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	389,544	420,000	450,000	463,845	474,345	465,876	481,765	498,465	481,643
CURRENT SPENDING:				450,000	450,000	450,000	450,000	450,000	450,000
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MAINTAIN PERFORMANCE			GEN	6,250	6,250	6,250	6,250	6,250	6,250
U2000 (1994 SUPPLEMENT)			GEN	6,370	6,370				
U2000 - CRITICAL INITIATIVES			GEN	7,000	7,000		16,590	16,590	
SALARY AND FRINGE POOL			GEN	12,675	12,675		25,875	25,875	
UTILITIES & BLDG MAINTENANCE INFLATION			GEN	1,400	1,400		2,800	2,800	
NEW BUILDING OPERATIONS			GEN	1,330	1,330		3,430	3,430	
BUILDING MAINTENANCE			GEN	3,500	3,500		6,300	6,300	
CAPITAL DEBT			GEN	1,470	1,470		2,870	2,870	
STRATEGIC REALLOCATIONS			GEN	<19,900>	<9,400>	<18,697>	<26,100>	<9,400>	<26,100>
APPROPRIATION LIMIT, LAWS 1993			GEN	<6,250>	<6,250>	<6,250>	<6,250>	<6,250>	<6,250>
U-2000 STRATEGIC INVESTMENTS, STATE			GEN			10,451			20,630
U-2000 STRATEGIC INVESTMENTS, STUDENTS			GEN			5,425			11,013
U-2000 STRATEGIC INVESTMENTS, UNIVERSITY			GEN			18,697			26,100
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				13,845	24,345	15,876	31,765	48,465	31,643
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	224,209	248,822	269,163	258,108	284,508	279,614	251,328	298,828	289,793
STATUTORY APPROPRIATIONS:									
GENERAL	165,335	171,178	180,837	205,737	189,837	186,262	230,437	199,637	191,850

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: INSTRUCTION

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
ACTIVITY SUMMARY									
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	389,544	420,000	450,000	463,845	474,345	465,876	481,765	498,465	481,643

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Non-Instruction  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

#### **Research**

The research activity of the faculty drives the graduate teaching enterprise, stimulates the undergraduate experience at a research, land-grant University, and generates new knowledge passed to society through technology transfer and other outreach activities. Much of the research enterprise is financed from outside resources through a competitive process with other research universities. It is essential that the University have internal funding available to support its participation in the competition.

#### **Public Service**

Outreach programs and services stimulate economic and social development. Apart from programs funded by state specials, outreach programs are generated from nearly every college of the institution and serve the people of Minnesota in a practical way where they live and work. University libraries specifically have established strong lending practices to libraries across the state of Minnesota as well as neighboring states.

An additional and important purpose of outreach is serving as a vehicle for gathering public input into the University's agenda. These are opportunities for faculty to interact directly with citizens in the state and return those thoughts and ideas to the institution to enhance teaching and research.

### BUDGET ISSUES:

The general fund budget targets specified by the Department of Finance as the basis for the Agency Budget Plan are \$8,073,000 below present operating levels in each year of the coming biennium. While some of the goals of U2000 are not dependent on financing and can be accomplished at the specified level, most of them cannot be accomplished at that level without severe reduction in the programs and services offered by the University. The Agency Budget Brief discusses the University response at the Agency Plan level and the Program level narrative and budget initiative pages discuss the University's partnership proposal.

### REVENUE:

Not Applicable

### GOVERNOR'S RECOMMENDATION:

The Governor recommends biennial recurring appropriations of \$376,858,000 for non-instructional programs. In addition, the Governor recommends one-time appropriations of \$22,719,000 for investments to assist the University in achieving the goals identified in University 2000. These one-time appropriations include \$500,000 per year for continued research on wheat and barley scab, a plant disease that has cost Minnesota farmers several hundred million dollars over the past 2 years.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: NON INSTRUCTION

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	138,228	125,363	116,507	206,296	147,839	206,055	213,676	155,514	213,798
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	138,228	125,363	116,507	206,296	147,839	206,055	213,676	155,514	213,798
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	138,228	125,363	116,507	206,296	147,839	206,055	213,676	155,514	213,798
=====									
CURRENT SPENDING:				116,507	116,507	116,507	116,507	116,507	116,507
=====									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
MAINTAIN PERFORMANCE			GEN	1,850	1,850	1,850	1,850	1,850	1,850
U2000 (1994 SUPPLEMENT)			GEN	2,730	2,430		300		
U2000 - CRITICAL INITIATIVES			GEN	3,000	1,579		7,110	5,414	
SALARY AND FRINGE POOL			GEN	4,225	2,630		8,625	5,600	
UTILITIES & BLDG MAINTENANCE INFLATION			GEN	600	600		1,200	1,200	
NEW BUILDING OPERATIONS			GEN	570	570		1,470	1,470	
BUILDING MAINTENANCE			GEN	1,500	1,500		2,700	2,700	
CAPITAL DEBT			GEN	630	630		1,230	1,230	
STRATEGIC REALLOCATIONS			GEN	<9,700>	<4,700>	<9,113>	<11,700>	<4,700>	<11,700>
APPROPRIATION LIMIT, LAWS 1993			GEN	<1,823>	<1,823>	<1,823>	<1,823>	<1,823>	<1,823>
CONVERSIONS-SPECIALS			GEN	86,207	26,066	86,207	86,207	26,066	86,207
CAMBRIDGE BANK COURT DECISION			GEN			<4,622>			<4,622>
U-2000 STRATEGIC INVESTMENTS, STATE			GEN			7,639			15,080
U-2000 STRATEGIC INVESTMENTS, STUDENTS			GEN			297			599
U-2000 STRATEGIC INVESTMENTS, UNIVERSITY			GEN			9,113			11,700
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				89,789	31,332	89,548	97,169	39,007	97,291

SOURCES OF FINANCING:

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DIRECT APPROPRIATIONS:

GENERAL	126,507	113,297	106,817	196,006	138,149	196,068	202,786	145,824	203,509
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1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: NON INSTRUCTION

				FY 1996			FY 1997		
			Est.						
ACTIVITY SUMMARY	FY 1993	FY 1994	FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
STATUTORY APPROPRIATIONS:									
GENERAL	11,721	12,066	9,690	10,290	9,690	9,987	10,890	9,690	10,289
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	138,228	125,363	116,507	206,296	147,839	206,055	213,676	155,514	213,798

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, Agricultural  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

This special appropriation is the result of the action taken by the 1989 legislature to combine the specials for the Minnesota Agricultural Experiment Station (MAES) and the Minnesota Extension Service (MES). MAES, established in 1885, and MES, established in 1909, are long-standing legislative specials within the University of Minnesota budget. MAES and MES have an impressive history of helping fulfill the land-grant mission of the University of Minnesota.

This special appropriation provides core funding support for the research, teaching, and outreach missions of the units comprising the Institute of Agriculture, Forestry, and Home Economics. Sixty percent of the faculty members in the 3 major colleges of the Institute (Agriculture, Natural Resources and Human Ecology) are paid by the state special. The state special also provides 42% of the MES operating budget. Through the unique land-grant partnership with federal, state, and local funding, MAES and MES conduct mission-oriented research and relevant, research-based informal education that is sharply focused on the issues facing Minnesotans where they live and work.

#### **Minnesota Agricultural Experiment Station (MAES)**

The Minnesota Agricultural Experiment Station organizes and supports research that provides the science and technology to support a highly diversified production, processing, marketing, and distribution system that produces an abundant supply of high-quality biological products, including food, fiber, and forest products. Significant research focuses on family and community life, human nutrition and interactions, recreation and tourism, sustainable management and protection of our natural resource base, and enhancement of overall environmental quality in Minnesota. Consistent with the University of Minnesota's land-grant mission, the research conducted by MAES scientists is integrated with academic programs and the extension delivery program.

This legislative special provides core funding support for scientists in over 30 departments across the colleges of Agriculture, Human Ecology, Natural Resources, Veterinary Medicine, and Biological Sciences, plus a few scientists in other colleges. Station scientists conduct applied research at St. Paul, Rosemount, Becker, Staples, the branch stations at Grand Rapids, Crookston, Morris, Lamberton, and Waseca, the Cloquet Forestry Center, the Minnesota Landscape Arboretum, the Horticultural Research Center, and numerous cooperative "off-station" sites.

New demands and exciting new challenges do not lessen the necessity of on-going maintenance research. Agriculture and natural resources involve biological and, consequently, dynamic processes. Continued research and development is necessary even for well-established commodities such as trees, corn, and cattle. However, opportunities exist for expanded basic and applied research in many areas such as biological controls, alternative crops, value-added products, utilization, sustainability, economic development, youth and families, biodiversity, resource assessment, recycling, water quality, and public policy.

The economic and social returns from investing in these research efforts are tremendous. For example, the investment in research and extension efforts to develop and release 2 varieties of barley, Morex and Robust, totaled \$9.2 million. The return was \$297 million, based on increased grain yield and malt extract, faster malting germination, and superior performance. The result is a benefit-to-cost ratio of 32:1. Stated as an annual rate of return, the payback to the Minnesota economy is in the neighborhood of 91%.

Agriculture and related natural resource industries will continue as the backbone of Minnesota's economic base. Continuing support for basic and applied research in support of profitable production, processing, and distribution in an environmentally and socially acceptable manner is critical to maintaining Minnesota's competitive advantage. Additionally, significant issues, such as aging, youth and families, human nutrition and health, housing, aquaculture, recycling, economic vitality of communities, integrated resource management, environmental concerns, and other issues facing Minnesotans require research conducted by MAES-supported scientists.

#### **Minnesota Extension Service (MES)**

Since 1909, the Minnesota Extension Service (MES) has helped state residents move toward goals of a better state and more prosperous, productive, and healthy citizens. MES is integral to the University's overall outreach program. MES extends the University to the people by: 1) utilizing a network of faculty in every county, providing fast, easy access, expedited by a state-wide computer and satellite down-link system; 2) providing practical, research-based information and education; 3) providing preventive education that helps people address underlying causes of problems through awareness of alternatives and teaching the skills needed to make informed choices. This educational system is further extended by over 30,000 volunteers with other agencies and organizations--schools, human services, religious organizations, local governments--to insure that individual and community needs are identified, prioritized, and met. MES's mission is "to involve people in improving the quality of life and enhancing the economy and the environment through education, applied research and the resources of the University of Minnesota." MES reaches over 1 million Minnesotans each year with educational programs and information.

The Minnesota Extension Service is recognized by the state's citizens as a hardworking partner in their pursuit of economic stability, enriched family and community life, and a healthy environment. MES is an educational bridge. Both the U of MN and the people of the state appreciate its role in transforming research-based knowledge into practical guidance for everyday living. In setting its research agenda, the University community relies on MES for insights garnered from daily contact with its many publics.

MES is a catalyst in an increasingly diverse and disjointed society. It helps government, education, the private sector, communities, and individuals to work fruitfully together.

MES is both traditional and progressive. It is a key player in Minnesota's international leadership in agriculture and supports those who choose farming as their way of life. It works to enrich youth and families while maintaining sensitivity and respect for the increasing diversity of contemporary society. It is at the leading edge of efforts to enhance and preserve the quality of communities and the environment.

MES is a responsive organization. It listens and observes to discern the needs of its public, and then applies research-based knowledge to resolve them. It exists, not because it always has, but because Minnesotans recognize that it serves the indispensable role of connecting them with the knowledge



## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, Agricultural  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

generated by the University, and, in the process, with each other.

### Program Status

Funding is a critical issue facing the MAES. This state special represents core funding support (53.5%), for the work of the MAES. Nearly 90% of the MAES budget supports faculty and staff payroll and fringe benefits. Good research requires a long-term effort and financial commitment. As core funding is reduced, more and more research dollars have to come from short-term "soft" funding sources. This makes it more difficult to maintain an appropriate blend of basic and applied research in the appropriate areas.

For F.Y. 1992-93, the core funding provided to the MAES by this state special (\$31.2 million) leveraged an additional \$6.5 million in federal CSRS administered funds, \$4.8 million in other federal research funds, and \$15.9 million in other non-federal research grants and funds. These combined funds supported (full year equivalents) 182 scientists, 332 professional support personnel, 196 technical support personnel, and 308 clerical personnel. Some selected examples of outcomes of these projects include:

- Disease--resistant varieties of barley, oats, wheat, soybeans, corn, sweet corn, alfalfa, potatoes, peas, parsnips, radishes, wild rice, aspen, and pine. Development of such disease resistant varieties is the most economical and environmentally sound method of disease management;
- Modification of microorganisms used to produce fermented dairy products, such as cheese and yogurt, to enhance quality and eliminate costly manufacturing problems and defects;
- Reducing the energy consumption of homes in a manner that enhances the quality of indoor living environments and the sustainability of the building structures themselves, thereby reducing environmental degradation and energy use and strengthening local economies;
- Immuno reproduction techniques that have increased egg production 20 to 25% in turkeys;
- Continuing research leading to the production of biodegradable plastics from lignin and corn starch;
- Research results on higher order thinking skills are being widely distributed and utilized in courses, presentations, and publications;
- The development and release of 118 new varieties of 20 different crops;
- Technologies resulting in Minnesota's rank as the leading state in the production of oriented strand board, a widely used substitute for plywood in building construction;
- Development of measures and programs for premarital enrichment programs;
- Modified forest practices designed to improve habitat for the ruffed grouse, an important game bird;
- Moving the planting date for corn 10 days earlier over the past 20 years, resulting in annual productivity increases of 36 million bushels worth about \$80 million;
- On-going research and development of technologies which result in "precision management" of agriculture and other natural resource systems;
- Wood drying technologies resulting in significant economic and environmental advantages;

- The development of child support guidelines that more accurately reflect the economic consequences of divorce for Minnesota families;
- Comprehensive computer-based forest planning models that facilitate simultaneous strategic and operational planning in forest management;
- Post-harvest technologies that reduce losses and improve quality in stored crops, increasing the net value of crops by about \$60 million per year;
- The development of over 50 forest tree seed orchards that now provide genetically improved seed for all state nurseries. The benefits will be a 5-8% increase in forest stand growth.

The MAES aggressively pursues research funding from non-appropriated sources, such as federal, state, industry, and private grants, gifts, and contracts. The Station extends available resources by utilizing centers or center concepts that encourage interdisciplinary groups of faculty to address research opportunities. The MAES continues to develop and expand cooperative efforts with other land-grant institutions to maintain quality research while reducing competition and duplication. Significant collaborative efforts are already in place and expanding with the University of Wisconsin, Iowa State University, North Dakota State University, and South Dakota State University.

MES is addressing its goals through 2 key elements of the "Re-inventing MES" restructuring plan: 1) 10 interdisciplinary specializations--Child and Youth Development, Community Resources, Crop Systems, Environment and Natural Resources, Family Development, Financial and Business Management, Horticulture, Leadership/Citizenship Education, Livestock Systems, and Nutrition, Food and Health--and 2) implementing partnerships with colleges and units not previously affiliated with MES. MES now has formal ties with: Colleges of Agriculture, Architecture and Landscape Architecture, Education, Human Ecology, Natural Resources, and Veterinary Medicine; the Center for Urban and Regional Affairs; Continuing Education and Extension; Hubert Humphrey Institute; Schools of Nursing and Public Health; the Sea Grant College Program; and UM Crookston, UM Duluth, and UM Morris.

Underlying these efforts are a strong acknowledgment of and commitment to diversity, ongoing strategic planning, environmental scanning, and interactive program analysis, within MES and the University, and with people MES serves across the state.

MES educational programs are looked upon as a national model for addressing innovatively a broad range of issues facing Minnesotans. These issues emerge from an assessment and prioritization of needs conducted in each of the 87 counties, in each of the 17 MES clusters of counties, and by state extension faculty and staff. The central issues MES addresses are: environment and natural resources, human development, community leadership, and economic development. Numerous programs are planned and carried out in each of these areas in response to the needs assessment and prioritization. Some examples of outcomes include:

- The *Dairy Initiative* teaches farm families, private industry, and University faculty modern problem-solving methods for farm families. Over 400 local dairy professionals have been trained to help farm families identify problem areas and set goals to increase profitability.
- In a southwestern Minnesota county, MES joined school districts, law enforcement officials, family service agencies, and clergy on a chemical abuse prevention team for youth.
- *Business Retention and Expansion Strategies* (BR&E) programs help communities keep and improve businesses they have, while developing strategic plans and support systems to encourage new industries.

1996-97 Biennial Budget

BUDGET ACTIVITY: Special Appropriations, Agricultural  
PROGRAM: Primary Programs  
AGENCY: Minnesota, University of  
(Continuation)

- Through stewardship education workshops and field demonstrations and video, forest landowners learn to use their resources to reach multiple objectives while sustaining the quality of the forest land environment.
- In an urban county, MES and the University of Minnesota Pediatric Clinic worked with 2 major corporations and various neighborhood groups on a lead poisoning prevention program in a poor city neighborhood.
- Working with farmers and state agencies, extension specialists developed a manure management computer program, including composting techniques, that helps producers meet feedlot ordinance requirements and water quality regulations and save money.
- In southeast Minnesota, MES-initiated community forums helped citizens identify local needs of children, youth, and family. Directed by citizens, the forums inspired the development of 15 citizen groups that are making their communities better for children and families.

Planned Results

High-quality basic and applied research requires a long-term commitment in effort and funding. Likewise, objectives for quality research must be long range. Important MAES objectives include:

- Continued research support for the state's basic industries, with resources targeted on the most compelling opportunities;
- Further incorporation of interdisciplinary and system-based approaches in research;
- Developing increased regional cooperation among land-grant universities;
- Focusing more on value-added production and processing practices;
- Providing more research emphasis on issues related to children, youth, and families;
- Increasing emphasis on research related to analytical and modeling techniques;
- Forging new institutional relationships that reach beyond traditional college boundaries;
- Utilizing the MAES research base and faculty expertise to contribute to the development and analysis of state policy.

MES programs of the future will continue to be directed and defined by the changing issues facing Minnesotans and the role they expect their land-grant university to play in helping them address those issues. In connection with the U2000 strategic plan, MES's objectives relate to all 6 of those listed, but especially closely to that of outreach and access. Overarching these directions, within context of U2000, are 3 major goals for MES:

1. Strengthening an interdisciplinary approach across the spectrum of research, graduate and undergraduate education and outreach and across the University.
2. Helping people to bring the University's resources to bear on societal problems from a total

University perspective, not just outreach.

3. Providing 2-way access of the public to the University through MES county offices and access by the colleges to the public through the extension network.

BUDGET ISSUES:

The Agency Budget Brief discusses the University response at the Agency Plan level. The Program level narrative and the Budget Initiative pages discuss the University's partnership proposal. Each references budget issues concerning the Agricultural State Special.

