

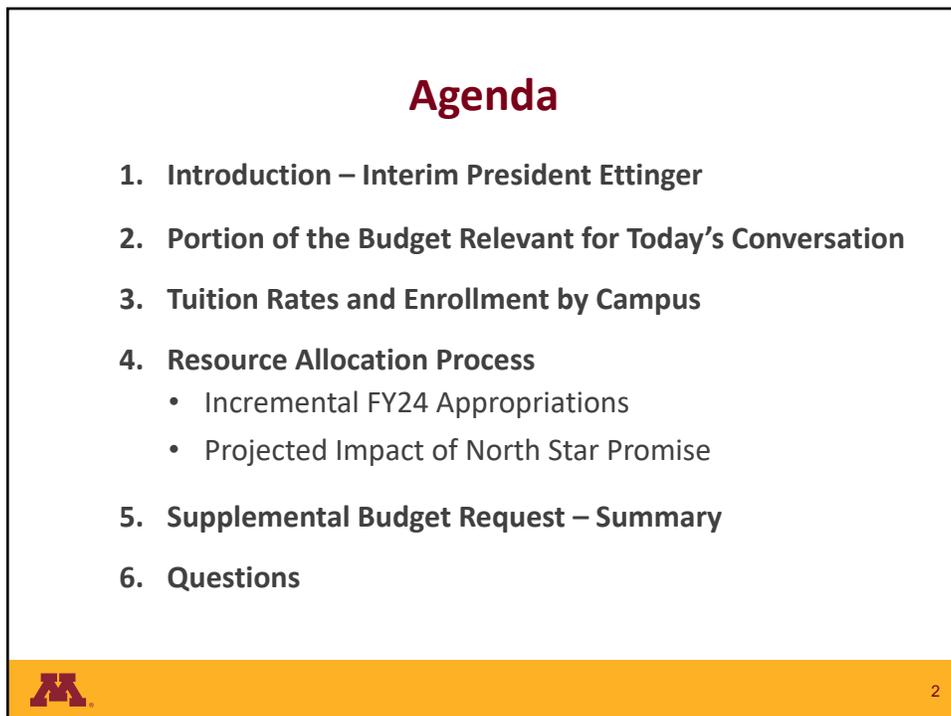
A presentation slide with a red background and a blurred image of a smiling man in a graduation cap. The University of Minnesota logo is centered at the top. Below it, the text "UNIVERSITY OF MINNESOTA" is in white, followed by "Budget Update" in a larger white font. In the bottom left, a white vertical line separates the text "House Higher Education Committee", "Senior Vice President for Finance and Operations", and "October 30, 2023". A small white number "1" is in the bottom right corner.

  
UNIVERSITY OF MINNESOTA  
**Budget Update**

House Higher Education Committee  
Senior Vice President for Finance and Operations  
October 30, 2023

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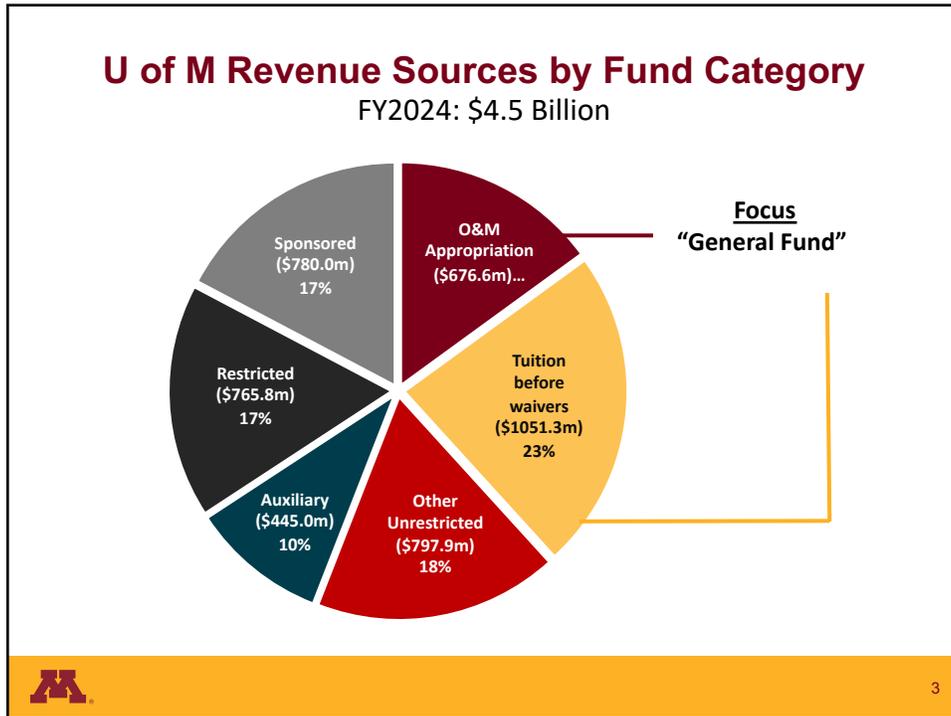
A presentation slide with a white background and a black border. The word "Agenda" is centered in a bold, dark red font. Below it is a numbered list of six items. The first four items are bolded. The fifth item has a sub-bulleted list. A small red number "2" is in the bottom right corner.