REVENUE:

Not Applicable

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: AGRICULTURE SPECIAL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	43,154	44,247	45,997		48,324			49,674	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	43,154	44,247	45,997		48,324			49,674	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	43,154	44,247	45,997		48,324			49,674	
CURRENT SPENDING:				45,997	45,997	45,997	45,997	45,997	45,997
AGENCY PLAN ITEMS:			FUND						
-----			-----						
U2000 - CRITICAL INITIATIVES			GEN		1,050			1,300	
SALARY AND FRINGE POOL			GEN		1,277			2,377	
CONVERSIONS-SPECIALS			GEN	<45,997>		<45,997>	<45,997>		<45,997>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<45,997>	2,327	<45,997>	<45,997>	3,677	<45,997>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	43,154	44,247	45,997		48,324			49,674	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	43,154	44,247	45,997		48,324			49,674	

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, Health Sciences  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

The 1989 legislature consolidated those State Specials administered by the University of Minnesota Academic Health Center into a single program appropriation in support of programs deemed of great interest and benefit to the State.

Taken together the Health Sciences Specials complement the undergraduate, graduate, and professional training of some 4,000 students each year at various levels through 7 different collegiate structures. Important to the quality of these educational experiences, and accessible to Minnesotans, is state-of-the-art scientific equipment and physical plant that seeks to enhance the total learning atmosphere. Through these opportunities, Minnesotans can take advantage of advanced education and training, recognized universally as the key factor in facilitating progress toward leadership in a global economy.

The basic and applied research discoveries and resulting innovations made possible by the Health Science Specials, together with other Health Science Programs, help to insure that Minnesotans will have the best possible chance for a healthy life. In addition, research in the Health Sciences results in innovative techniques and--through technology transfer and licensing of patents--new businesses and industries that contribute toward an economy that creates and shares wealth.

### **County Papers**

The purpose of this appropriation is to assist counties in paying for medical care for indigent patients in the University Hospital and Clinic. Origins of this go back to the early 1900s when University Hospital was the only tertiary care referral facility for the State. Over the years, with the emergence of a variety of federal and state supported social assistance programs, there has been a decline in the number of patients referred and treated under this program.

### **Hospital Education Offset**

The University Hospital and Clinic forms the core of a complex academic medical center that--in addition to the delivery of patient care--provides extensive teaching and logistical support for research programs. Training is available for more than 4,000 students enrolled in a variety of Health Sciences programs, including advanced graduate residencies and postgraduate medical education. Operating a medical center within an academic Health Sciences setting requires resource-intensive programs and services generally not found in traditional community hospitals.

In addition, the University Hospital and Clinic serves as a regional and national resource and referral center. Since additional costs of operating an academic medical center cannot be fully recovered from patient charges, the state of Minnesota has long recognized this need in the form of a special appropriation to support some of the costs.

## Rural Physicians Associate Program (RPAP)

The Rural Physicians Associate Program was established by the 1970 Legislature in response to a shortage of family physicians in greater Minnesota. Its purpose is to provide third-year medical students an opportunity to spend 9 months of their clinical training--living, learning, and working--in a non-metropolitan medical practice.

### **Indigent Dental Care**

As an integral part of its teaching program, the School of Dentistry operates a number of dental clinics that provide care to the general public, a large number of whom are indigent or on some form of public assistance. State special funding for indigent dental care enables the school to cover the cost of providing dental care to indigent patients.

### **Veterinary Diagnostic Laboratory**

The Veterinary Diagnostic Laboratory was instituted to help prevent loss from disease in the state's livestock, poultry, companion animals, and wildlife by identifying the cause of animal disease. The Laboratory also helps to protect human health by identifying animal diseases transmissible to humans through animal contact or through foods of animal origin. As the official laboratory of the Minnesota Board of Animal Health, it is very important in the state's animal disease control and eradication program.

### **Biomedical Engineering Center**

The Biomedical Engineering Center is an interdisciplinary focal point for education, research and technology transfer in biomedical engineering that seeks to continue Minnesota's long tradition of excellence in the field and to cooperate with Minnesota's large and vibrant medical device industry.

### **Human Genetics, Institute of**

The primary goal of the Institute of Human Genetics is to increase knowledge and train scientists in areas of structure, function, and expression of human chromosomes and genes to prevent, diagnose, and ultimately correct inborn and acquired genetic disorders, including cancer and heart disease.

### **Medical Research**

The Medical Research Special consists of 5 separate subprograms or titles--Psychiatry, Neurological Disease Research, Environmental Pathology Laboratory, Medical and Cancer Research, and Health Services Research. Although diverse in nature, their common purpose is support of the research mission of the University in health areas.

### **Program Status**

The need to provide medical care to the indigent patients who do not qualify under other programs continues. This is made possible by the County Papers program.

Over many years, as the education programs have developed, the Health Sciences have provided students with the most effective clinical resources possible. The funds provided by the Hospital

**BUDGET ACTIVITY:** Special Appropriations, Health Sciences  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
 (Continuation)

Education Offset cover costs associated with education programs in many disciplines: nursing, pharmacy, public health, dentistry, veterinary medicine and medicine—including several allied health programs and residencies—as well as programs that because of low volumes of service, specialized needs, or a developmental nature. These programs are essential to the broad academic mission of the Health Sciences in its role as a leading academic health center.

Since its inception, the Rural Physicians Associate Program has enrolled more than 700 medical students for outstate Minnesota practices. Of these, more than 60% have returned to practices in Minnesota with more than 70% going into Family Practice and nearly 80% going to communities of 50,000 population or less. More than half practice in towns of 15,000 or less.

**Indigent Dental Care:** Because of capped reimbursements and limited care for public assistance patients, the University's dental clinics are unable to recover the full cost of providing service to indigent patients and a full range of training experiences for students. As a result, over the past several years the School of Dentistry has been experiencing a growing deficit. At the present time the deficit totals \$300,000 per year, an amount that the school can no longer absorb.

In disease detection and monitoring, the Veterinary Diagnostic Laboratory receives more than 40,000 animal specimens each year, requiring a total of about 500,000 analytical procedures. Results, reported promptly to owners and attending veterinarians, are maintained in a database information system necessary for the Minnesota Board of Health.

The Biomedical Engineering Center is pursuing further development of a wealth of technologies--cardiac pacemakers, artificial heart valves, intraocular lens implants for cataract surgery, vascular grafts, and orthopedic implants. The center's technology transfer program involves 300 biomedical engineering companies nationwide.

The efforts supported by state special funds for the Institute of Human Genetics extend to diabetes, cystic fibrosis, Huntington's Disease, muscular dystrophy, leukemia, and bone marrow transplants. State Special support has made possible the development of the Molecular Genetics Laboratory, 1 of the first clinical laboratories to develop and utilize gene probes in monitoring bone marrow rejection in patients having bone marrow transplants.

The Medical Research special helps the Health Sciences to extend the present frontiers of knowledge and expertise through coordinated efforts. These include training programs based on the latest findings. In the arena of national competition for funds, the State Special funding has become a successful base effort for many of the programs. For example, in the area of Health Services Research there are 40 outside dollars brought in from contracts and grants for every dollar of state special funds.

## Planned Results

For the past several years, referrals have increased to make the costs of providing care for indigent patients exceed funding for the County Papers program. The Hospital will continue to work closely with county social service agencies to review referrals in order to keep losses at manageable levels.

The Hospital Education Offset will continue to help support programs for more than 4,000 students through all levels of training--Undergraduate, Allied Health, Graduate, Professional, Postdoctoral and Residency.

Efforts will continue to increase enrollment in the Rural Physicians Associate Program and to increase the numbers of non-metropolitan community faculty who serve as hosts for the students.

State special funding of \$300,000 per year for Indigent Dental Care will enable the School of Dentistry to cover the cost of providing dental care to indigent patients. More importantly, it will enable the school to maintain the patient volume necessary for providing a full range of training experiences as required under accreditation standards.

The Veterinary Diagnostic Laboratory will continue to provide services related to the food animal industries, companion animals, and wildlife, utilizing current and emerging technology. With direction from the Minnesota Board of Health, we will also continue to identify and monitor health hazards to humans, a major responsibility.

The Biomedical Engineering Center's objectives include an increase in medical implant evaluations, additional tracking for medical implants, greater interaction with industry, additional patenting and licensing of peptide-based hybrid materials, and revision of the graduate curriculum to include tissue engineering, biomaterials and biointerfacial science, and biomedical imaging.

A major goal of the Institute of Human Genetics is to establish gene transfer techniques for use in clinical settings. There are also plans to establish a recombinant DNA laboratory and a virus/vector facility. Implementation of a new master's degree program in genetic counseling will continue.

The Medical Research special will continue the efforts over many years that have resulted not only in advances in the individual subject areas, but as a financing mechanism characterized by unusual leverage.

## BUDGET ISSUES:

The Agency Budget Brief discusses the University response at the Agency Plan level. The Program level narrative and the Budget Initiative pages discuss the University's partnership proposal. Each references budget issues concerning the Health Sciences State Special.

## REVENUE:

Not Applicable

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: HEALTH SCIENCE SPECIAL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	16,659	16,758	17,458		4,136			4,233	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	16,659	16,758	17,458		4,136			4,233	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	16,659	16,758	17,458		4,136			4,233	
CURRENT SPENDING:				17,458	17,458	17,458	17,458	17,458	17,458
AGENCY PLAN ITEMS:			FUND						
-----			-----						
U2000 (1994 SUPPLEMENT)			GEN		300			300	
SALARY AND FRINGE POOL			GEN		94			191	
CONVERSIONS-SPECIALS			GEN	<17,458>	<13,716>	<17,458>	<17,458>	<13,716>	<17,458>
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<17,458>	<13,322>	<17,458>	<17,458>	<13,225>	<17,458>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	16,659	16,758	17,458		4,136			4,233	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	16,659	16,758	17,458		4,136			4,233	

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, Institute of Technology  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

The 1989 legislature consolidated those State Specials administered by the University of Minnesota Institute of Technology into a single program appropriation in support of special technological purposes deemed of great interest to the State.

#### **Microelectronics Laboratory for Research and Education (MLRE)**

The Microelectronics Laboratory for Research and Education is the focal point for microelectronics and related activities at the University. The facility is a 3,700 square foot Class 10 clean room, and is among the top 5 academic laboratories in the country. It has the capabilities of fabricating solid state devices and integrated circuits including: 1) complimentary metal-oxide-semiconductor (CMOS) integrated circuits, 2) high-speed gallium arsenide (GaAs) and indium phosphide (InP) devices, 3) microsensors and microactuators, 4) optoelectronic devices, 5) superconductors, 6) nanoelectronic structures, and 7) a variety of thin films such as those used in magnetic storage systems.

#### **Minnesota Geological Survey (MGS)**

The Minnesota Geological Survey is the state's primary geological center, conducting basic and applied research on Minnesota's geology, providing outreach services to the public, and training undergraduate and graduate students in practical earth sciences work for professional careers in the earth sciences. The Survey's fundamental tasks are geological mapping to elucidate the state's 3-dimensional geologic framework and its evolution in geologic time and to translation of mapping results into practical applications for the public. The main users of MGS maps and reports are local and state decision makers confronted by environmental issues, land-use planners, well drillers, geological and engineering consultants, the mining and mineral exploration industry, and educators.

#### **Center for Advanced Manufacturing, Design and Control (CAMDAC)**

The mission of CAMDAC (formerly the Productivity Center) is to support education, research, and technology transfer of emerging technologies which improve design and manufacturing productivity. The focus of the center is on advanced methods of design and manufacture, including computer based design and visualization methodologies, material processing, robotics, sensors and control systems, factory automation, and allied topics. In order to promote an environment in which the U.S. can compete effectively, the CAMDAC encourages collaborative activity between the University and industry. Its Engineering Visualization Laboratory and its Robotics Laboratory are among the best such facilities in the world. CAMDAC provides both undergraduate and graduate students an unparalleled educational experience with state-of-the-art technology.

#### **Talented Youth Mathematics Program (TYMP)**

The University of Minnesota Talented Youth Mathematics Program is an intense and accelerated program for very talented mathematics students in grades 5-12, operated by the School of

Mathematics at the University of Minnesota. Talented students in grades 4-8, identified by the home schools, are invited to participate in a qualifying examination. Of 1,400-1,750 students who test annually, 120-130 are invited to participate in the Twin Cities program, and 40-50 are invited to the various outreach sites. These students attend a 2-hour class 1 afternoon each week, after school, for 30 weeks, with 5-10 hours of homework. The high school component is taught by outstanding certified high school mathematics teachers and college-age teaching assistants. High school mathematics credit is granted for completion.

During the next 4 years (the college component), the students study calculus, linear algebra, differential equations, and advanced topics. The students who successfully complete the courses will earn 8-10 University of Minnesota undergraduate mathematics credits in calculus each year, and pay 50% of the tuition and book costs. Need-based scholarships are available.

The Talented Youth Mathematics Program offers the advanced education and training necessary to make the state a leader in the global economy. TYMP fosters a positive learning environment and encourages acquisition of the skills necessary to compete internationally for highly talented young students.

#### **Underground Space Center**

The purpose of the Underground Space Center is to assist in the planning and appropriate development of underground facilities in Minnesota and elsewhere in the nation and the world. By utilizing underground facilities, surface land can be preserved or reclaimed, while permitting the improvement or expansion of the utility/transportation infrastructure necessary to support a high standard of living. Underground facilities can also provide opportunities for energy conservation, as well as a high level of safety and security from natural and human-caused disasters.

#### **Program Status**

All of the University's teaching and research in microelectronics and its manufacturing occurs in the Microelectronics Laboratory for Research and Education. Since the laboratory became operational in early 1990, activities have been growing as more faculty, students, and Minnesota businesses use the facility for teaching and research. Continued service requires that the laboratory remain 1 of the best-equipped university centers in the nation; thus, continued support is essential. MLRE provides microelectronics facilities support and educational training for both undergraduate and graduate students. In addition MLRE supports approximately 15 Minnesota companies in both research and pre-product development activities. A regional collaboration with the University of Wisconsin-Madison Center for X-Ray Lithography is currently underway. Further collaboration with other universities is being explored.

The Minnesota Geological Survey is the University's outreach unit devoted to supplying earth sciences research for growing state needs in water management, environmental geology and economic development of natural resources. Given Minnesota's commitment to maintaining environmental quality, protecting ground-water supplies, and sustaining urban and rural development, the demand for sound, unbiased geotechnical information continues to increase. In addition to conducting applied research pertinent to environmental and economic concerns, MGS personnel answer public inquiries about geology and water wells, help people to interpret and use geological information in their local areas, and produce and distribute popular and technical maps and publications about the geological features and phenomena of our state.

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, Institute of Technology  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

Manufacturing is a \$20 billion business that represents the largest single component of Minnesota's gross state product. Over 1,200 University students are enrolled annually in courses related to manufacturing, design and automation. CAMDAC's Engineering Visualization Laboratory has acquired several powerful computer graphics workstations that allow its students continued access to the latest in computer based design and visualization methodologies. The undergraduate design educational programs have been reorganized under new leadership brought to the University. As an example of facilities that facilitate cooperation with industry, a new environmental test chamber has been installed in the Materials Processing Laboratory to allow for testing a variety of manufactured materials under more rigorous conditions. Faculty associated with CAMDAC were instrumental in the design of the new Polaroid "Captiva" camera and developed a novel manufacturing process for General Motors' new 1995 Aurora automobile.

External support, primarily from The Bush Foundation, has enabled enrollment and class coverage to grow in the Talented Youth Mathematics Program. Record enrollments are anticipated at all levels, especially in the calculus component. A new 6<sup>th</sup> year class in upper division mathematics is now firmly established. TYMP has increased the number of girls participating in the program to more than 40%. Retention rates from the first 2 years in TYMP are now equal for girls and boys, and retention rates in calculus are increasing for female students.

The Underground Space Center plays an important role in the development of technologies and planning guidelines for the wise and cost-effective use of our underground resources. Many countries around the world and many large urban areas (including the Twin Cities) are facing a number of challenging physical and social trends: an increasing population; a pressing need for new or improved infrastructure; an increasing reluctance to allow the deterioration of existing environments for new development; and generally increasing costs of natural resources. These land use, development, and resource issues are present in both rural and urban areas.

### Planned Results

The major objectives of the Microelectronics Laboratory for Research and Education for the next biennium are: 1) maintain and improve the laboratory to achieve educational and research goals, 2) broaden the support of the laboratory to related disciplines such as medicine and control instrumentation, and 3) expand the Minnesota industrial user base of the laboratory. To facilitate these goals, MLRE will be upgrading and replacing obsolete equipment as a matter of priority and will be increasing its interaction with industry and regional universities.

Activities of the Minnesota Geological Survey in the next biennium will include: continuation of geological mapping and related research under the County Geologic Atlas Program (in cooperation with the DNR), as required by the 1989 Groundwater Protection Act; geological mapping to address exploration, development, and environmental problems associated with Cu-Ni-Pt mineralization in NE Minnesota; geological mapping of hydrogeologically sensitive karst terrain in SE Minnesota; refinement and expansion of GIS capabilities in the management and dissemination of earth science

data; production of educational materials for K-12 and adult learners; expansion of geophysical capabilities applicable to shallow subsurface engineering problems; continuation of direct "help-line" response to public inquiries; production and publication of technical reports.

The Center for Advanced Manufacturing, Design and Control (CAMDAC) will continue working to develop more collaborative programs with Minnesota industry, focusing on solutions to long-term technical problems; attract additional funding to support work on advanced manufacturing and design methodologies; and continue to update CAMDAC laboratories so that students receive training on state-of-the-art hardware and software.

The Talented Youth Mathematics Program will continue working to increase the participation of females in TYMP calculus and increase participation of students of color/economically disadvantaged in TYMP. The state special is critical in providing core support, which will enable TYMP to acquire funding for other sources.

The Underground Space Center's objectives are to solidify its international position as a leading center for the study of problems related to the utilization of underground space, to increase the proportion of transportation/utility infrastructure-related research in the Center, and to continue to apply the results of the center's research to important Minnesota problems. An interdisciplinary proposal for a national center on underground infrastructure technology is in preparation.

### BUDGET ISSUES:

The Agency Budget Brief discusses the University response at the Agency Plan level. The Program level narrative and the Budget Initiative pages discuss the University's partnership proposal. Each references budget issues concerning the Institute of Technology State Special.

### REVENUE:

Not Applicable

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: TECHNOLOGY SPECIAL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	2,890	2,911	3,021		1,602			1,654	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	2,890	2,911	3,021		1,602			1,654	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	2,890	2,911	3,021		1,602			1,654	
CURRENT SPENDING:				3,021	3,021	3,021	3,021	3,021	3,021
AGENCY PLAN ITEMS:			FUND						
-----			-----						
U2000 - CRITICAL INITIATIVES			GEN		46			46	
SALARY AND FRINGE POOL			GEN		50			102	
CONVERSIONS-SPECIALS			GEN	<3,021>	<1,515>	<3,021>	<3,021>	<1,515>	<3,021>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<3,021>	<1,419>	<3,021>	<3,021>	<1,367>	<3,021>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	2,890	2,911	3,021		1,602			1,654	
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,890	2,911	3,021		1,602			1,654	

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## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, System  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of

### ACTIVITY DESCRIPTION:

The 1989 legislature combined 26 State Special appropriations into 4. This program is an aggregation of those special appropriations that could not reasonably be assigned to the Agricultural, Health Sciences, or Technology Specials. Its components represent a variety of purposes discussed below.