**Agenda**

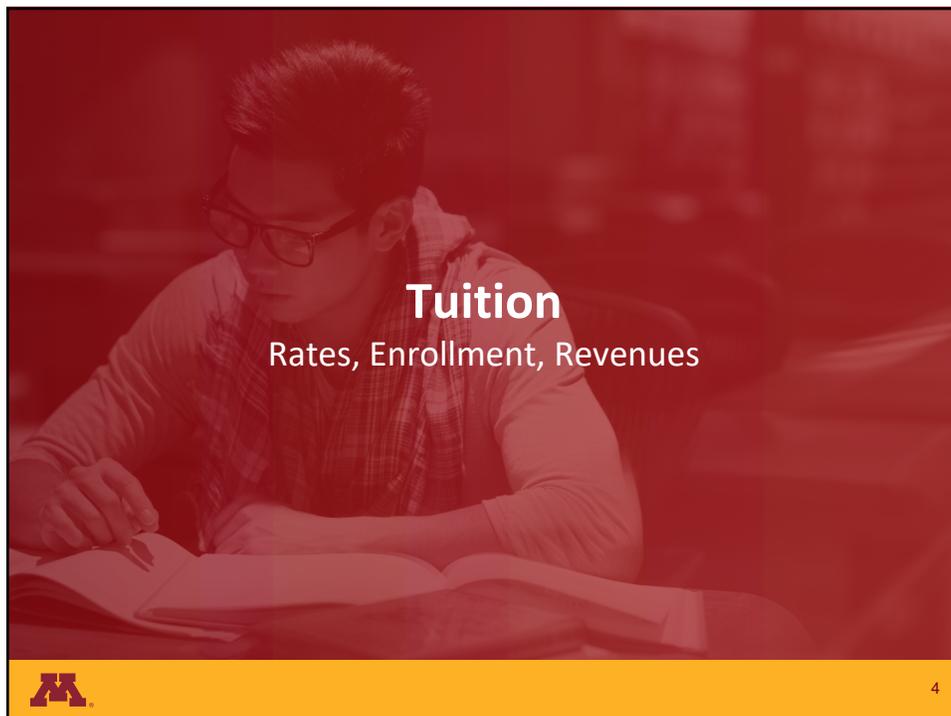
- 1. Introduction – Interim President Ettinger**
- 2. Portion of the Budget Relevant for Today’s Conversation**
- 3. Tuition Rates and Enrollment by Campus**
- 4. Resource Allocation Process**
  - Incremental FY24 Appropriations
  - Projected Impact of North Star Promise
- 5. Supplemental Budget Request – Summary**
- 6. Questions**

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## Resident Undergraduate Tuition Rates 10 Year History

University of Minnesota Resident Undergraduate Tuition Rates 2015 - 2024 Approved by Board of Regents												
		FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23 Rebased*	FY24 Rebased*	Avg. Annual
<b>Crookston</b>	Tuition Rate	\$10,030	\$10,180	\$10,180	\$10,282	\$10,282	\$10,438	\$10,438	\$10,595	\$11,072	\$11,478	
	% Increase		1.5%	0.0%	1.0%	0.0%	1.5%	0.0%	1.5%	1.75%	1.0%	0.7%
	\$ Increase		\$150	\$0	\$102	\$0	\$156	\$0	\$157	\$190	\$116	
<b>Duluth</b>	Tuition Rate	\$11,720	\$11,896	\$11,896	\$12,016	\$12,016	\$12,194	\$12,194	\$12,377	\$12,638	\$12,766	
	% Increase		1.5%	0.0%	1.0%	0.0%	1.5%	0.0%	1.5%	1.75%	1.0%	0.7%
	\$ Increase		\$176	\$0	\$120	\$0	\$178	\$0	\$183	\$217	\$128	
<b>Morris</b>	Tuition Rate	\$11,720	\$11,896	\$11,896	\$12,016	\$12,142	\$12,324	\$12,324	\$12,511	\$12,804	\$12,932	
	% Increase		1.5%	0.0%	1.0%	1.0%	1.5%	0.0%	1.5%	1.75%	1.0%	0.8%
	\$ Increase		\$176	\$0	\$120	\$126	\$182	\$0	\$187	\$220	\$128	
<b>Rochester</b>	Tuition Rate	\$11,720	\$11,896	\$11,896	\$12,016	\$12,016	\$12,194	\$12,194	\$12,376	\$12,808	\$13,256	
	% Increase		1.5%	0.0%	1.0%	0.0%	1.5%	0.0%	1.5%	3.5%	3.5%	0.9%
	\$ Increase		\$176	\$0	\$120	\$0	\$178	\$0	\$182	\$432	\$448	
<b>Twin Cities</b>	Tuition Rate	\$12,060	\$12,240	\$12,546	\$12,800	\$13,058	\$13,318	\$13,318	\$13,520	\$14,006	\$14,496	
	% Increase		1.5%	2.5%	2.0%	2.0%	2.0%	0.0%	1.5%	3.5%	3.5%	1.5%
	\$ Increase		\$180	\$306	\$254	\$258	\$260	\$0	\$202	\$474	\$490	

\* On-line fees were rolled into tuition over two years at Crookston and in one year at Duluth, Morris and Twin Cities. Tuition went up while on-line fees were eliminated at the same time. Rebase of tuition is necessary for accurate representation of approved tuition rate increases in FY23 and FY24.



## University of Minnesota Total Enrollment 10 Year History

FALL SEMESTER OFFICIAL COUNT

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	% Change
<b>Crookston</b>	2,850	2,823	2,676	2,834	2,810	2,768	2,530	2,304	2,303	2,518	-11.6%
<b>Duluth*</b>	11,093	10,878	11,018	11,168	11,040	10,858	10,275	9,884	9,675	9,350	-15.7%
<b>Morris</b>	1,899	1,856	1,771	1,627	1,554	1,499	1,339	1,286	1,068	1,020	-46.3%
<b>Rochester*</b>	488	416	435	472	533	572	632	646	630	588	20.5%
<b>Twin Cities</b>	51,147	50,678	51,580	51,848	50,943	51,327	52,017	52,376	54,955	54,890	7.3%
<b>TOTAL</b>	67,477	66,651	67,480	67,949	66,880	67,024	66,793	66,496	68,631	68,366	1.3%

\* Some programs operate on multiple campuses: for example, in fall 2023, Rochester served 344 students that were officially enrolled in and included in counts for the Twin Cities & Duluth campuses; and Duluth served 237 Medicine and Pharmacy students that were officially enrolled in and included in counts for the Twin Cities campus.