#### **Advanced Studies in Biological Process Technology, Institute for (BPTI)**

The Institute for Advanced Studies in Biological Process Technology is a cross-disciplinary campus-wide program with a 3-fold mission: research, graduate training, and service to the developing Minnesota biotechnology industry. This State Special appropriation supports faculty, the graduate programs, and the operation of the core research facilities.

The BPTI administers the Microbial Engineering Graduate Program (MicE), which combines training and retraining of industrial scientists and engineers in biochemical engineering, microbiology, and molecular biology. This is 1 of only a few programs in this country that combine chemical engineering and advanced biology to train students for the biotechnology industry. The BPTI also administers a major graduate training grant funded by the National Institutes of Health (NIH).

#### **Bureau of Business and Economic Research (BBER) University of Minnesota, Duluth**

Established in 1968, the Bureau of Business and Economic Research has 3 major missions. First, it serves the region and the state in collection and dissemination of information regarding Duluth, Northeastern Minnesota, and the state economy. Second, it acts as the research arm of the Center for Economic Development to identify and help treat important business and economic problems and opportunities in the region. Third, the BBER is a catalyst to generate research activity of the faculty, staff, and students of the University of Minnesota, Duluth, School of Business and Economics.

#### **Bureau of Business and Economic Research (BBER), Twin Cities**

The Bureau of Business and Economic Research was established in the 1950s and supports research in business and economics. The Bureau generates knowledge useful to the organizations and economy of the Twin Cities region and the State of Minnesota. Projects supported by Bureau funds have addressed, for example, labor-management relations, the management of innovation and change, and customer satisfaction. The findings have direct implications for regional businesses. The inclusion of non-profit organizations serving the community's special needs in the scope of topics addressed by the Bureau extends its contributions.

Bureau funds play an important role as "seed money" to attract external funding from federal

agencies and private sources. These funds also serve as the basis for matching money in the public-private partnership between the Carlson School and private organizations. Bureau funds are an important source of support to young faculty members in helping them establish their research programs and, therefore, play an important role in recruiting and retaining talented faculty members.

### **General Research**

The General Research Fund was initiated by a legislative appropriation over 50 years ago to support and encourage the research, scholarship, and artistic productivity of the University's faculty. It can be thought of as an investment by the State in the vitality of the faculty, helping them to initiate new projects and helping them bridge gaps in external funding of their programs. In these areas, the General Research Fund is the most important source of University support to the faculty and is 1 of the programs most appreciated by the faculty for the encouragement of their scholarship and research. This fund is also used to solve short-term fiscal crises and cover special, temporary needs. It is highly successful in leveraging funding from external sources.

This fund also helps to enhance advanced education and training and to promote the generation of new knowledge and concepts that are vitally important to a highly technological industrial base competing in a global economy. Such contributions are essential to maintaining and strengthening the economic base on which our state depends for its excellent quality of life.

#### **Humphrey Forum, The**

The Humphrey Forum is a teaching program and exhibit of 20th century history and politics at the Hubert H. Humphrey Institute of Public Affairs. Its purpose is to link the University, the Humphrey Institute, Minnesota's schools, community groups, and individuals in promoting active and thoughtful citizenship. The Forum's program of public events, workshops, and publications emphasizes the importance and effectiveness of each individual's participation in government and public life.

#### **Industrial Relations Education Fund (IREF)**

The Industrial Relations Education Fund supports a broad range of research and training outreach activities servicing diverse groups in industrial, employee, and labor relations: employers, union leaders and activists, arbitrators, mediators, academics, and public officials. In particular, it funds 2 outreach programs of the Industrial Relations Center: the Employer Education Service (EES), and the Labor Education Service (LES).

EES and LES initiatives strive to maintain and build Minnesota's economy by facilitating the fair and productive use of the state's most valuable resource—its work force. Initiated in 1945, these community outreach activities represent the commitment of the University of Minnesota to provide a transfer of knowledge through programs targeted at the working people of Minnesota.

EES and LES offer non-traditional educational choices to aid labor and management, dispute settlement professionals, legislators, scholars, and public administrators in understanding their rights and responsibilities under existing conditions, practices, policies, and state and federal laws.

#### **Intercollegiate Athletics, Women's**

This program provides opportunities for women that are equal to men in intercollegiate athletics at

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, System  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

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the University of Minnesota and provides financial accommodation for the university to meet the mandates to comply with Title IX federal regulations. These opportunities for women support the values of diversity and treatment of women on the University's campuses.

### James Ford Bell Museum of Natural History

The Bell Museum of Natural History (MNH) has 2 subdivision, Comparative Biology and Public Programs. The mission of Public Programs, which includes Public Education and Public Exhibits, is to provide education to all sectors of the public regarding nature, its values to humankind, and an understanding of biological processes and the scientific method.

### Minnesota Sea Grant College Program

Sea Grant programs exist to preserve and enhance our nation's ocean, coastal, and Great Lakes resources. Following the Land-Grant model, Sea Grant addresses these needs through research, education, and outreach/technology transfer. Minnesota Sea Grant supports research directly; outreach is subcontracted to the Minnesota Extension Service. Extension faculty work in Duluth and the Twin Cities.

### Minnesota Supercomputer Institute (MSI)

The Minnesota Supercomputer Institute is an interdisciplinary research program spanning all campuses and colleges of the University of Minnesota. The mission of the MSI is supercomputer research.

### Minority and Disadvantaged Student Graduate Fellowships

The minority and disadvantaged student graduate fellowship program seeks to recruit, retain, and graduate minority and disadvantaged students in graduate programs at the University of Minnesota, especially in those programs where they are underrepresented (science, mathematics, and engineering).

### Natural Resources Research Institute (NRRI)

Several factors led to establishment of the Natural Resources Research Institute almost a decade ago, including: 1) loss of jobs in northeastern Minnesota, due to the decline of the taconite industry; 2) realization that economic diversification was needed in natural resource dependent regions of Minnesota; and 3) recognition that quality of life was also dependent on understanding and maintaining Minnesota's unique natural environment. Thus, from its inception, NRRI's mission has been: "to foster economic development of Minnesota's natural resources in an environmentally sound manner to promote private sector employment."

## Student Loan Matching Program

The University of Minnesota provides matching funds for 5 federal student assistance programs. Included are the U.S. Department of Education's Federal Supplemental Education Opportunity Grant (SEOG), the Federal Perkins Loan Program, the Community Service Learning portion of the Federal College Work Study (CWS) program, and the U.S. Department of Health and Human Services' Nursing Student Loan Program (NSL) and Loans for Disadvantaged Students (LDS) program.

### Urban and Regional Affairs, Center for (CURA)

The Center for Urban and Regional Affairs was established to help focus University attention on the broad range of urban-related issues and problems confronting the people and communities of Minnesota. CURA encourages and supports University faculty and graduate students who work on research projects and applied technical assistance programs growing out of the major issues in the state. CURA's projects are carried out in conjunction with and frequently with matching support from persons, agencies or community groups outside the University, often from the public sector.

### Program Status

Over the past 10 years, the Institute for Advanced Studies in Biological Process Technology has established collaborative research and development projects with Minnesota companies and remodeled space for large scale fermentation, cell culture, and protein production, and isolation facilities. These unique facilities do not exist anywhere else in Minnesota and are available to all faculty as well as industrial scientists. Many State biotechnology-related companies and over 40 faculty from many colleges also use BPTI facilities for research support.

The Bureau of Business and Economic Research at the University of Minnesota, Duluth works to develop research on the regional economy to promote regional growth and diversity. The Bureau provides information through its publications, which include: *Duluth Business Indicators* (DBI), *Selected Economic Data for Duluth and Northeastern Minnesota*, an annual forecast issue of the DBI, a quarterly construction report, a monthly Duluth Tourist Index, Retail Sales Report, and the Bank Deposit Report.

Funding from public and private agencies/organizations increasingly requires evidence of preliminary progress on a research project as a basis for a favorable funding decision. The "seed money" role of the Bureau of Business and Economic Research on the Twin Cities campus is more important than ever.

Many faculty members credit the General Research fund with the initiation of successful programs that have brought in much larger external support. A respected faculty committee awards more than 200 Grants-in-Aid of Research, Artistry and Scholarship each year. This is a competitive process. High likelihood of receiving future external funding as a result of these grants is a primary criterion used in making these awards.

The Humphrey Forum's audience has grown in numbers and diversity each year since it opened in November 1989. The forum now attracts more than 20,000 visitors each year. The Forum has formed partnerships with organizations to sponsor community service projects, adult education programs, and civic activities. Program evaluations remain enthusiastic.

Programs and initiatives supported by the Industrial Relations Education Fund provide consistent

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, System  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

and up-to-date information, approaches, and technical support to Minnesota employers, union leaders, and public officials in labor-management, employment and labor law, policy, and practice. Educational activities funded by the IREF cover a wide variety of traditional and emerging subjects, reflecting the changing landscape of employer-employee relations in the state. More than 11,000 Minnesotans participate annually in IREF conferences, seminars, and printed materials.

In order to increase participation (a component of gender equity) women's soccer has been added as a 10<sup>th</sup> sport on the Twin Cities campus. With the aid of state special funding for Women's Intercollegiate Athletics the University has provided opportunities for nearly 200 women student-athletes in F.Y. 1993-94 making further progress towards Title IX.

Through its educational programs the James Ford Bell Museum of Natural History helps the public understand issues of environmental quality and policy including wise habitat management and what constitutes a healthy natural environment and helps the public appreciate the complexities of natural communities, the interdependencies of all species in a community, and the need to conserve natural habitats so as to save both common and rare species. The museum's research is focused on systematics and evolutionary relationships, including the use of the modern methods of molecular biology to examine the evolutionary relationships among species through the study of their genes. The identification of species and their evolutionary relationships provides the essential baseline data for studies in conservation biology.

Through research, education, and extension, the Minnesota Sea Grant College Program continues to work to serve the needs of: 1) State agencies, including the DNR and the PCT; 2) International groups, such as the International Joint Commission and the Great Lakes Fishery Commission; 3) Federal agencies, such as the Environmental Protection Agency (EPA); and 4) emerging industries reliant upon Minnesota's aquatic resources.

The Minnesota Supercomputer Institute supports supercomputer research carried out using the supercomputers and other resources of the Minnesota Supercomputer Center, Inc. (MSCI). MSI both purchases and allocates these resources to researchers at the University of Minnesota and other accredited post-secondary educational institutions in the State of Minnesota. MSI promotes the interchange of ideas in the field of supercomputing research, including the dissemination of results of research accomplished with its resources, technology transfer, and University/Industry collaboration. As a result of its programs and activities, MSI is generally recognized as the leading academic supercomputer institute in the nation.

The demographic pattern of society in the United States in general and Minnesota society in particular is changing. It is essential that the faculty and students of United States universities strive to reflect the society that they serve. The Minority and Disadvantaged Student Graduate Fellowships program permits the University to attract talented minority and disadvantaged students and leverage its funds against internal and external sources of funding (graduate school funds, graduate assistantships, and fellowships).

As a relatively new institution, the Natural Resources Research Institute's staffing infrastructure, and operating strategies are now largely in place. This, coupled with the timeliness of its mission and consequent demand for services, has resulted in a number of prospects including: the opportunity to use its new wood pilot facilities to help industry, the challenge of helping the taconite industry remain competitive, the growing opportunity for developing environmental businesses, the opportunity to obtain federal grants for research to improve our knowledge of wetlands, upland forests, lakes and streams, and the prospect of continuing its business development role to assist start-up and expansions for small companies.

In order to be eligible for funds from federal financial aid programs that require matches the University must provide \$1.1 million in matching funds from the Student Loan Matching Program. During the current biennium the University system will receive approximately \$11.5 million in federal funds from these programs, which will provide assistance to more than 4,000 students.

The emphases in the Center for Urban and Regional Affairs' programs change as community problems and needs change. CURA is involved in more than 300 projects in a biennium: some large; some small; some involving research that is both basic and applied; some primarily technical assistance. Many are faculty research projects, and most include graduate students and are done in cooperation with communities, agencies, or organizations throughout the state. Most CURA projects result in reports, many in widely-circulated publications, including the "CURA Reporter."

### Planned Results

The Institute for Advanced Studies in Biological Process Technology will continue working to increase outside support from grants and contracts in order to reduce the percentage of state support to approximately 1/3 of the total budget and to increase collaborative research and development projects with Minnesota companies.

The Bureau of Business and Economic Research at the University of Minnesota, Duluth will continue to focus its efforts on helping the region expand and diversify its economy. This effort will require the development of new economic data on new and expanding industries (i.e. tourism, research and medical services).

Two imperatives of the Carlson School's strategic plan are: 1) to conduct high quality research that addresses problems of the management profession and advances scientific knowledge in the disciplines, and 2) to establish closer linkages with the management community and to be a visible force for change within the management community. State special funds provided to the Bureau of Business and Economic Research on the Twin Cities campus will directly support both objectives.

The General Research program is working well and has a high degree of support from the whole University community. Output in terms of meritorious projects that can be funded and brought to a satisfactory conclusion will continue to be directly proportional to the funds available.

The Humphrey Forum will continue to work to increase school group visits, paid subscriptions to 19th Avenue, and the number of adult visitors. It will also continue to develop and strengthen partnerships with the Minnesota cable television networks, newspapers (including neighborhood and rural weeklies), and public affairs radio programming.

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Special Appropriations, System  
**PROGRAM:** Primary Programs  
**AGENCY:** Minnesota, University of  
(Continuation)

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Specific objectives of the Industrial Relations Education Fund will reflect a commitment to remain on the cutting edge of issues and changes in industrial, employment and labor relations. Outreach plans anticipate new developments in relation to the changing demographics of the workforce, the pressures of the globalization of the economy, and the need to expand the delivery of information and ideas.

With assistance of state special funding for Women's Intercollegiate Athletics the University will continue moving toward its goal of gender equity and for improved support of its athletic programs for women student athletes.

The principal measure of outcomes of the James Ford Bell Museum of Natural History's public programs is the size of its membership and the attendance figures for each of its functions and programs. The MNH has more than 700,000 contacts per year. Comparative Biology outcomes will be measured by scientific papers and books published, number of specimens added to the computerized records of the museum's collections, scientific specimens prepared and acquired through exchanges, grants awarded, research projects completed, and the number of graduate students receiving advanced degrees.

The effectiveness of the Minnesota Sea Grant College Program will be measured by its products and their usefulness to the groups Sea Grant seeks to assist. Products will include but are not limited to: published research findings to better manage and eventually solve problems of Lake Superior's fisheries; technical refinements in fisheries management; development of expression vectors for gene transfer into fish; development of natural controls for exotic species; continued assistance to American Indian students interested in natural resource management; and development of the biochronology of Lake Superior lake trout.

The objective of the Minnesota Supercomputer Institute is to increase research quality and competitiveness, expand instructional and advanced education programs, achieve improved integration of research and educational goals, and support more effectively faculty research in supercomputer research.

By using funds from the Minority and Disadvantaged Student Graduate Fellowships program and by leveraging them against internal and external funding sources, the University will continue to be proactive in identifying, recruiting, and supporting minority and disadvantaged students.

The Natural Resources Research Institute will carry out a full slate of projects focused on its 3 major goals: 1) near-term economic development efforts to promote private sector job creation and retention; 2) applied research in focused natural resource areas to develop products, processes, and services that will benefit Minnesota; and 3) research that will improve the knowledge base required for sound future economic and environmental decisions.

The objective of the Student Loan Matching Program will continue to be to maximize the amount

of federal funding available to the University of Minnesota for student financial aid and to maintain a base of money available to the most needy students.

The Center for Urban and Regional Affairs will continue to encourage and support research projects and technical assistance programs by University faculty and graduate students that are focused on the major urban-related issues facing the people and communities of Minnesota. These projects and programs will number approximately 300 and will involve more than 100 faculty and 200 graduate students from more than 35 units across the University. The projects and programs will be carried out in conjunction with approximately 10 state agencies, 20 local agencies, and 45 nonprofit organizations.

### BUDGET ISSUES:

The Agency Budget Brief discusses the University response at the Agency Plan level. The Program level narrative and the Budget Initiative pages discuss the University's partnership proposal. Each references budget issues concerning the System State Special.

### REVENUE:

Not Applicable



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: PRIMARY PROGRAMS  
ACTIVITY: SYSTEM SPECIAL

	FY 1993	FY 1994	Est. FY 1995	FY 1996	FY 1997
				Agency Plan	Agency Request
ACTIVITY SUMMARY					
=====	=====	=====	=====	=====	=====
EXPENDITURES:					
-----					
DETAIL BY CATEGORY:					
STATE OPERATIONS:					
HIGHER EDUCATION	18,679	18,931	19,731	9,395	9,601
=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	18,679	18,931	19,731	9,395	9,601
=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	18,679	18,931	19,731	9,395	9,601
=====					
CURRENT SPENDING:				19,731	19,731
=====					
AGENCY PLAN ITEMS:					
-----					
U2000 - CRITICAL INITIATIVES				325	350
SALARY AND FRINGE POOL				174	355
CONVERSIONS-SPECIALS				<19,731>	<10,835>
=====				=====	=====
TOTAL AGENCY PLAN ITEMS				<19,731>	<10,130>
=====					
SOURCES OF FINANCING:					
-----					
DIRECT APPROPRIATIONS:					
GENERAL	18,679	18,931	19,731	9,395	9,601
=====	=====	=====	=====	=====	=====
TOTAL FINANCING	18,679	18,931	19,731	9,395	9,601

**1996-97 Biennial Budget**

**PROGRAM:** Other Activities  
**AGENCY:** Minnesota, University of

**PROGRAM DESCRIPTION:**

The "other activities" of the University of Minnesota are those activities which occur as a result of special funding provided to the University to initiate and carry out a given specific initiative. Included in this program are the following activities: Legislative Commission on Minnesota Resources; Special Projects; and MinnesotaCare.

Projects funded by the Legislative Commission on Minnesota Resources (LCMR) provide research, and public service support in accordance with legislative initiatives in the areas of recreation, water, education, agriculture, forestry, fisheries, wildlife, land management, minerals, waste, and energy.

Projects funded under the Special Projects activity include, for F.Y. 1995, wheat scab research. This research is designed to minimize the adverse effects of future wheat scale infestations in the short-term while seeking to fully eliminate the problem in the long-term.

University funds from MinnesotaCare are directed toward increasing the number of primary care physicians serving in Greater Minnesota.

**PROGRAM STATUS:**

See Program Description

**PLANNED RESULTS:**

See Program Description

**BUDGET AND REVENUE SUMMARY:**

LCMR has recommended funding of 2 projects for the University of Minnesota for F.Y. 1996. \$350,000 from the Future Resources Fund is recommended to fund the Gordon Guillion Chair in Forest Wildlife Research and Education. \$680,000 from the Future Resources Fund is recommended to fund the acquisition of Arboretum boundary land including an intact watershed/wetland.

**GOVERNOR'S RECOMMENDATION:**

The Governor recommends funding of \$350,000 from the Future Resources Fund in F.Y. 1996 to support the Gordon Guillion Chair in Forest Wildlife Research and Education. The Governor does not recommend funding for acquisition of Arboretum boundary land.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: OTHER ACTIVITIES

ACTIVITY RESOURCE ALLOCATION:				FY 1996			FY 1997		
	FY 1993	FY 1994	Est. FY 1995	Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
LCMR/MN RESOURCES	2,454	51		1,030	1,030	350			
SPECIAL PROJECTS	600	500	477						
MINNCARE	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
PERMANENT UNIVERSITY FUND	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
TOTAL EXPENDITURES BY ACTIVITY	8,240	6,873	6,714	7,267	7,267	6,587	6,237	6,237	6,237
CURRENT SPENDING:				6,237	6,237	6,237	6,237	6,237	6,237
AGENCY PLAN ITEMS:			FUND						
GORDON GULLION CHAIR - FOREST WILDLIFE			MNR	350	350	350			
ACQUIRE ARBORETUM BOUNDARY LAND			MNR	680	680				
TOTAL AGENCY PLAN ITEMS				1,030	1,030	350			
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	465	425							
GENERAL		75	477						
MN RESOURCES	2,389	51		1,030	1,030	350			
HEALTH CARE ACCESS	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
STATUTORY APPROPRIATIONS:									
GENERAL	200								
AGENCY	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
TOTAL FINANCING	8,240	6,873	6,714	7,267	7,267	6,587	6,237	6,237	6,237

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: OTHER ACTIVITIES  
ACTIVITY: LCMR/MN RESOURCES

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	2,454	51		1,030	1,030	350			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	2,454	51		1,030	1,030	350			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	2,454	51		1,030	1,030	350			
CURRENT SPENDING:									
AGENCY PLAN ITEMS:			FUND						
-----			-----						
GORDON GULLION CHAIR - FOREST WILDLIFE			MNR	350	350	350			
ACQUIRE ARBORETUM BOUNDARY LAND			MNR	680	680				
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				1,030	1,030	350			
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
ENVIRONMENT TRUST	65								
MN RESOURCES	2,389	51		1,030	1,030	350			
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,454	51		1,030	1,030	350			

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: OTHER ACTIVITIES  
ACTIVITY: SPECIAL PROJECTS

	FY 1993	FY 1994	Est. FY 1995	FY 1996	FY 1997
				Agency Plan	Agency Request
ACTIVITY SUMMARY					
=====	=====	=====	=====	=====	=====
EXPENDITURES:					
-----					
DETAIL BY CATEGORY:					
STATE OPERATIONS:					
HIGHER EDUCATION	600	500	477		
=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	600	500	477		
=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	600	500	477		
=====	=====	=====	=====	=====	=====
CURRENT SPENDING:					
-----					
SOURCES OF FINANCING:					
-----					
DIRECT APPROPRIATIONS:					
ENVIRONMENT TRUST	400	425			
GENERAL		75	477		
STATUTORY APPROPRIATIONS:					
GENERAL	200				
=====	=====	=====	=====	=====	=====
TOTAL FINANCING	600	500	477		
=====	=====	=====	=====	=====	=====

**1996-1997 BIENNIAL BUDGET**  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: OTHER ACTIVITIES  
ACTIVITY: MINNCARE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
CURRENT SPENDING:				2,357	2,357	2,357	2,357	2,357	2,357
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
HEALTH CARE ACCESS	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,200	2,277	2,357	2,357	2,357	2,357	2,357	2,357	2,357

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINN  
PROGRAM: OTHER ACTIVITIES  
ACTIVITY: PERMANENT UNIVERSITY FUND

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
HIGHER EDUCATION	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
SUBTOTAL STATE OPERATIONS	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
CURRENT SPENDING:				3,880	3,880	3,880	3,880	3,880	3,880
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
AGENCY	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	2,986	4,045	3,880	3,880	3,880	3,880	3,880	3,880	3,880

# 1996-97 Biennial Budget

**PROGRAM:** Primary Programs/Appendix-College Descriptions  
**AGENCY:** Minnesota, University of

## PROGRAM DESCRIPTION:

### College of Agriculture

The College of Agriculture is the principal source of B.S. degrees and the only source of M.S. and Ph.D. degrees in agriculture and related fields in Minnesota. The college provides leadership in the generation and application of research-based knowledge to the use of our natural and human resources for the production, distribution, and consumption of food, fiber, and renewable energy.

The college consists of 10 budgeted departments and 6 branch experiment stations. The college's tripartite mission is supported, in part, by state and federal funds that are provided according to matching fund cooperative agreements in support of research and extension in agriculture. The college supports extensive off-campus research facilities, including experiment stations and cooperative sites around the state.

The college is among the top 10 agriculture programs in the United States, and it has an enviable record of program development and interactions in many developing countries. Over the past few years the college has established and funded, in cooperation with external groups, the Minnesota Institute for Sustainable Agriculture and a statewide Dairy Initiative.

#### F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	851	
Grad/Prof/Special Headcount	501	
FYE Students	1,104	
Ugrad Degrees	147	
Grad/Prof Degrees	133	
Ranked Headcount	236	
Total Expenditures	\$28,654	100%
O&M Allocation	5,492	19.2%
Tuition	3,510	12.2%
State Special	*71,685	0.3%
Federal	6,475	22.6%
Private/Other	13,107	45.7%

■ Additional state special expenditures through MAES and MES were \$16,890,195.

### College of Human Ecology

Human ecology is the study of the human ecosystem--that is the study of the interdependence of humans with each other and with the total environment. The mission of the College of Human Ecology is the understanding, analysis, and improvement of the human ecosystem. The academic

units of the college pursue this mission through examination of the interaction of humans with their natural, designed, and social environments. The College's teaching, research, and outreach provide insights into how people affect and are affected by their surroundings in a changing world.

The units within the college are the Departments of Design, Housing and Apparel, Family Social Science, Food Science and Nutrition, and the School of Social Work.

More than half of the college's graduate students are pursuing master's degrees in social work. The college's doctoral programs are consistently ranked among the top 5 programs in their fields.

#### F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	784	
Grad/Prof/Special Headcount	335	
FYE Students	871	
Ugrad Degrees	302	
Grad/Prof Degrees	90	
Ranked Headcount Faculty	69	
Total Expenditures	\$8,481	100.0%
O&M Allocation	2,787	32.9%
Tuition	2,649	31.2%
State Special	*0	0.0%
Federal	854	10.1%
Private/Other	2,190	25.8%

■ Additional state special expenditures through MAES and MES were \$1,032,293.

### College of Natural Resources

The College of Natural Resources contributes to the management, protection, and sustainable use of natural resources through teaching, research, and outreach.

The college has a long history of distinguished accomplishments. It offers the state's only undergraduate and graduate degrees in forestry, forest products, fisheries, and wildlife conservation. The college's outreach programs are provided through the Agricultural Experiment Station and the Minnesota Extension Service.

The College of Natural Resources, like most such programs nationally, grew out of societal concern for the conservation and wise use of our natural resources. Early efforts were directed at forests and their associated water, wildlife, recreation, aesthetic, and economic values, and products provided by these resources. Programs have since evolved to encompass broader environmental and natural resource concerns of ecosystem management, sustainable development, and environmental quality.

#### F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	563	
Grad/Prof/Special Headcount	168	



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**PROGRAM:** Primary Programs/Appendix-College Descriptions  
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FYE Students	272	
Ugrad Degrees	93	
Grad/Prof Degrees	38	
Ranked Headcount Faculty	37	
 Total Expenditures	 \$7,082	 100.0%
O&M Allocation	1,170	16.5%
Tuition	884	12.5%
State Special	*4,367	0.1%
Federal	1,609	22.7%
Private/Other	3,417	48.2%

■ Additional state special expenditures through MAES and MES were \$1,821,717.

## Minnesota Extension Service

Since 1909, the Minnesota Extension Service (MES) has helped state residents move toward goals of a better state and more prosperous, productive, and healthy citizens. MES is integral to the University's overall outreach program, extending the University to the people by a network of faculty in every county, providing convenient access expedited by a statewide computer and satellite downlink system. This educational system is further extended by over 30,000 volunteers with other agencies and organizations--schools, human services, religious organizations, local governments--to ensure that individual and community needs are identified, prioritized, and met.

The mission of the Minnesota Extension Service is "to involve people in improving the quality of life and enhancing the economy and the environment through education, applied research, and the resources of the University of Minnesota."

MES is a catalyst in an increasingly diverse and disjointed society. It helps government, education, the private sector, communities, and individuals to work fruitfully together. It respects democratic principles and creates forums where conflicting ideas, heard with respect, generate solutions to complex problems.

MES is both traditional and progressive. It is a key player in Minnesota's international leadership in agriculture and supports those who choose farming as their way of life. It works to enrich youth and families while maintaining sensitivity and respect for the increasing diversity of contemporary society. It is at the leading edge of efforts to enhance and preserve the quality of communities and the environment. Through all of its work, it blends time-honored approaches and relationships with new ones demanded by the 21st century.

MES is addressing its goals and objectives through 10 interdisciplinary specializations: Child and Youth Development; Community Resources; Crop Systems; Environment and Natural Resources;

Family Development; Financial and Business Management; Horticulture; Leadership/Citizenship Education; Livestock Systems; and Nutrition, Food, and Health.

The Minnesota Extension Service is funded jointly by the state (\$17.1 million), the federal government (\$7.1 million), and Minnesota counties (\$10.6 million). Grants, contracts, and fees provide an additional \$5.3 million. The Minnesota Extension Service has more than 750,000 contacts with the public each year.

## College of Liberal Arts

The College of Liberal Arts (CLA) is the University's largest, with more than 15,000 students. The college is organized into more than 30 schools, departments, programs, and centers in the humanities, fine arts, and social sciences.

The college is committed to serving the people of Minnesota by educating future citizens, training future scholars, and serving as a public resource to enrich the quality of life of the state's residents. The college's faculty includes leading scholars in a wide range of disciplinary and interdisciplinary studies devoted to both innovative scholarship and undergraduate and graduate education. These faculty members form the core of a research, land-grant university.

The arts and sciences are the foundation of undergraduate education, so the quality of education at the University of Minnesota depends in large part on the strength of CLA. Regardless where a freshman matriculates on the Twin Cities campus, much of his or her course work will be provided by CLA, since CLA provides most of the liberal education curriculum that is the core of all undergraduate degree programs.

Many of the undergraduate students on the Twin Cities campus begin as freshmen in CLA and then transfer as juniors to upper division colleges such as the College of Biological Sciences, the Carlson School of Management, the College of Education, the College of Nursing, and the Allied Health programs (e.g. Occupational Therapy) in the Medical School. CLA provides academic advising for these students until they transfer.

Along with the Medical School and the Institute of Technology, CLA is one of the largest providers of graduate and professional instruction. CLA provides 50% of undergraduate instruction and 35% of all instruction on the Twin Cities campus and produces 45.3% of undergraduate degrees, 13.5% of master's degrees, 21.5% of Ph.D. degrees, and 32.4% of all degrees awarded.

## F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	13,305	
Grad/Prof/Special Headcount	2,038	
FYE Students	13,068	
Ugrad Degrees	2,582	
Grad/Prof Degrees	496	
Ranked Headcount Faculty	525	
 Total Expenditures	 \$72,796	 100.0%
O&M Allocation	18,763	25.8%
Tuition	39,717	54.6%

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State Special	466	0.6%
Federal	7,196	9.9%
Private/Other	6,654	9.1%

## Institute of Technology

The Institute of Technology is the University's second largest college with more than 6,400 students. IT's structure is unique among the country's major research universities in that it includes engineering, mathematics, and the physical and computational sciences in a single unit. This is an advantageous combination, as the boundaries between pure science and engineering continue to disappear. IT's 11 departments include 5 engineering departments, 4 science departments, mathematics, and computer science. In addition there are 19 centers, including 2 NSF engineering research centers, 1 NSF science and technology center, the NSF-funded Institute for Mathematics and Its Applications, and the Army High Performance Computing Research Center.

The mission of the Institute of Technology is to provide a rigorous and stimulating education for its undergraduate and graduate students; to provide programs of instruction in engineering that meet nationally accepted standards for practice of the profession of engineering; and to provide a rigorous and stimulating education for majors in other colleges for whom the institute provides instruction in mathematics and physical science. The institute's basic and applied research programs sustain its educational programs, enrich modern culture, improve professional practice, and create the knowledge and know-how that are essential to our increasingly technological society and the maintenance of our desired standard of living. The Institute's service and outreach programs provide expertise to the state's industry and enhance education in science and mathematics in grades K-12.

IT is the major supplier of engineers and scientists for the state's businesses and industries. IT's programs are funded by more than \$64 million per year in federal and private funds.

## F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	4,225	
Grad/Prof/Headcount	2,230	
FYE Students	6,697	
Grad/Prof Degrees	429	
Ranked Headcount Faculty	405	
Total Expenditures	\$120,915	100.0%
O&M Allocation	31,971	26.4%
Tuition	20,854	17.2%
State Special	3,426	2.8%
Federal	44,822	37.1%
Private/Other	19,842	16.4%

## College of Biological Sciences

The College of Biological Sciences provides educational opportunities to undergraduate and graduate students and carries out research in areas of modern biology from the molecular to the ecosystem level. The college integrates a strong basic research program with both traditional and innovative classroom teaching and with intensive mentoring of students at all levels. As part of its mission, the college is dedicated to providing basic biological science education and to sharing expertise with students and colleagues in other disciplines such as agriculture, engineering, health sciences, and liberal arts. The college provides the majority of the instruction in undergraduate biology on the Twin Cities campus.

The college includes 4 academic units the departments of Biochemistry; Ecology, Evolution, and Behavior; Genetics and Cell Biology; and Plant Biology. It also includes the James Ford Bell Museum of Natural History, the Gray Freshwater Biology Institute, the Institute for Advanced Studies in Biological Process Technology (BPTI), the Itasca Biology Field Station, and the Cedar Creek Natural History Area, site of an NSF-sponsored Long-term Ecological Research program.

The college has been the originator of, or a major partner in, 3 of the 30 Research Training Groups awarded nationally in biology by the National Science Foundation, and it ranks among the top 5 units in the University in externally sponsored research funds per faculty member.

## F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	390	
Grad/Prof/Special Headcount	241	
FYE Students	1,203	
Ugrad Degrees	196	
Grad/Prof Degrees	57	
Ranked Headcount Faculty	83	
Total Expenditures	\$25,923	100.0%
O&M Allocation	7,343	28.3%
Tuition	3,716	14.3%
State Special	1,025	4.0%
Federal	9,391	36.2%
Private/Other	4,449	36.2%

## College of Architecture and Landscape Architecture

The College of Architecture and Landscape Architecture provides Minnesota's only accredited programs in architecture and landscape architecture. The college maintains excellent professional educational programs and also offers liberal education courses that address the role of the built environment in reflecting and shaping human culture.

The college has recently restructured and streamlined its degree programs and curriculum and has reduced the number of degrees offered from 9 to 6. The Architecture and Landscape Architecture departments are phasing out their bachelors-level first professional degrees and phasing in the offering of new graduate professional degrees as the only professional degrees offered. CALA will continue to serve undergraduates, by offering a B.A. degree with a major in architecture and the

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Bachelor of Environmental Design (B.E.D.) degree for landscape architecture students. These degrees prepare students for entry into graduate programs, or for careers in related fields such as city planning, urban design, development, and historic preservation.

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TABLES

General College

The mission of the General College is to identify and recruit educationally disadvantaged students who can benefit from early integration into the University and who are willing and able to direct their energy toward a baccalaureate education. The college offers programs that serve the educational needs of special student populations, offering a variety of interventions supportive of student achievement.

The proper mission of a developmental educational unit within the context of a research institution is a major issue for the college, particularly with respect to admissions criteria, size of college enrollment, nature of the curriculum, student outcomes, and cost effectiveness of the program.

Over the past few years the college has eliminated its 4-year degree programs and all of its upper division courses. Its primary objectives are to increase the number of educationally disadvantaged students who successfully transfer to other academic units for completion of degrees and to promote multicultural education as a logical extension of the cultural diversity at the University.

Early exit counseling is being provided for students who do not demonstrate academic potential; students demonstrating the capacity for transfer into other Twin Cities colleges earlier than anticipated are being offered accelerated transfer options.

F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ranked Headcount	1,782	
Grad/Prof/Special Headcount	1	
FYE Students	740	
Ugrad Degrees	3	
Grad/Prof Degrees	0	
Ranked Headcount Faculty	40	
Total Expenditures	\$6,932	100.0%
O&M Allocation	3,012	43.4%
Tuition	2,113	30.5%

State Special	0	0.0%
Federal	806	11.6%
Private/Other	1,001	14.4%

University College

University College offers 2 baccalaureate programs in alternative, individualized, and cross-collegiate undergraduate education. The Inter-College Program is for students who are pursuing cross-collegiate degree programs. The Program for Individualized Learning is for students who are creating specialized degree programs, combining traditional University study with other forms of educational experience. The academic advising staff of the college collaborates with faculty to help students tailor their degree programs.

F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	179	
Grad/Prof/Special Headcount	0	
FYE Students	0	
Ugrad Degrees	198	
Grad/Prof Degrees	0	
Ranked Headcount Faculty	0	
Total Expenditures	\$554	100.0%
O&M Allocation	549	99.1%
Tuition	0	0.0%
State Special	0	0.0%
Federal	0	0.0%
Private/Other	5	0.9%

Carlson School of Management

The mission of the Carlson School of Management is the development and dissemination of knowledge geared toward the improvement of management practice in a global economy that is subject to increasing technological and social change. The school believes these changes stem from: (1) the rapidly changing information technology, (2) the globalization of production, consumer, and labor markets, (3) the economically driven demand for attention to quality and continuous improvement, and (4) the resulting rapid social, political, and organizational change.

The vision for the school is to form a professional learning community that embraces students, faculty, staff, and the business community. A significant revision in the curriculum of the MBA program was implemented in 1993-94. As a result, the school expects to see, over time, an increase in the size of the MBA program as the school moves from a regional to a nationally-recognized program and as its student body becomes more geographically diverse and internationalized. The school is also working for a significant expansion of its executive education programs and increased linkages with the Institute of Technology and other academic areas within the University through interdisciplinary research centers that focus on research problems important to the business community and that increase the amount of externally funded research.

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Tuition	4,962	45.9%
State Special	0	0.0%
Federal	110	1.0%
Private/Other	2,323	21.5%

**College of Education**

The mission of the College of Education is to generate knowledge about teaching, learning, and human development, and to apply that knowledge to improve education and development for all individuals. The college offers strong academic programs that prepare future scientists, practitioners, policy makers, and other leaders in education and human development. The college has a strong service commitment to the community; it works closely and cooperatively with school districts, community service agencies, state universities, technical and community colleges, higher education institutions in other states, business and industry, and human services programs.