## University of Minnesota Total Degree Seeking Enrollment

10 Year History

FALL SEMESTER OFFICIAL COUNT

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	% Change
Crookston	1,876	1,874	1,821	1,797	1,834	1,839	1,754	1,574	1,489	1,650	-12.0%
Duluth*	10,190	9,936	10,072	10,220	10,142	9,823	9,296	8,917	8,593	8,276	-18.8%
Morris	1,803	1,741	1,680	1,554	1,488	1,400	1,243	1,189	1,024	980	-45.6%
Rochester*	479	402	424	459	519	554	614	631	617	568	18.6%
Twin Cities	46,579	46,805	47,364	47,657	47,793	47,325	46,675	46,681	46,048	45,606	-2.1%
<b>TOTAL</b>	<b>60,927</b>	<b>660,758</b>	<b>61,361</b>	<b>61,687</b>	<b>61,476</b>	<b>60,941</b>	<b>659,582</b>	<b>58,992</b>	<b>57,771</b>	<b>57,080</b>	<b>-6.3%</b>

\* Some programs operate on multiple campuses: for example, in fall 2023, Rochester served 344 students that were officially enrolled in and included in counts for the Twin Cities & Duluth campuses; and Duluth served 237 Medicine and Pharmacy students that were officially enrolled in and included in counts for the Twin Cities campus.



## Current Year (FY24) Est. Tuition Revenue

Compared to Budget – Total Variance <1%/"Normal"

	FY24 Budget	Updated Estimate	Variance	% Change
Crookston	\$15.7	\$17.2	\$1.5	+10%
Duluth	\$104.2	\$102.0	(\$2.2)	-2%
Morris	\$9.2	\$7.8	(\$1.4)	-15%
Rochester	\$10.4	\$8.5	(\$1.9)	-18%
<b>SUBTOTAL</b>	<b>\$139.5</b>	<b>\$135.5</b>	<b>(\$4.0)</b>	<b>-3%</b>
Twin Cities	\$851.8	\$848.8	(\$3.0)	-.4%
<b>TOTAL</b>	<b>\$991.3</b>	<b>\$984.3</b>	<b>(\$7.0)</b>	<b>-.7%</b>

(dollars in millions)

- **Learning why some campuses and colleges are below estimate** – to guide future actions
- **Reassessing and revising revenue estimating methodologies** – campuses/TC colleges/central
- **Working with campuses & TC colleges now on adjusting budgets** during this fiscal year to address shortfalls and long term where necessary



## System Campus Plans and Actions

to right-size programs, services, and budgets  
to realistic enrollment goals

### Continuing to drive growth in enrollment from today's level

- ✓ Increasing marketing efforts
- ✓ Creating new program options (3-yr pathways for example)
- ✓ Creating connections to TC-based courses and programs

### Continuing to adjust campus budgets to their smaller sizes

- ✓ Reviewing programs (demand, size, etc.)
- ✓ Reducing faculty and staff #s
- ✓ Leveraging "system" services and processes to lower operating costs



## Resource Allocations



## Designated New Appropriations 2024-25

### Safety and Security: \$1M Recurring

**Enhance and expand UMN public safety 24/7 services for students, staff, faculty, visitors**

**\$534,000 Security Infrastructure Program**

- 1 FTE Security Data & Access Program Coordinator/Manager (systemwide) - \$134K
- Annual program budget increase to meet end of life equipment replacement (systemwide) - \$400K

**\$550,000 Extra Patrols/Security Officer**

- 3.5 FTE Police Officers (2 TC, 1 Duluth, .5 Morris, excluding fringe) - \$460K
- 1 FTE Security Officer (TC) - \$61K
- Additional K-9 unit for enhanced explosive detection (TC) - \$30K



## Designated New Appropriations 2024-25

### Safety and Security: \$8M Non-Recurring

**Equipment and technology to improve security across all campuses**

**\$6,000,000**  
**End of Life Equipment**

- Duluth: 16 cameras, 429 U Card access readers - \$2M
- Twin Cities: 992 cameras, 1 U Card access reader - \$3.5M
- Crookston: 139 cameras, 1 U Card access reader - \$413K (project is 50% complete)
- Morris: 19 cameras, 6 U Card access readers - \$19K (complete)
- Rochester: \$0 (completed in previous years)

**\$1,000,000**  
**Physical Deterrence**

- Installation of cameras, lights, signage, and other security devices at campus gateways and along perimeters to deter and/or detect crime or suspicious activities
- Installation of more Blue Light Kiosks along

**\$1,000,000**  
**Strategic Operations**

- Software to support video patrol systemwide and to integrate with partner law enforcement cameras
- Radio infrastructure to improve coverage and bolster interoperability with regional partners on all campuses