The college has recently restructured its programs to better meet the changing needs of society. Its focus is on post-baccalaureate teacher education programs to ensure that students will have a strong foundation in the arts and sciences before matriculation in education programs. Most of the college's 4-year baccalaureate programs have been eliminated over the past few years. The college's teaching, research, and service programs operate in partnership with other University programs and with other institutions of higher education in Minnesota and other states. The college ranks 4th in external awards received (after the Medical School, the Institute of Technology, and the School of Public Health).

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	435	
Grad/Prof/Special Headcount	1,770	
FYE Students	2,675	
Ugrad Degrees	237	
Grad/Prof/Degrees	671	
Ranked Headcount Faculty	147	
Total Expenditures	\$29,017	100.0%
O&M Allocation	7,653	26.4%
Tuition	9,381	32.3%
State Special	14	0.0%
Federal	8,250	28.4%
Private/Other	3,719	12.8%

**Humphrey Institute of Public Affairs**

The Humphrey Institute of Public Affairs provides education, research, and outreach in public policy, planning, and public affairs. The institute prepares students for careers as managers, planners, and policy analysts; fosters the intellectual and ethical development of experienced practitioners as reflective leaders in a complex society; serves as an interdisciplinary center for basic and applied research; and acts as a nonpartisan resource to help empower citizens, communities, and organizations.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	819	
Grad/Prof/Special Headcount	1,488	
FYE Students	2,141	
Ugrad Degrees	454	
Grad/Prof Degrees	554	
Ranked Headcount Faculty	106	
Total Expenditures	\$25,139	100.0%
O&M Allocation	9,341	37.2%
Tuition	6,743	26.8%
State Special	979	3.9%
Federal	464	1.8%
Private/Other	7,612	30.3%

**Law School**

The Law School provides quality legal education by educating men and women in the law, through instruction leading to a Juris Doctor degree, and through other quality programs. It also contributes substantially to knowledge of the legal order, through the dissemination of scholarship and by providing discipline-related public service to the state, the nation, and the international community, and to the legal profession in those fields in which it has special expertise.

The Law School is expanding its LL.M. program for foreign law graduates. In an era of increasing international economic activity, the presence of foreign law graduates will provide significant enhancement of educational opportunities for domestic students, as well as the extension of the University's reputation internationally.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	0	
Grad/Prof/Special Headcount	788	
FYE Students	746	
Ugrad Degrees	0	
Grad/Prof Degrees	197	
Ranked Headcount Faculty	38	
Total Expenditures	\$10,820	100.0%
O&M Allocation	3,426	31.7%

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The institute is working to strengthen its research capacity to better understand the social problems society faces, to educate citizens from here and abroad for democratic governance, and to educate public policy professionals. The institute has recently developed new programs on environmental problems in Eastern Europe, economic conversion problems in Poland, new means of integrating local, state, and federal policy in the design of new transportation infrastructures, and mid-career training for policy makers.

## F.Y. 1992-93 Programmatic and Financial Data

	<u>Dollars in Thousands</u>	
Ugrad Headcount	0	
Grad/Prof/Special Headcount	155	
FYE Students	162	
Ugrad Degrees	0	
Grad/Prof Degrees	51	
Ranked Headcount Faculty	19	
<b>Total Expenditures</b>	<b>\$10,511</b>	<b>100.0%</b>
O&M Allocation	869	8.3%
Tuition	542	5.2%
State Special	111	1.1%
Federal	3,706	35.3%
Private/Other	5,282	50.3%

## Medical School

The mission of the Medical School is to conduct high quality programs of research, education, and service that contribute significantly to the provision of excellent health care for the people of Minnesota. The school provides programs at all levels in all medical disciplines. Educational programs for medical students are designed to promote a fundamental understanding of basic concepts of biology, human health, and disease, with emphasis upon individual learning. More than 50% of the state's doctors and 65% of its family practitioners are graduates of the Medical School.

Basic and applied biomedical research is a continuing central focus of the Medical School. More than \$180 million of the school's total funding of \$228 million is from federal and private sources, including income from the University of Minnesota Hospital and Clinic. The Medical School faculty serve as the medical staff for the University of Minnesota Hospital and Clinic and other affiliated teaching hospitals. They offer extensive professional consultative services to the public and to practicing health care personnel. Medical School personnel provide direct patient care consistent with this consultative role and with the School's responsibility for providing essential educational and research resources for the faculty, students, and community.

There are more than 2,800 medical students, allied health students, medical residents and fellows, and graduate students in the medical school. More Minnesota graduates enter primary care than graduates of any other medical school in the nation. The school is developing programs in rural and environmental health with the University of Minnesota-Duluth School of Medicine, the School of Public Health, and other schools within the Health Sciences.

The Clinical Sciences faculty have the heavy challenge and responsibility of implementing their missions within highly competitive local, state, and national environments for health care. These pressures have resulted in new methods of relating together as practitioners, including strong and cooperative ties with the University of Minnesota Hospital and Clinic and the emerging University Health Care System.

## F.Y. 1992-93 Programmatic and Financial Data

	<u>Dollars in Thousands</u>	
Ugrad Headcount	262	
Grad/Prof/Special Headcount	2,321	
FYE Students	4,124	
Ugrad Degrees	113	
Grad/Prof Degrees	297	
Ranked Headcount Faculty	537	
<b>Total Expenditures</b>	<b>\$228,122</b>	<b>100.0%</b>
O&M Allocation	29,709	13.0%
Tuition	13,622	6.0%
State Special	3,815	1.7%
Federal	69,029	30.3%
Private/Other	111,959	49.1%

## School of Dentistry

The mission of the School of Dentistry is to produce highly trained dentists, dental hygienists, dental specialists, and dental scientists. The school is the only dental school in Minnesota. More than 60% of the state's dentists are graduates of the University's School of Dentistry.

The school is one of the nation's leading dental schools and is recognized for the quality of its research. It is one of only 2 schools in the U.S. to be funded for an NIH Clinical Research Center.

The school is viewed as a leader in producing quality clinicians and in making major contributions in generating new knowledge/technology. In addition, the school's clinic system is viewed as a model clinical program. The school offers the most cost effective, quality dental education among public schools. Over 124,500 patients are seen annually in the dental school's clinics.

The school has become a provider of last resort for indigent/M.A. care, but does not receive monies from the state or county to offset the cost of this service. A major objective of the school is to help fill the shortage of dental hygienists and rural dentists.

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Total Expenditures	\$5,439	100.0%
O&M Allocation	2,843	52.3%
Tuition	965	17.7%
State Special	3	0.1%
Federal	1,374	25.3%
Private/Other	254	4.7%

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	67	
Grad/Prof/Special Headcount	383	
FYE Students	522	
Ugrad Degrees	24	
Grad/Prof Degrees	85	
Ranked Headcount Faculty	78	
 Total Expenditures	 \$23,408	 100.0%
O&M Allocation	9,427	40.3%
Tuition	2,481	10.6%
State Special	26	0.1%
Federal	3,322	14.2%
Private/Other	8,151	34.8%

**School of Nursing**

The School of Nursing was established in 1909 as the first university-based school of nursing in the world. The school's mission is to prepare nurses for research, education, and practice. The school is ranked 13th among the 636 U.S. nursing schools with baccalaureate and higher degree programs.

The undergraduate curriculum was recently redesigned to take full advantage of the professional training opportunities in a major research university. The school offers a RN/BSN/MS option for selected registered nurses. Master's degree programs prepare nurses for advanced practice in most major clinical areas (including nurse midwifery) as well as educational and management roles. The Ph.D. program was initiated in 1983. The school's graduate programs include a master's degree program in public health nursing, a gerontological clinical nurse specialist/nurse practitioner option, and the pediatric nurse practitioner option, which has been extended to northwestern Minnesota in partnership with Moorhead State University.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	206	
Grad/Prof/Special Headcount	212	
FYE Students	309	
Ugrad Degrees	90	
Grad/Prof Degrees	60	
Ranked Headcount Faculty	39	

**College of Pharmacy**

The College of Pharmacy is responsible for the education of pharmacy practitioners and scientists who will deliver essential pharmaceutical services to the people of Minnesota. The college is committed to the improvement of human health through the creation and dissemination of knowledge leading to the development of new drugs and drug delivery systems, the optimization of drug use, and the improvement of pharmaceutical care. It is also committed to the development of pharmaceutical technology to strengthen the economy of Minnesota. The college offers the only pharmacy programs in the state and provides 66% of the state's pharmacists.

The college is responding to a national mandate to make the Pharm.D. degree the entry level degree for the profession by revising its Pharm.D. curriculum and discontinuing the BS program. This will better prepare graduates to be effective 21st century health care providers. Approximately 72% of the students in the professional program are Minnesota residents and 69% of pharmacy students are women.

The college is partially supported by over \$1.6 million in donated volunteer instruction, provided by more than 700 Minnesota pharmacists who teach and mentor pharmacy students in the pharmacies where they practice.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	245	
Grad/Prof/Special Headcount	154	
FYE Students	342	
Ugrad Degrees	0	
Grad/Prof Degrees	120	
Ranked Headcount Faculty	37	
 Total Expenditures	 \$9,489	 100.0%
O&M Allocation	3,320	35.0%
Tuition	1,101	11.6%
State Special	22	0.2%
Federal	1,177	12.4%
Private/Other	3,869	40.8%

**School of Public Health**

The mission of the School of Public Health is to preserve and enhance the health of the public through education, research, and service programs. These programs are designed to discover and transmit new knowledge aimed at the prevention of disease and disability, to improve health, and

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to improve the planning, analysis, management, evaluation, and improvement of systems for the delivery of health services.

The school is organized into 5 administrative units. Biostatistics combines statistics, computing, and biomedical science to further research in human health. Environmental and Occupational Health is the study of the interaction between people and the harmful aspects of their environments. Epidemiology is the study of the causes, distributions, trends, control, and prevention of diseases in populations. Health Management and Policy prepares leaders for the field of health care administration, public health administration, long-term care, and maternal and child health. The Institute for Health Services Research conducts research on the organization and delivery of health services and provides a broad range of training programs for those in health services research and policy.

The school offers 9 educational majors leading to professional masters degrees and 5 other degree programs through the Graduate School.

More than 2/3 of the school's funding is from federal sponsored research sources, the most of any University college.

## F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	0	
Grad/Prof/Special Headcount	392	
FYE Students	617	
Ugrad Degrees	0	
Grad/Prof Degrees	181	
Ranked Headcount Faculty	75	
Total Expenditures	\$42,239	100.0%
O&M Allocation	4,448	10.5%
Tuition	2,421	5.7%
State Special	375	0.9%
Federal	29,072	68.8%
Private/Other	5,923	14.0%

## College of Veterinary Medicine

The College of Veterinary Medicine fosters the welfare of Minnesotans by enhancing food animal and companion animal health, animal health research, and the solution of public health problems through teaching, research, and service.

The college is currently strengthening production animal programs, particularly in swine, poultry, and dairy to ensure its lead role in food animal veterinary medicine, and it is changing the emphasis of companion animal veterinary medicine from a traditional therapeutic/restorative approach to one of preventive health care.

The college is revamping the professional curriculum of the DVM degree to permit students to specialize for the type of veterinary practice they intend to enter (i.e. small companion animal, dairy, equine, swine, poultry, mixed rural, mixed suburban, etc.). A new 4th year curriculum has been initiated for the DVM professional program, during which 37 specialty choices are offered in 25 2-week blocks.

The college is one of the 3 leading U.S. colleges of veterinary medicine for Ph.D. graduate education.

## F.Y. 1992-93 Programmatic and Financial Data

	Dollars in Thousands	
Ugrad Headcount	0	
Grad/Prof/Special Headcount	407	
FYE Students	498	
Ugrad Degrees	0	
Grad/Prof Degrees	79	
Ranked Headcount Faculty	86	
Total Expenditures	\$23,480	100.0%
O&M Allocation	8,103	34.5%
Tuition	2,378	10.1%
State Special	1,732	7.4%
Federal	2,403	10.2%
Private/Other	8,864	37.8%

## School of Medicine, UMD

The primary mission of the School of Medicine at UMD is to train future rural family physicians. The School has been exceedingly successful in fulfilling this mission, leading the nation nearly each year in the percentage of its students who have specialized in family medicine (52% versus a national average of 11%). Likewise, it has achieved similar success in placing its graduates in small, rural communities, with 60% establishing practices in non-urban, non-suburban settings, 4 to 5 times the national average. The school is recognized nationally for these accomplishments.

The school is administered by the Provost for Health Sciences on the Twin Cities campus. It has 40 full-time faculty, divided among 8 departments, and more than 300 volunteer faculty, who are mainly physicians from Duluth and throughout the rural portions of the State.

In addition to its primary mission, the School has an equally long-standing dedication to the training and support of American Indians interested in pursuing careers centered in the biomedical sciences. The American Indian training program, now a \$1 million annual budget, has secured substantial federal funding and offers opportunities and support for American Indians from kindergarten through professional and graduate school. The American Indian Health Pathway program offers American Indian medical students course work and clinical experiences in American Indian medicine, as well as traditional western medicine.

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	<u>Dollars in Thousands</u>	
Ugrad Headcount	0	
Grad/Prof/Special Headcount	121	
FYE Students	200	
Ugrad Degrees	0	
Grad/Prof Degrees	0	
Ranked Headcount Faculty	40	
 Total Expenditures	 \$7,500	 100.0%
O&M Allocation	3,539	47.2%
Tuition	1,088	14.5%
State Special	0	0.0%
Federal	2,137	28.5%
Private/Other	736	9.8%

**University of Minnesota, Duluth**

The University of Minnesota, Duluth is a comprehensive university, offering baccalaureate and master's degree programs in the liberal arts, fine arts, education, business, human services, sciences, and engineering, as well as the first 2 years of medical school. UMD is dedicated to the belief that human progress is made possible through the advancement and dissemination of knowledge and technology, the creation and appreciation of artistic performance, and the development of an awareness, understanding, and acceptance of the diversity of cultures, values, and aspirations of the members of our own community and the peoples of the world. Advances in knowledge and learning can take place only within an environment that values high quality teaching and scholarship and that fosters an atmosphere of openness and respect among all those who have come to UMD to teach, learn, and work.

The University of Minnesota, Duluth serves northern Minnesota, the state, and the nation as a medium-sized comprehensive university, dedicated to excellence in all its programs and operations. As a university community in which knowledge is sought as well as taught, its faculty recognize the importance of scholarship and service, the intrinsic value of research, and the significance of primary commitment to quality instruction.

At UMD, a firm liberal arts foundation anchors a variety of traditional undergraduate degree programs, outreach offerings, and selected professional and graduate studies. Active learning through internships, honors programs, research, and community service promotes the development of skills, critical thinking, and maturity sought by society. Demanding standards of performance for students, faculty, and staff make UMD attractive to students with strong academic potential.

The campus contributes to meeting the cultural needs of the region and serves as a central resource for the economic development of the region through community outreach and through an emphasis on the sea-grant and land-grant components of its programs. Providing an attractive alternative to both large research-oriented universities and small liberal arts colleges, the University of Minnesota, Duluth attracts the student looking for a program that emphasizes a personalized learning experience on a medium-sized campus of a major university.

The University of Minnesota, Duluth is organized into 6 collegiate units: College of Liberal Arts, College of Fine Arts, College of Science and Engineering, College of Education and Human Service Professions, College of Business and Economics, and School of Medicine. The latter is administered by the Provost for Health Sciences. The Natural Resources Research Institute at UMD is a major University research center.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	7,088	
Grad/prof/Special Headcount	440	
FYE Students	6,628	
Ugrad Degrees	1,152	
Grad/Prof Degrees	131	
Ranked Headcount Faculty	300	
 Total Expenditures	 \$83,843	 100.0%
O&M Allocation	25,676	30.6%
Tuition	19,012	22.7%
State Special	3,013	3.6%
Federal	7,697	9.2%
Private/Other	28,445	33.9%

**University of Minnesota, Morris**

The University of Minnesota, Morris is an undergraduate, residential, liberal arts college. The campus serves undergraduate students primarily from Minnesota and its neighboring states, and it is an educational resource and cultural center for citizens of west central Minnesota. Through its instructional excellence, its commitment to research, its numerous extracurricular programs and services, and its strong sense of community, the University of Minnesota, Morris, endeavors to achieve its place among the best liberal arts colleges in the region. The campus' academic programs are organized in 4 divisions: humanities, social sciences, science and mathematics, and elementary and secondary education. UMM is the most selective of the University's campuses. Most of its entering students each year graduated in the top 10th percentile of their high school class.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>
Ugrad Headcount	1,919
Grad/Prof/Special Headcount	4
FYE Students	1,895
Ugrad Degrees	361
Grad/Prof Degrees	0
Ranked Headcount Faculty	96



**1996-97 Biennial Budget**

**PROGRAM:** Primary Programs/Appendix-College Descriptions  
**AGENCY:** Minnesota, University of  
 (Continuation)

Total Expenditures	\$22,726	100.0%
O&M Allocation	8,252	36.3%
Tuition	5,280	23.2%
State Special	80	0.4%
Federal	2,082	9.2%
Private/Other	7,031	30.9%

**University of Minnesota, Crookston**

The new mission for the University of Minnesota, Crookston is to provide programs leading to associate degrees and selected baccalaureate degrees in agriculture, business, environmental sciences, human resource development, and appropriate technical studies. Additionally, UMC provides a University link to the region for technology transfer and outreach.

UMC is the state's first polytechnic baccalaureate institution. The new curriculum is focused on: applied theory and specialized skills; active learning; extensive use of technology; employers' influence; student-skill outcomes; and general education supporting the technical curriculum. Field experience is required for work experience, on-the-job training, and personal growth of students. Business and industry support UMC's programs with shared personnel and technology and with joint education and training.

UMC has an open admissions policy, and its students have a very different profile than students on other University campuses. The preparation requirements for UMC are different, as also are the transfer requirements for students from other institutions.

**F.Y. 1992-93 Programmatic and Financial Data**

	<u>Dollars in Thousands</u>	
Ugrad Headcount	799	
Grad/Prof/Special Headcount	553	
FYE Students	905	
Ugrad Degrees	142	
Grad/Prof Degrees	0	
Ranked Headcount Faculty	53	
Total Expenditures	\$11,288	100.0%
O&M Allocation	5,067	44.9%
Tuition	2,059	18.2%
State Special	68	0.6%
Federal	1,257	11.1%
Private/Other	2,837	25.1%

**Graduate School**

Graduate education is the core component of a research university. The national and international reputation of the University of Minnesota, one of the nation's great research universities, rests on the strength and quality of its graduate programs, one of the main criteria for judgment. The Graduate School's goal is to enhance the national and international reputation of its graduate programs by assisting in the recruitment and support of the most outstanding graduate students, and to provide those students with an excellent education so that they are at the forefront of their fields.

Graduate study at the University of Minnesota was initiated in the 1880s, but the Graduate School was not organized into a separate college until 1905. The first Ph.D. was awarded in 1888, one of the first in the nation. Today the Graduate School offers master's and Ph.D. degrees on the Twin Cities campus in approximately 170 fields, ranging from the traditional arts and sciences to agriculture, engineering, education, the health sciences, business, and public affairs. Master's degree programs are also offered on the Duluth campus. The more than 9,000 current graduate students come from all 50 states and approximately 100 nations; the graduate faculty numbers over 3,000. The Graduate School awards over 600 doctorates and 1,600 master's degrees annually. The University of Minnesota currently ranks fifth in the nation in doctorates awarded.

**Continuing Education and Extension**

Since CEE's founding in 1913, its central mission has been to develop and deliver credit and noncredit courses, programs, and services that represent and support the academic resources of the University and that respond to the continuing higher education needs of the people of Minnesota. Continuing Education at the University of Minnesota involves a partnership between CEE and faculty in the design and delivery of instruction and in the development of delivery systems to the ultimate benefit of Minnesotans from all walks of life.

CEE's vision is based on the critical importance of lifelong learning in a changing world and on the fulfillment through CEE of the University's land-grant commitment to provide access to both credit and noncredit courses and programs on the Twin Cities, Morris, and Duluth campuses, and at the Rochester Center, as well as in the surrounding areas. Courses and instruction are offered on the campuses as well as delivered more broadly through satellite, cable, film and video, radio and television, and interactive computer based networks. In addition, CEE offers conferences, short courses, workshops and seminars, study through correspondence, lectures, and performances.

CEE programs and services are developed through collaboration with faculty, departments, colleges, and centers within the University, with other University outreach units such as the Minnesota Extension Service and the Office of Research and Technology Transfer, and also with other post-secondary institutions, including those in the Twin Cities Higher Education Partnership.

CEE's programs enroll 15,000 - 20,000 students per quarter on all campuses. Summer Session enrollment is more than 23,000.

**1996-97 Biennial Budget**

**PROGRAM:** Primary Programs/Appendix-College Descriptions  
**AGENCY:** Minnesota, University of  
(Continuation)

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**University of Minnesota Libraries**

The University Libraries provide information, collections, and services that are necessary to support the University's instructional and research programs.

The University Libraries deliver information to users where and when they need it in a format best suited to their needs, regardless where the source material is located. The libraries are a leader in the collection and preservation of internationally recognized research materials, and develops their collections in cooperation with other libraries in the state, region, and nation. The collections of the libraries are accessible electronically. The University libraries play a leadership role in the global effort to organize information and make it accessible.

Access to information whatever its source is provided through state-of-the-art, networked electronic access and document delivery systems to users both on and off campus. A full range of library services is available at one's work station. The libraries is a leader, in partnership with campus information technology units and organizations, in the development of campus-wide information policy and infrastructure to insure effective, equitable, and integrated access to information. The libraries have a nationally recognized program in information literacy. Library users are taught how to navigate the networks, as well as how to assess information and evaluate its merit and reliability. Librarians collaborate with students and faculty in stretching the boundaries of knowledge, in developing curricula, and in exploring new approaches to integration of knowledge.

The University's libraries are among its greatest resources. The University loans more volumes to other institutions than any other library in the country.

AGENCY: Minnesota, University of

1996-97 Biennial Budget

HEADCOUNT ENROLLMENTS  
TENTH DAY OF INSTRUCTION, FALL TERM

	1992 <u>Actual</u>	1993 <u>Actual</u>	1994 <u>Estimate</u>	1995 <u>Estimate</u>	1996 <u>Estimate</u>
<b>Twin Cities</b>					
Other than Health Sciences					
Agriculture	901	866	874	971	984
Architecture & Landscape Architecture	237	219	171	126	80
Biological Sciences	418	469	490	504	514
Education	1,275	1,278	1,330	1,368	1,437
General College	1,783	1,557	1,550	1,550	1,550
Graduate School	8,505	8,604	8,775	8,862	8,973
Human Ecology	799	780	800	834	868
Law	788	824	820	820	820
Liberal Arts	13,486	13,181	13,375	13,492	13,608
Management	836	786	755	755	755
Natural Resources	575	657	665	687	710
Technology	4,514	4,500	4,370	4,570	4,570
University College	179	216	205	205	205
Health Sciences					
Dentistry	312	329	340	343	344
Dental Hygiene	67	69	79	92	102
Medical School	1,999	1,816	1,877	1,855	1,855
Medical Technology	64	75	78	77	83
Mortuary Science	70	81	80	80	80
Nursing	215	230	230	230	230
Occupational Therapy	72	74	65	70	70
Pharmacy	338	344	364	406	400
Physical Therapy	59	60	65	65	65
Public Health	233	230	230	230	230
Veterinary Medicine	294	302	298	301	303
<b>Duluth</b>					
Business & Economics	1,357	1,210	1,195	1,212	1,227
Education & Human Services Professions	1,310	1,313	1,298	1,317	1,333
Fine Arts	370	399	393	399	403
Graduate School	337	354	372	379	383
Liberal Arts	2,225	2,241	2,215	2,248	2,275
Medicine	107	106	108	108	108
Science and Engineering	1,943	1,964	1,941	1,968	1,992
<b>Morris</b>					
	1,923	1,933	1,955	1,970	1,985
<b>Crookston</b>					
	1,352	1,457	1,477	1,497	1,517
<b>TOTAL-"REGULAR" TERMS</b>	<b>48,943</b>	<b>48,524</b>	<b>48,840</b>	<b>49,591</b>	<b>50,059</b>
<b>Other</b>					
Duluth	2,089	1,876	1,876	1,876	1,876
Independent Study	1,726	1,587	1,500	1,500	1,500
Morris	187	147	147	147	147
Rochester	184	223	230	237	244
Twin Cities	17,678	16,670	16,670	16,670	16,670
<b>Total CEB</b>	<b>21,864</b>	<b>20,503</b>	<b>20,423</b>	<b>20,430</b>	<b>20,437</b>
<b>GRAND TOTAL</b>	<b>70,807</b>	<b>69,027</b>	<b>69,263</b>	<b>70,021</b>	<b>70,496</b>

**FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	F.Y. 1993 Actual	F.Y. 1994 Actual	F.Y. 1995 Projected	F.Y. 1996 Target	F.Y. 1997 Target
<b>Twin Cities</b>					
<b>Agriculture</b>					
Lower Division	319	321	317	337	343
Upper Division	452	446	414	484	492
Graduate	333	325	291	323	317
Total	1,104	1,092	1,022	1,144	1,152
<b>Architecture &amp; Landscape Architecture</b>					
Lower Division	96	61	93	94	95
Upper Division	174	181	138	115	90
Graduate	77	114	119	152	179
Total	347	356	350	361	364
<b>Biological Sciences</b>					
Lower Division	485	477	471	486	490
Upper Division	457	488	449	502	509
Graduate	260	242	249	269	269
Total	1,202	1,207	1,169	1,257	1,268
<b>Dentistry</b>					
Lower Division	16	18	19	22	24
Upper Division	33	35	64	70	75
Professional & Graduate Professional	522	533	547	552	554
Total	571	586	630	644	653
<b>Education</b>					
Lower Division	425	477	395	397	399
Upper Division	840	809	733	729	736
Graduate	1,409	1,955	1,710	1,758	1,807
Total	2,674	3,241	2,838	2,884	2,942
<b>General College</b>					
Lower Division	723	740	644	645	646
Upper Division	14	10	12	12	12
Graduate	3	2	3	3	3
Total	740	752	659	660	661
<b>Human Ecology</b>					
Lower Division	194	202	189	193	197
Upper Division	431	414	423	435	446
Graduate	246	222	264	274	274
Total	871	838	876	902	917

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION

	F.Y. 1993 Actual	F.Y. 1994 Actual	F.Y. 1995 Projected	F.Y. 1996 Target	F.Y. 1997 Target
<b>Twin Cities</b>					
Humphrey Institute					
Upper Division	15	14	16	14	17
Graduate	146	171	166	182	182
Total	161	185	182	196	199
 Law					
Upper Division					
Professional & Graduate Professinoal	746	787	776	777	777
Total	746	787	776	777	777
 Liberal Arts					
Lower Division	5,370	5,380	5,152	5,269	5,302
Upper Division	6,043	5,978	5,413	5,958	5,997
Graduate	1,655	1,643	1,540	1,685	1,686
Total	13,068	13,001	12,106	12,912	12,985
 Management					
Lower Division	228	196	220	223	224
Upper Division	712	698	638	640	641
Graduate	1,201	1,211	1,237	1,237	1,238
Total	2,141	2,105	2,095	2,100	2,103
 Medical School					
Lower Division	22	30	22	22	23
Upper Division	137	167	138	141	142
Professional & Graduate Professional	3,899	3,770	3,763	3,606	3,610
Total	4,058	3,967	3,923	3,769	3,775
 Mortuary Science					
Upper Division	67	82	76	76	76
 Natural Resources					
Lower Division	40	40	43	45	46
Upper Division	164	177	186	193	199
Graduate	68	75	62	63	63
Total	272	292	291	301	308
 Nursing					
Lower Division	4	4	4	4	4
Upper Division	190	185	201	201	202
Graduate	116	131	144	144	144
Total	310	320	349	349	350

**FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION**

	F.Y. 1993 Actual	F.Y. 1994 Actual	F.Y. 1995 Projected	F.Y. 1996 Target	F.Y. 1997 Target
<b>Twin Cities</b>					
Pharmacy					
Lower Division	2	1	2	2	2
Upper Division					
Professional & Graduate Professional	340	355	368	412	406
Total	342	356	370	414	408
Public Health					
Lower Division		8			
Upper Division	99	58	68	68	69
Graduate	518	527	534	535	536
Total	617	593	602	603	605
Technology					
Lower Division	2,433	2,607	2,337	2,418	2,432
Upper Division	2,862	2,874	2,536	2,870	2,872
Graduate	1,402	1,404	1,292	1,445	1,510
Total	6,697	6,885	6,165	6,733	6,814
Veterinary Medicine					
Lower Division	1	1	1	1	1
Upper Division	21	34	21	22	22
Professional & Graduate Professional	476	512	473	477	480
Total	498	547	495	500	503
Unattached					
Lower Division	6	8	6	6	6
Upper Division	21	13	20	21	21
Graduate		0	0	0	0
Total	27	21	26	27	27
<b>Duluth</b>					
Business & Economics					
Lower Division	292	292	270	274	277
Upper Division	403	409	361	365	370
Graduate	22	16	24	24	25
Total	717	717	655	663	672
Education & Human Service Professions					
Lower Division	363	346	356	361	365
Upper Division	551	569	542	549	554
Graduate	138	149	153	156	157
Total	1,052	1,064	1,051	1,066	1,076

AGENCY: Minnesota, University of

1996-97 Biennial Budget

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION

	F.Y. 1993 Actual	F.Y. 1994 Actual	F.Y. 1995 Projected	F.Y. 1996 Target	F.Y. 1997 Target
<b>Duluth</b>					
Fine Arts					
Lower Division	467	454	466	472	478
Upper Division	151	154	157	159	161
Graduate	10	8	12	12	12
Total	628	616	635	643	651
Liberal Arts					
Lower Division	1,275	1,278	1,241	1,257	1,270
Upper Division	861	811	840	851	860
Graduate	21	24	23	24	24
Total	2,157	2,113	2,104	2,132	2,154
Medicine					
Lower Division					
Upper Division	6	4	6	6	6
Professional & Graduate Professional	194	214	197	197	197
Total	200	218	203	203	203
Science & Engineering					
Lower Division	1,157	1,130	1,134	1,149	1,162
Upper Division	747	769	742	753	762
Graduate	128	100	143	146	147
Total	2,032	1,999	2,019	2,048	2,071
Unattached					
Lower Division	26	24	25	26	25
Upper Division	16	12	16	17	17
Total	42	36	41	43	42
<b>Morris</b>					
Lower Division	1,210	1,263	1,230	1,239	1,248
Upper Division	685	650	696	702	707
Total	1,895	1,913	1,926	1,941	1,955
<b>Crookston</b>					
Lower Division	905	895	970	984	997
Upper Division	0	125	19	19	20
Total	905	1,019	989	1,003	1,017
<b>Waseca</b>					
Technical	21	0	0	0	0
<b>SUBTOTAL</b>	<b>46,162</b>	<b>46,908</b>	<b>44,622</b>	<b>46,351</b>	<b>46,728</b>

FULL YEAR EQUIVALENT STUDENTS  
BY INSTRUCTIONAL UNIT AND LEVEL OF INSTRUCTION

	F.Y. 1993 Actual	F.Y. 1994 Actual	F.Y. 1995 Projected	F.Y. 1996 Target	F.Y. 1997 Target
Continuing Education & Extension					
Lower Division	2,140	1,684	1,998	1,999	2,000
Upper Division	2,360	1,968	2,205	2,206	2,207
Graduate	586	463	586	586	586
Total	5,086	4,115	4,789	4,791	4,793
Summer Session					
Lower Division	416	304	394	410	418
Upper Division	747	679	706	735	750
Graduate	519	250	519	519	519
Total	1,682	1,233	1,619	1,664	1,687
<b>GRAND TOTAL</b>	<b>52,930</b>	<b>52,256</b>	<b>51,030</b>	<b>52,806</b>	<b>53,208</b>
Summary by Level - Without SS & CEE					
Lower Division	15,963	16,191	15,515	15,832	15,961
Upper Division	16,248	16,227	15,018	16,066	16,170
Graduate	7,235	7,792	7,431	7,897	8,037
Professional & Graduate Professional	6,695	6,698	6,658	6,556	6,560
Technical	21	0	0	0	0
<b>SUBTOTAL</b>	<b>46,162</b>	<b>46,908</b>	<b>44,622</b>	<b>46,351</b>	<b>46,728</b>
Summary by Level - Total					
Lower Division	18,519	18,179	17,907	18,254	18,379
Upper Division	19,432	18,988	18,048	19,146	19,306
Graduate	8,263	8,391	8,417	8,850	8,963
Professional & Graduate Professional	6,695	6,698	6,658	6,556	6,560
Technical	21	0	0	0	0
<b>GRAND TOTAL</b>	<b>52,930</b>	<b>52,256</b>	<b>51,030</b>	<b>52,806</b>	<b>53,208</b>

October 31, 1994



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: UNIVERSITY OF MINNESOTA  
PROGRAM: PRIMARY PROGRAMS

F.Y. 1993 Expenditures

	Primary Programs				Support Programs				Total
	Instruction	Research	Public Service	Other	Academic Support	Student Support	Institutional Support	Physical Plant	
Campus									
Twin Citites	234,374	73,072	50,593	3,251	30,103	15,288	9,549	69,974	486,205
Duluth	28,244	2,891	1,418	948	2,198	2,955	3,222	8,102	49,978
Morris	6,633	17	48	425	1,184	1,487	1,282	1,954	13,030
Crookston	2,758	25	242	258	663	609	815	1,459	6,829
Waseca	114	0	0	0	35	20	1,805	643	2,618
System	0	0	0	25,216	2,714	1,700	20,864	0	50,494
Total	272,123	76,005	52,302	30,099	36,897	22,059	37,537	82,132	609,154
=====									
Physical Plant	37,065	27,196	3,730	0	6,270	2,536	5,334	( 82,132)	
Institutional Support	14,564	11,415	9,629	5,065	1,184	1,014	( 42,871)		
Student Support	24,680	930				( 25,610)			
Academic Support	41,113	1,755	1,482		( 44,351)				
Total	389,545	117,302	67,143	35,164	0	0	0	0	609,154
=====									

University of Minnesota  
Primary Programs  
Base Calculations per M.S. 135A  
1996-97 Biennial Budget  
(Part 1)

(Part I)	(1) Estimated F.Y. 1993 FYE	(1) Calculated F.Y. 1995 Spending	Actual F.Y. 1993 FYE	FYE Difference	Spending Adjustment	F.Y. 1995 Legislative Intent			Off Campus FYE	Transfer Off Campus Spending	Adjusted F.Y. 1995 Legislative Intent			Estimated F.Y. 1995 FYE	% Increase F.Y. 1993	"Phase In", Base Spending
						Spending	Tuition/Inc	Approp'n			Spending	Tuition/Inc	Approp'n			
Instruction																
Fully Funded Enrollments																
Lower Division	15,300.0	95,604.3	15,427.1	127.1		101,359.7	33,448.7	67,911.0			101,359.7	33,448.7	67,911.0	14,855.0		101,359.7
Upper Division	14,443.0	113,160.4	15,423.8	980.8		119,972.7	39,591.0	80,381.7			119,972.7	39,591.0	80,381.7	14,268.0		119,972.7
Graduate	8,666.0	64,200.0	8,890.0	224.0	1,659.5	68,064.9	22,461.4	45,603.5			69,724.3	23,009.0	46,715.3	8,536.0		69,724.3
Professional	6,189.0	80,363.0	6,156.1	( 32.9)	( 427.2)	85,200.9	28,116.3	57,084.6			84,773.7	27,975.3	56,798.4	6,658.0		84,773.7
Lower Division (CEE & Summer)	2,164.0	6,698.6	2,107.8	( 56.2)	( 174.0)	7,101.9	2,343.6	4,758.2	57.0	264.7	7,192.6	2,373.6	4,819.1	1,921.6		7,192.6
Upper Division (CEE & Summer)	3,223.0	16,916.0	2,935.6	( 287.4)	( 1,508.4)	17,934.3	5,918.3	12,016.0	172.0	1,161.1	17,587.1	5,803.7	11,783.3	2,730.4		17,587.1
Subtotal	49,985.0	376,942.3	50,940.4	955.4	( 450.1)	399,634.4	131,879.3	267,755.0	229.0	1,425.9	400,610.1	132,201.3	268,408.8	48,969.0		400,610.1
Marginally Funded Enrollments																
Lower Division	8.0	42.2	8.0			44.7	30.4	14.3			44.7	30.4	14.3	10.0		44.7
Upper Division																
Graduate																
Professional																
Lower Division (CEE & Summer)	633.0	2,940.0	448.0	( 185.0)	( 859.2)	3,117.0	2,119.6	997.4	( 57.0)	( 264.7)	1,993.0	1,355.2	637.8	470.4		1,993.0
Upper Division (CEE & Summer)	173.0	1,167.9	172.0	( 1.0)	( 6.8)	1,238.2	842.0	396.2	( 172.0)	( 1,161.1)	70.3	47.8	22.5	180.6		70.3
Subtotal	814.0	4,150.1	628.0	( 186.0)	( 866.0)	4,399.9	2,992.0	1,408.0	( 229.0)	( 1,425.9)	2,108.1	1,433.5	674.6	661.0		2,108.1
Total State Funded	50,799.0	381,092.4	51,568.4	769.4	( 1,316.1)	404,034.3	134,871.3	269,163.0			402,718.2	133,634.8	269,083.4	49,630.0		402,718.2
Unfunded Enrollments (NRNR Undergraduate)																
Lower Division	851.0		628.0	( 223.0)										650.0		
Upper Division	730.0		750.0	20.0										750.0		
Graduate																
Professional																
Lower Division (CEE & Summer)																
Upper Division (CEE & Summer)																
Subtotal	1,581.0		1,378.0	( 203.0)										1,400.0		
Total Instruction	52,380.0	381,092.4	52,946.4	566.4	( 1,316.1)	404,034.3	134,871.3	269,163.0			402,718.2	133,634.8	269,083.4	51,030.0		402,718.2
Non-instruction and Specials																
O & M						116,507.3		106,817.0			116,507.3		106,817.0			116,507.3
Indirect Cost Recoveries Offset							6,500.0					6,500.0				
Application Fees							1,300.0					1,300.0				
Temporary Investment Income							725.0					725.0				
Course Fees							1,165.3					1,165.3				
Subtotal						116,507.3	9,690.3	106,817.0			116,507.3	9,690.3	106,817.0			116,507.3
Special Appropriations																
Agriculture						45,997.0		45,997.0			45,997.0		45,997.0			45,997.0
Health Sciences						17,458.0		17,458.0			17,458.0		17,458.0			17,458.0
Technology						3,021.0		3,021.0			3,021.0		3,021.0			3,021.0
System						19,731.0		19,731.0			19,731.0		19,731.0			19,731.0
Subtotal						86,207.0		86,207.0			86,207.0		86,207.0			86,207.0
Grand Totals	52,380.0	381,092.4	52,946.4	566.4	( 1,316.1)	606,748.6	144,561.6	462,187.0			605,432.5	143,325.1	462,107.4	51,030.0		605,432.5
Reduced Instructional Appropriation per reconciliation													( 79.7)			( 79.7)

University of Minnesota  
Primary Programs  
M.S. 135A.01 Base Adjustments  
1996-97 Biennial Budget  
(Part 11(a))

F.Y. 1996 ----- Adjust Spending For Inflation, Fixed & Variable	Total Instruction Legislative Intent Spending			Fully Funded Instruction Legislative Intent Spending			Marginally Funded Instruction Legislative Intent Spending			Non Instruction Legislative Intent Spending			All Activities Legislative Intent Spending		
	Total	Appropriati	Tuition	Total	Appropriati	Tuition	Total	Appropriati	Tuition	Total	Appropriati	Revenue	Total	Approp	Tuit/Rev
F.Y. 1995 Adjusted Spending	402,718.2	269,083.4	133,634.8	400,610.1	268,408.8	132,201.3	2,108.1	666.6	1,441.5	202,714.3	193,024.0	9,690.3	605,432.5	462,107.4	143,325.1
Inflation @ 3%	12,081.5	8,072.5	4,009.0	12,018.3	8,052.3	3,966.0	63.2	20.0	43.2	6,081.4	5,790.7	290.7	18,163.0	13,863.2	4,299.8
Subtotal, Base Spending	414,799.7	277,155.9	137,643.8	412,628.4	276,461.1	136,167.3	2,171.3	686.6	1,484.7	208,795.7	198,814.7	9,981.0	623,595.5	475,970.6	147,624.9
Fixed Base Spending, 35%	145,179.9	97,004.6	48,175.3	144,419.9	96,761.4	47,658.6	760.0	240.3	519.7						
Variable Base Spending, 65%	269,619.8	180,151.3	89,468.5	268,208.5	179,699.7	88,508.8	1,411.4	446.3	965.1						
Adjust Variable Spending for Enrollment															
F.Y. 1995 Base FYE Enrollment	49,630.0			48,969.0			661.0								
Estimated F.Y. 1996 FYE Enrollment	51,406.0			50,721.0			685.0								
Percent Change	3.6%			3.6%			3.6%								
Recognized Percent Change	2.0%			2.0%			2.0%								
Allowable Base Adjustment	5,392.4	3,603.0	1,789.4	5,364.2	3,594.0	1,770.2	28.2	9.0	19.2						
Subtotal, Adjusted Variable Spending	275,012.2	183,754.4	91,257.9	273,572.6	183,293.7	90,278.9	1,439.6	455.3	984.3						
Recognized F.Y. 1996 FYE Enrollment	50,622.6			49,948.4			674.2								
Redistribute Fixed Spending For Enrollment Change															
Fixed Spending Base	145,179.9														
Fixed Spending per FYE, F.Y. 1996	2.9														
Redistribute Fixed Spending Base	145,179.9	97,001.7	48,178.2	144,419.9	96,761.4	47,658.6	760.0	240.3	519.7						
Total Spending Base	420,192.1	280,756.0	139,436.1	417,992.6	280,055.1	137,937.5	2,199.6	695.6	1,503.9	208,795.7	198,814.7	9,981.0	628,987.9	479,570.8	149,417.1
Performance Adjustment															
1% Adjustment		.0	.0		.0	.0		.0	.0						
Total Adjusted Spending	420,192.1	280,756.0	139,436.1	417,992.6	280,055.1	137,937.5	2,199.6	695.6	1,503.9	208,795.7	198,814.7	9,981.0	628,987.9	479,570.8	149,417.1
Formula Adjustment per reconciliation		11,672.6	5,801.3								5,790.7	290.7			

University of Minnesota  
Primary Programs  
M.S. 135A.01 Base Adjustments  
1996-97 Biennial Budget  
(Part II(b))

	Total Instruction			Fully Funded Instruction			Marginally Funded Instruction			Non Instruction			All Activities		
	Legislative Intent	Spending		Legislative Intent	Spending		Legislative Intent	Spending		Legislative Intent	Spending	Revenue	Legislative Intent	Spending	
	Total	Appropriati	Tuition	Total	Appropriati	Tuition	Total	Appropriati	Tuition	Total	Appropriati	Revenue	Total	Approp	Tuit/Rev
F.Y. 1997															
Adjust Spending For Inflation, Fixed & Variable															
F.Y. 1995 Adjusted Spending	402,718.2	269,083.4	133,634.8	400,610.1	268,408.8	132,201.3	2,108.1	666.6	1,441.5	202,714.3	193,024.0	9,690.3	605,432.5	462,107.4	143,325.1
Inflation @ 3% / 3%	24,525.5	16,387.2	8,138.4	24,397.2	16,346.1	8,051.1	128.4	40.6	87.8	12,345.3	11,755.2	590.1	36,870.8	28,142.3	8,728.5
Subtotal, Base Spending	427,243.7	285,470.6	141,773.2	425,007.3	284,754.9	140,252.4	2,236.5	707.2	1,529.3	215,059.6	204,779.2	10,280.4	642,303.3	490,249.7	152,053.6
Fixed Base Spending, 35%	149,535.3	99,914.7	49,620.6	148,752.5	99,664.2	49,088.3	782.8	247.5	535.3						
Variable Base Spending, 65%	277,708.4	185,555.9	92,152.6	276,254.7	185,090.7	91,164.0	1,453.7	459.7	994.0						
Adjust Variable Spending for Enrollment															
F.Y. 1995 Base FYE Enrollment	49,630.0			48,969.0			661.0								
Estimated F.Y. 1996 FYE Enrollment	51,808.0			51,118.0			690.0								
Percent Change	4.4%			4.4%			4.4%								
Recognized Percent Change	4.0%			4.0%			58.1								
Allowable Base Adjustment	11,108.3	7,422.2	3,686.1	11,050.2	7,403.6	3,646.6	58.1	18.6	39.5						
Subtotal, Adjusted Variable Spending	288,816.8	192,978.1	95,838.7	287,304.9	192,494.3	94,810.6	1,511.9	478.3	1,033.6						
Recognized F.Y. 1996 FYE Enrollment	50,622.6			49,948.4			674.2								
Redistribute Fixed Spending For Enrollment Change															
Fixed Spending Base	149,535.3														
Fixed Spending per FYE, F.Y. 1996	3.0														
Redistribute Fixed Spending Base	149,535.3	99,911.7	49,623.6	148,752.5	99,664.2	49,088.3	782.8	247.5	535.3						
Total Spending Base	438,352.1	292,889.8	145,462.2	436,057.4	292,158.5	143,898.9	2,294.6	725.8	1,568.8	215,059.6	204,779.2	10,280.4	653,411.7	497,669.0	155,742.7
Performance Adjustment															
1% Adjustment		.0	.0		.0	.0		.0	.0						
Total Adjusted Spending	438,352.1	292,889.8	145,462.2	436,057.4	292,158.5	143,898.9	2,294.6	725.8	1,568.8	215,059.6	204,779.2	10,280.4	653,411.7	497,669.0	155,742.7
Formula Adjustment per reconciliation		23,806.4	11,827.4								11,755.2	590.1			

University of Minnesota  
Primary Programs  
Expenditures per Student  
F.Y. 1993

	(1) Actual F.Y. 1993 FYE Students -----	(2) Actual F.Y. 1993 Expenditures -----	Expenditures per FYE Students -----
System Wide Enrollments			
Lower Division	16,063	89,530	5,574
Upper Division	16,174	128,369	7,937
Graduate	8,890	79,743	8,970
Professional	6,156	68,342	11,101
Lower Division (CEE & Summer)	2,556	8,490	3,322
Upper Division (CEE & Summer)	3,108	15,071	4,850
Totals	52,946	389,545	7,357

- (1) Additional 16 FYE due to rounding in data base.  
(2) Dollars in thousands.

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**1996-97 BIENNIAL BUDGET**

**PROGRAM STRUCTURE**

**AGENCY:    MAYO FOUNDATION**

**PROGRAM**

**PAGE**

**MAYO MEDICAL SCHOOL**

**B-250**

**FAMILY MEDICINE RESIDENCY PROGRAM**

**B-257**

## 1996-97 Biennial Budget

**AGENCY:** Mayo Foundation

### AGENCY DESCRIPTION:

Mayo Foundation is a nonprofit, charitable corporation best described as a private trust for public purposes. Mayo aspires to provide the best medical care through practice, education and research in a unified, multi-campus system.

Mayo pledges to conduct its interdependent programs of medical care, research and education in keeping with the highest standards of ethics and quality. Fundamental to this pledge is the absolute need to combine the science and art of medicine and technology with personalized care. Excellence in all endeavors with respect for the individual--both patient and employee--is the primary goal.

### MINNESOTA MILESTONES:

The work of Mayo Foundation supports a Minnesota Milestones theme "A Caring and Secure Community," and the goal, "Minnesotans will be healthy." Mayo Foundation contributes to these themes through:

- Comprehensive and compassionate patient care through an integrated, multi-specialty group practice.
- Superior biomedical research to attain new knowledge with broad clinical interactions.
- Scholarly educational programs to teach and train medical and scientific professionals for national, state and Mayo needs and to be a health information resource for the public.

### AGENCY CHALLENGES:

The clinical practices, education and research of Mayo Foundation are driven by the following institutional principles:

1. To honor the commitment that "the needs of the patient come first."
2. To be local, regional, national and international in service.
3. To emphasize access for patients who may most benefit from Mayo's practice characteristics.
4. To be a unified, integrated medical system in multiple locations offering the Mayo style of group practice, research and education.
5. To recruit and retain outstanding people to work as a team in an interdisciplinary setting.
6. To respect the individual contributions of each member of the Mayo family and to reaffirm the importance of "continuing interest by every member of the staff in the professional progress of every other member."
7. To promote cultural diversity and equality of opportunity within the Mayo family.

8. To serve appropriately those patients whose financial circumstances indicate that payment of normal charges would be a difficult burden.
9. To be a leader in conducting our activities in a manner which protects, conserves, and reuses natural resources.
10. To consider resource allocation at Mayo within the perspective of a system rather than its individual entities.
11. To conduct our activities in a manner that permits a financial return sufficient to meet present and future requirements, both operational and capital, for its programs in practice, education and research.
12. To measure success in terms of quality and not quantity; service and not self-serving; financial security and not accumulated wealth; system in contrast to individual entity.

Mayo does not:

1. Aspire to grow to be the largest medical system.
2. Aspire to create geographically separate groups functioning independently.
3. Have as an objective to maximize profit--any financial surplus is viewed as a means to an end (the accomplishment of our mission), not an end in itself.

### SUMMARY OF BUDGET REQUEST:

Mayo Foundation requests state funding for partial support of 2 higher education programs: Mayo Medical School (MMS) and Mayo Family Practice Residency Program. Mayo Medical School is an undergraduate Medical School preparing students to enter graduate training and residency programs. The Mayo Family Practice Residency Program trains family physicians who provide comprehensive medical care to patients of all ages. With the exception of state support for Minnesota students to attend MMS and funding for 30 Family Medicine residency positions by 1996, education programs are funded by Mayo Foundation. This support from Mayo will total more than \$85 million in 1994.

### GOVERNOR'S RECOMMENDATION:

The Governor recommends \$825,000 for F.Y. 1996 and \$825,000 for F.Y. 1997 to support the Mayo Foundation budget plan.



1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MAYO FOUNDATION

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
PROGRAM RESOURCE ALLOCATION:									
MAYO MEDICAL SCHOOL	553	499	498	429	429	429	429	429	429
FAMILY PRACTICE	274	304	347	396	396	396	396	396	396
TOTAL EXPENDITURES BY PROGRAM	827	803	845	825	825	825	825	825	825
CURRENT SPENDING:				840	840	840	840	840	840
SOURCES OF FINANCING:									
DIRECT APPROPRIATIONS:									
GENERAL	827	803	845	825	825	825	825	825	825
TOTAL FINANCING	827	803	845	825	825	825	825	825	825

STATE OF MINNESOTA - DEPARTMENT OF FINANCE  
BIENNIAL BUDGET SYSTEM - BASE RECONCILIATION REPORT  
BY SEC SEQ

AGENCY: MAYO FOUNDATION

	ALL FUNDS		GENERAL FUND		OTHER STATE FUNDS		FEDERAL FUNDS	
	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97	F.Y. 96	F.Y. 97
F.Y. 95 FUNDING LEVEL	845	845	845	845				
BASE ADJUSTMENTS								
BIENNIAL APPROPRIATIONS	<5>	<5>	<5>	<5>				
SUBTOTAL BASE ADJ.	<5>	<5>	<5>	<5>				
CURRENT SPENDING	840	840	840	840				

## 1996-97 Biennial Budget

**PROGRAM:** Mayo Medical School (MMS)

**AGENCY:** Mayo Foundation

### PROGRAM DESCRIPTION:

Mayo Medical School (MMS) contributes to 2 Milestones themes: "A Caring and Secure Community," and "Learning." This program works with 2 goals: "Minnesotans will be healthy" and "Minnesotans will have the advanced education and training to make the state a leader in the global economy."

Mayo Medical School annually enrolls 42 students in 3 related medical degree programs:

- M.D. program
- MD-PhD program
- MD-OMS program

The small class size facilitates a personalized course of instruction characterized by extensive clinical interaction and the integration of basic and clinical sciences throughout all segments of the curriculum.

Patient contact begins early in the first year and increases commensurate with student progress. The integration of basic and clinical sciences occurs in a manner that strengthens basic science concepts; stresses the patient orientation appropriate for an undergraduate medical school; and utilizes a variety of active, problem-oriented, faculty-guided and self learning techniques to aid student comprehension.

The mission of MMS is:

- To enroll outstanding students and to offer them a curriculum designed to foster their individual strengths and talents and to take full advantage of the unique integrated research, education, and practice resources of Mayo Foundation.
- To provide an intellectually stimulating environment where the small class size and large faculty of practicing physicians, scientific investigators, and educators unite to promote the scientific and humanitarian practice of medicine.
- To produce knowledgeable and compassionate physicians and scientists who have the skills and desire for lifelong learning.

Mayo Medical School began its 22nd academic year in the Fall of 1994. 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. Of those graduating in 1994, 56% chose a residency program in one of those four areas, up from 37.5% for the Class of 1993. As part of their education, each MMS student lives with a family practice physician who is in private practice in this region to experience first-hand the challenges and rewards of primary care medicine. Of the 687 graduates of MMS, current available data shows the following have chosen to study or practice in Minnesota.

- 322 (47%) are currently in practice in the state of Minnesota. Of those, 95 are in residency or clinical fellowship.

■ Of the 322 physicians, residents and fellows:

- 64 (20%) practice in Family Medicine
- 53 (16%) practice in Internal Medicine
- 24 (7%) practice in Obstetrics/Gynecology
- 15 (5%) practice in Pediatrics

In addition,

■ Of the 687 graduates:

- 40 practice in Wisconsin
- 7 practice in South Dakota
- 7 practice in North Dakota

### PROGRAM STATUS:

No changes are anticipated for MMS funding for the next biennium.

### PLANNED RESULTS:

Following is a listing of MMS's outcome measures. The mechanism for data collection is in parentheses. These outcomes are reviewed by the Medical School Education Committee.

1. In recognition of MMS's being a national undergraduate medical school, students enrolled in MMS will represent a broad geography and wide range of colleges and universities. (Enrollment records)
2. In recognition of the high quality of MMS applicants and the need for a strong foundation in the sciences, the average scores for each class enrolled in MMS will exceed national norms for science GPA and MCAT. (Premedical science grade point average (GPAs) and Medical College Admissions Test (MCAT) scores)
3. In recognition of the limitations of sole reliance upon cognitive attributes in the selection of future physicians, all students enrolled in MMS will have demonstrated attributes which may include: personal achievements indicating leadership ability; contributions to community and civic activities; evidence of strong motivation and compassion; involvement in research and medical service; and ability for productive interaction with fellow students. (Non-test attributes of enrollees)
4. In recognition of the desire to enrich the Mayo community by increasing cultural and ethnic diversity, and to meet future health care needs, underrepresented minority students will be actively recruited and will be enrolled in MMS at a level that exceeds the national norm. (Enrollment data)
5. In recognition of the importance of superior teaching and the contribution of faculty development, all faculty will be regarded as effective teachers. (Students' evaluations of faculty)
6. In recognition of the importance of clinical and procedural skills, in addition to a cognitive knowledge base, all students graduating from MMS will have demonstrated achievement of those core clinical and procedural skills defined by MMS faculty. (Clinical skills performance of students and residents)

# 1996-97 Biennial Budget

**PROGRAM:** Mayo Medical School (MMS)  
**AGENCY:** Mayo Foundation (Continuation)

7. In recognition of the opportunity provided by MMS's research semester, all students graduating from MMS will have completed a biomedical research project and, within one year of graduation, at least 80% of students will have presented their work at a professional meeting and/or have had their work published. (MMS research-related publication and travel statistics)
8. In recognition of the attributes and skills achieved in part through the research semester, at least 50% of MMS graduates will have published 1 or more scientific papers, in addition to their MMS research project, within 5 years of graduation. (Publication records)
9. In recognition of the single pathway to licensure, all students enrolled in MMS will pass United States Medical Licensure Examination Steps 1, 2, and 3 and achieve licensure. On average, MMS students will achieve scores that are higher than the national norm. [National achievement test results (assuming that passing U.S. Medical Licensure Examination Steps 1,2,3 = achieving licensure)]
10. In recognition of the financial support programs of MMS and the debt burden of MMS students--which for the Class of 1992 averaged \$42,400 per student--there will be a reduction in the average debt, beginning with the Class of 1993. (Average debt level for class)
11. In recognition of the importance of student counselling and the balance between specialty choice, program location, and perceived quality of training, students graduating from Mayo Medical School will be:
  - 100% successful in obtaining a PGY-1 (residency) position in the specialty of their choice;
  - 90% successful in obtaining the first, second, or third choice of a program within that specialty; and
  - 90% "very satisfied" with their counseling and their result in the match.

(A. Residency MATCH results/PGY-1 positions. B. Student satisfaction with their counseling)
12. In recognition of the individual strengths and talents of our students, the specialties chosen will reflect the unique integrated multidisciplinary group practice at Mayo and the national imperative to produce more primary care physicians. (Medical specialty choices of graduates)
13. In recognition of the goal for graduates to achieve competency in medical practice, all eligible MMS graduates will have obtained American Board of Medical Specialties (ABMS) certification. (Specialty certification)

14. In recognition of the goal for graduates to achieve leadership roles in education, graduates of MMS will have achieved academic rank in a higher percentage than the national norm. (Academic/research appointments)
15. In recognition of the goal to prepare students to assume leadership roles, all MMS graduates--within 10 years of graduation--will be serving or will have served on local, hospital, state, national, or specialty professional committees. (Information about graduates' leadership roles)
16. In recognition of the goal to prepare students to assume leadership roles, all MMS graduates will be actively involved in community service. (Information about graduates' community service)

## **BUDGET AND REVENUE SUMMARY:**

Capitation provided by the state is solely used to provide grants to Minnesota resident medical school students. In 1994-95, each of the 40 Minnesota students received a grant of \$10,270. It is proposed that in F.Y. 1996 and 1997, Minnesota resident students receive a \$10,736 grant.

Mayo Foundation requests that an average of 10 Minnesota residents in each of four medical classes (for a total of 40 per year) have the opportunity of receiving partial financial support of their medical education at Mayo.

The cost per student per year to provide a medical school education at Mayo is approximately \$47,000. About 77% of this is borne by Mayo Foundation. For Minnesotans the tuition/fee is reduced because of state capitation. Tuition/fees have been set for 1994-95 at \$9,600 for "residents" and \$19,800 for "nonresidents."

### **Projected Capitation for Minnesota Students\***

	<u>YR 1</u>	<u>YR 2</u>	<u>YR 3</u>	<u>YR 4</u>	<u>Total</u>	<u>Per Student</u> <u>Capitation</u>	<u>Total</u> <u>Capitation</u>
F.Y. 1995-96	10	10	10	10	40	\$10,736	\$429,440
F.Y. 1996-97	10	10	10	10	40	\$10,736	\$429,440

\* The number of students enrolled each year varies because of late enrollment decisions, leaves of absence, withdrawals, and absence during the third year to pursue the combined MD/PhD program. Mayo requests that this appropriation provide capitation for an average of 10 Minnesota residents in each of the 4 classes at MMS and that the appropriation may be transferred between years within the biennium to accommodate enrollment fluctuations.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MAYO FOUNDATION  
PROGRAM: MAYO MEDICAL SCHOOL

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomn.	Plan	Request	Recomn.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MAYO MEDICAL SCHOOL	553	499	498	429	429	429	429	429	429
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	553	499	498	429	429	429	429	429	429
CURRENT SPENDING:				493	493	493	493	493	493
AGENCY PLAN ITEMS:			FUND						
=====			=====						
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<9>	<9>	<9>	<9>	<9>	<9>
REALLOCATION, FAMILY PRACTICE RESIDENCY PROGRAM			GEN	<55>	<55>	<55>	<55>	<55>	<55>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<64>	<64>	<64>	<64>	<64>	<64>
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	553	499	498	429	429	429	429	429	429
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	553	499	498	429	429	429	429	429	429

## 1996-97 Biennial Budget

**BUDGET ACTIVITY:** Mayo Medical School (MMS)  
**PROGRAM:** Mayo Medical School (MMS)  
**AGENCY:** Mayo Foundation

### ACTIVITY DESCRIPTION:

Mayo Medical School (MMS) began its 22nd academic year in the Fall of 1994. 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. As part of their education, each MMS student lives with a family practice physician who is in private practice in this region to experience first-hand the challenges and rewards of primary care medicine. Of the 687 graduates of MMS, current available data shows the following have chosen to study or practice in Minnesota.

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- Of the 322 physicians, residents and fellows:
  - 64 (20%) practice in Family Medicine
  - 53 (16%) practice in Internal Medicine
  - 24 (7%) practice in Obstetrics/Gynecology
  - 15 (5%) practice in Pediatrics

In addition,

- Of the 687 graduates:
  - 40 practice in Wisconsin
  - 7 practice in South Dakota
  - 7 practice in North Dakota

### BUDGET ISSUES:

Capitation provided by the state is solely used to provide grants to Minnesota resident medical school students. In 1994-95 each of the 40 Minnesota students received a grant of \$10,270. It is proposed that in F.Y. 1996 and 1997, Minnesota resident students receive a \$10,736 grant.

### REVENUE:

None.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MAYO FOUNDATION  
PROGRAM: MAYO MEDICAL SCHOOL  
ACTIVITY: MAYO MEDICAL SCHOOL

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	553	499	498	429	429	429	429	429	429
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	553	499	498	429	429	429	429	429	429
CURRENT SPENDING:				493	493	493	493	493	493
AGENCY PLAN ITEMS:			FUND						
-----			-----						
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<9>	<9>	<9>	<9>	<9>	<9>
REALLOCATION, FAMILY PRACTICE RESIDENCY PROGRAM			GEN	<55>	<55>	<55>	<55>	<55>	<55>
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				<64>	<64>	<64>	<64>	<64>	<64>
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	553	499	498	429	429	429	429	429	429
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	553	499	498	429	429	429	429	429	429

**F.Y. 1996-97 BUDGET INITIATIVE**

**AGENCY:** Mayo Foundation  
**PROGRAM:** Mayo Medical School  
**ACTIVITY:** Mayo Medical School

**ITEM TITLE:** Capitation Grants

**LONG-TERM IMPACT:**

The capitation will continue to provide partial financial support for 40 Minnesota resident students per year.

	<u>1996-97 Biennium</u>		<u>1998-99 Biennium</u>	
	<u>F.Y. 1996</u>	<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>
<b>Expenditures: (\$000s)</b>				
General Fund				
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-
- Grants	\$(55)	\$(55)	\$(55)	\$(55)
<b>Revenues: (\$000s)</b>				
General Fund	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes \_\_\_\_ No X

If yes, statute(s) affected: M.S.

**GOVERNOR'S RECOMMENDATION:**

The Governor concurs with Mayo Foundation's plan to provide capitation for 40 Minnesota resident students per year in the amount of \$10,736 per student annually. The Governor recommends that Mayo Foundation be permitted to transfer the appropriation between years within the biennium to accommodate enrollment fluctuations. The Governor also concurs with Mayo Foundation's plan to reallocate the portion of this appropriation remaining after funding the capitation grants to the Family Practice Residency Program.

**RATIONALE:**

The request is based upon projections of Minnesota residents admitted to and continuing their program of study at Mayo Medical School. The appropriation for the Medical School Program, adjusted for reductions required by 1993 law, will permit Mayo Foundation to fund the capitation request and reallocate \$55,000 of the remaining funds in each year of the biennium to the Family Practice Residency Program.

**PROGRAM OUTCOMES:**

The capitation will provide an average of 10 Minnesota residents in each of 4 Mayo Medical School classes with partial financial support of their medical education. The remaining appropriation will be reallocated to enable Mayo Foundation to expand its Family Practice Residency Program.



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## 1996-97 Biennial Budget

**PROGRAM:** Mayo Family Practice Residency Program  
**AGENCY:** Mayo Foundation

### PROGRAM DESCRIPTION:

The Mayo Graduate School of Medicine established the 3-year graduate medical residency program in the specialty of family practice in 1978. The mission of the Mayo Foundation Family Practice Residency has been to train family physicians who will provide personal, comprehensive care for persons of all ages. The training program prepares the prospective family physician for primary care practice in all settings of practice, with special emphasis on rural or smaller communities. The Family Medicine Residency Program contributes to 2 Minnesota Milestones themes: "A Caring and Secure Community," and "Learning." This program works with 2 goals: "Minnesotans will be healthy," and "Minnesota will have the advanced education and training to make the state a leader in global economy."

The Family Practice Clinic is a vital element in the residents' training. Residents spend a major portion of their training providing ambulatory primary care in this environment which stresses prevention and continuity of care. Mayo's Family Practice Clinic is located in Kasson, Minnesota, a rural community in Dodge County of approximately 3,200 people. The clinic delivers primary care services to a rural area with a drawing population of close to 18,000. In 1993, 33,000 patients were seen in the Kasson office. The residents and Mayo Clinic Family Medicine consultants also deliver care to migrant workers at Blooming Prairie as part of their public health experience. Other resident activities include providing sport physicals to local high schools, give talks to high schools, public health nurses, and ambulance crews. They also volunteer to work at camps for children with chronic illnesses.

### PROGRAM STATUS:

A major goal of the residency program has been to train physicians who will provide efficient, cost-effective, high-quality medical care for all populations. It is clear from our studies that the best way to improve this care is by changes in the medical system of practice. To this end we have ongoing projects in the development of clinical strategies. This is a multidisciplinary project in which we define the most cost-effective approach to management of various chronic clinical problems, such as cancer of the breast, coronary heart disease, depression and low back pain, as well as acute conditions such as urinary tract infections. We have also instituted system changes to improve the provision of preventive services to elderly patients. These programs will eventually reduce health costs while maintaining high-quality care.

### PLANNED RESULTS:

The residency has been extremely successful in recruiting excellent medical school graduates who have filled all the positions in the 16 entering classes. Fifty-four percent of these graduates are currently practicing in Minnesota (31% in Rochester, 23% in other areas of Minnesota, primarily in rural areas). Mayo Foundation has an affiliated family practice program at St. Francis Hospital in La Crosse, WI and programs under development in St. Cloud, MN, and Des Moines, Iowa. The

foundation has given financial and educational support for this program. In the past, Mayo Family Medicine residents have scored well above the national average on the American Board of Family Practice In-Training Examination.

It is the goal of the department to have 60% of its graduating residents remaining in practice in Minnesota and of those, 35% practicing in rural Minnesota.

### BUDGET AND REVENUE SUMMARY:

Mayo Foundation has been extremely supportive of the residency program and has requested that the Department of Family Medicine develop plans for expansion of the program. The number of residents has been increased from 18 in 1992 to 26 in 1995, and plans to increase to 30 residents by 1996.

#### Projected Capitation for Family Medicine Residents:

	<u>Residents</u>	<u>Per Resident Capitation</u>	<u>Total Capitation</u>
F.Y. 1996	30	\$13,192	\$395,760
F.Y. 1997	30	\$13,192	\$395,760

**1996-1997 BIENNIAL BUDGET**  
(DOLLARS IN THOUSANDS)

AGENCY: MAYO FOUNDATION  
PROGRAM: FAMILY PRACTICE

				FY 1996			FY 1997		
			Est.	Agency	Agency	Governor	Agency	Agency	Governor
ACTIVITY RESOURCE ALLOCATION:	FY 1993	FY 1994	FY 1995	Plan	Request	Recomm.	Plan	Request	Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
FAMILY PRACTICE	274	304	347	396	396	396	396	396	396
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES BY ACTIVITY	274	304	347	396	396	396	396	396	396
=====									
CURRENT SPENDING:				347	347	347	347	347	347
=====									
AGENCY PLAN ITEMS:			FUND						
=====			=====						
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<6>	<6>	<6>	<6>	<6>	<6>
REALLOCATION, FAMILY PRACTICE RESIDENCY PROGRAM			GEN	55	55	55	55	55	55
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				49	49	49	49	49	49
=====									
SOURCES OF FINANCING:									
=====									
DIRECT APPROPRIATIONS:									
GENERAL	274	304	347	396	396	396	396	396	396
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	274	304	347	396	396	396	396	396	396

**1996-97 Biennial Budget**

**BUDGET ACTIVITY:** Family Practice Residency Program  
**PROGRAM:** Family Practice Residency Program  
**AGENCY:** Mayo Foundation

**ACTIVITY DESCRIPTION:**

The Family Practice Clinic is a vital element in the residents' training. Residents spend a major portion of their training providing ambulatory primary care in this environment which stresses prevention and continuity of care. Mayo's Family Practice Clinic is located in Kasson, Minnesota, a rural community in Dodge County of approximately 3,200 people. The clinic delivers primary care services to a rural area with a drawing population of close to 18,000. In 1993, 33,000 patients were seen in the Kasson office. The residents and Mayo Clinic Family Medicine consultants also deliver care to migrant workers at Blooming Prairie as part of their public health experience. Other resident activities include providing sport physicals to local high schools, give talks to high schools, public health nurses, and ambulance crews. They also volunteer to work at camps for children with chronic illnesses.

**BUDGET ISSUES:**

Monies budgeted for the plan will be used for partial funding of resident stipends.

**REVENUE:**

None.

1996-1997 B I E N N I A L B U D G E T  
(DOLLARS IN THOUSANDS)

AGENCY: MAYO FOUNDATION  
PROGRAM: FAMILY PRACTICE  
ACTIVITY: FAMILY PRACTICE

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Agency Plan	Agency Request	Governor Recomm.	Agency Plan	Agency Request	Governor Recomm.
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
LOCAL ASSISTANCE	274	304	347	396	396	396	396	396	396
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL EXPENDITURES	274	304	347	396	396	396	396	396	396
CURRENT SPENDING:				347	347	347	347	347	347
AGENCY PLAN ITEMS:			FUND						
-----			-----						
APPROPRIATIONS LIMIT, LAWS 1993			GEN	<6>	<6>	<6>	<6>	<6>	<6>
REALLOCATION, FAMILY PRACTICE RESIDENCY PROGRAM			GEN	55	55	55	55	55	55
=====			=====	=====	=====	=====	=====	=====	=====
TOTAL AGENCY PLAN ITEMS				49	49	49	49	49	49
SOURCES OF FINANCING:									
-----									
DIRECT APPROPRIATIONS:									
GENERAL	274	304	347	396	396	396	396	396	396
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FINANCING	274	304	347	396	396	396	396	396	396

## 1996-97 Biennial Budget

AGENCY: Higher Education Facilities Authority

### AGENCY DESCRIPTION:

The Higher Education Facilities Authority (hereafter called the Authority) was created to assist Minnesota 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. Beginning in F.Y. 1988, the legislature also asked that the Authority finance projects at public higher education institutions. The Authority has access to capital improvement funds only through borrowing. The facilities built by the Authority must be financed from tax-exempt revenue bonds sold by the Authority. In turn, the Authority enters into agreements whereby an institution pays an amount needed to retire the incurred debt. Since the Authority is an agency of the state, 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. Currently, the Authority has \$350 million of bonding authority.

This activity receives no state appropriation. The Authority has been self-supporting since its inception in 1971, and intends to continue in that manner. The dollars shown on the activity fiscal summary reflect only salaries and benefits for the 3 staff positions of the Authority. The Authority pays its salaries and benefits through the state payroll system. It is this portion (i.e., the payroll portion) of the Authority's budget which appears in this submission.

The Authority's 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 remaining 2 are ex-officio members; namely, 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 of an institution as well as each proposed project;
- coordinates with the institution, the Authority's bond counsel and financial consultants the development of legal and financial documents necessary for a bond issue;
- keeps records and audits the accounts involved to ensure that the trustees are handling all accounts properly; and
- manages the investment accounts of the general bond reserve.

### REVENUES:

This activity generates dedicated and non-dedicated revenue.

	Dollars in Thousands				
	F.Y. 1993	F.Y. 1994	F.Y. 1995	F.Y. 1996	F.Y. 1997
Type of Revenue:					
Non-dedicated - Gen'l	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Dedicated - Special	150	165	181	181	181
Dedicated - Federal	-0-	-0-	-0-	-0-	-0-

### GOALS AND OBJECTIVES:

The Authority supports the Minnesota Milestones for education. It is increasingly important that the academic institutions have access to affordable financing for capital improvements. For Minnesota to stay in the forefront of academic excellence, it is vital that institutions seek to meet the changing needs of students with facilities that offer the technological advances that are currently available.

It is evident that colleges and universities in Minnesota will continue to need financing programs, such as the Authority's program, for financing building projects and purchasing new equipment.

Technological Advances: Advanced technology is dramatically changing the way information is disseminated, stored and retrieved. This technology has forever changed the college library, the business office, development office, registrar and admissions offices. The computer has become an invaluable tool for teaching in most academic disciplines, and telecommunications systems are rapidly transforming campus instructional and administrative systems.

Obsolete Building Replacement: Any major renovation requires the entire building to be brought up to the standards of the local building codes. Replacement rather than renovation is the only solution where there is wide spread use of asbestos, obsolete or worn out electrical and plumbing systems, or if existing structures are not energy efficient and are not accessible to the handicapped.

Deferred Maintenance: Nationwide studies show that a crisis exists among higher education institutions. These studies report accumulated deferred maintenance needs in excess of \$60 billion. Minnesota private colleges are proportionately facing this problem. The massive building programs of the 1950s and 1960s have created a deferred maintenance problem for the 1990s.

Refinancing Options: The present economic climate, which has lowered interest rates, has made refinancing of existing debt attractive to many institutions. Debt that was issued in the early 1980s at a comparably high interest rate is now being refinanced at a much lower rate thereby saving money in interest cost.

### GOVERNOR'S RECOMMENDATION:

The Governor concurs with the agency's plan.

**1996-1997 B I E N N I A L B U D G E T**  
(DOLLARS IN THOUSANDS)

AGENCY: HIGHER ED FAC AUTH  
PROGRAM: HIGHER EDUC FAC AUTHR  
ACTIVITY: HIGHER EDUC FAC AUTHR

ACTIVITY SUMMARY	FY 1993	FY 1994	Est. FY 1995	FY 1996			FY 1997		
				Current Spending	Agency Plan	Governor Recomm.	Current Spending	Agency Plan	Governor Recomm.
=====									
EXPENDITURES:									
-----									
DETAIL BY CATEGORY:									
STATE OPERATIONS:									
PERSONAL SERVICES	150	165	181	181	181	181	181	181	181
=====									
SUBTOTAL STATE OPERATIONS	150	165	181	181	181	181	181	181	181
=====									
TOTAL EXPENDITURES	150	165	181	181	181	181	181	181	181
=====									
SOURCES OF FINANCING:									
-----									
STATUTORY APPROPRIATIONS:									
AGENCY	150	165	181	181	181	181	181	181	181
=====									
TOTAL FINANCING	150	165	181	181	181	181	181	181	181
=====									
FTE BY EMPLOYMENT TYPE:									
-----									
REGULAR	3.0	3.0	3.0		3.0			3.0	
=====									
TOTAL FTE	3.0	3.0	3.0		3.0	3.0		3.0	3.0