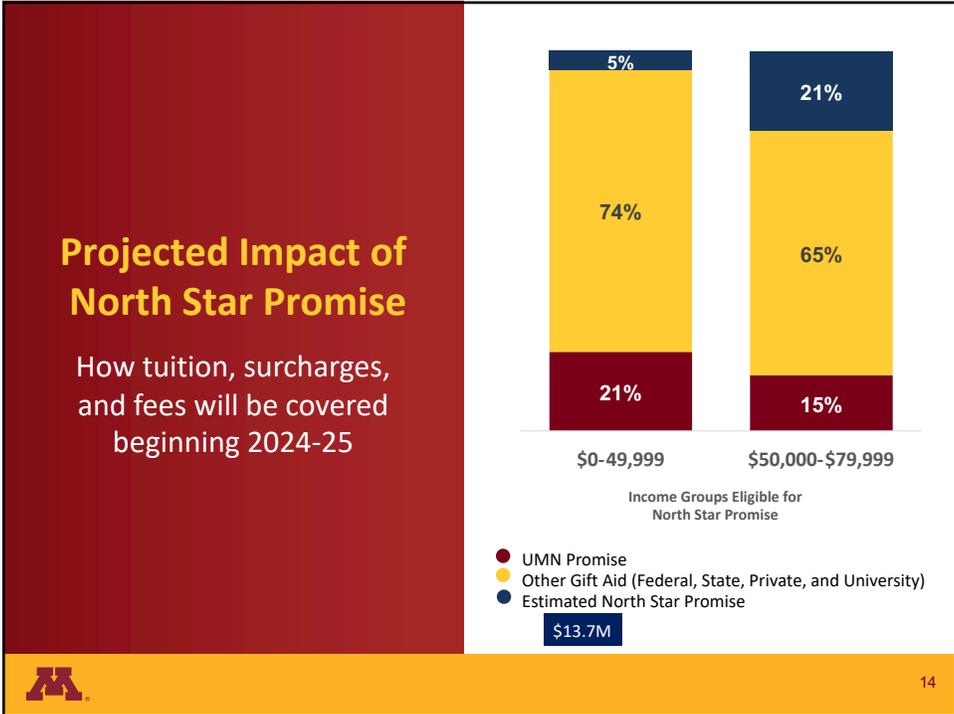
## Designated New Appropriations 2024-2025

ALLOCATED TO RELEVANT UNIT FOR INDICATED ACTIVITIES

	Recurring	Nonrecurring
<b>Unemployment Insurance</b> System account/expense	<b>\$366,000</b>	
<b>Menstrual Products</b> All campuses-exp. est.	<b>\$110,000</b>	<b>\$264,000</b>
<b>Natural Resources Research Inst</b> NRRRI on UMD campus		<b>\$4,000,000</b>
<b>St. Cloud regional med campus (CentraCare)</b> Medical School		<b>\$10,000,000</b>


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## North Star Promise Eligible Population

projected tuition, surcharges  
and fees coverage by campus

2024-25: BASED ON 2022-23 STUDENT #S AND CHARACTERISTICS

	NSP Eligible Student	Tuition, Surcharge and Fees Total	UMN Promise Award Total	Other Gift Aid Total	Est. North Star Promise Cost Total
Crookston	299	\$3.1	\$0.6	\$2.2	\$0.3
Duluth	1,592	\$20.6	\$4.1	\$14.0	\$2.5
Morris	236	\$2.9	\$0.6	\$2.2	\$0.1
Rochester	211	\$2.6	\$0.6	\$1.8	\$0.1
Twin Cities	6,406	\$97.2	\$17.5	\$69.0	\$10.7
<b>TOTAL</b>	<b>8,744</b>	<b>\$126.4</b>	<b>\$23.4</b>	<b>\$89.2</b>	<b>\$13.7</b>



## \$50M in FY24 for Core Services

### Available Resources

- Tuition
- State Appropriation
- Other

### Costs & Investments

- Student Services
- Faculty and Staff
- Facility Costs
- Planned Cuts/Reductions
- Other



**Balancing the Budget**



## Cost Side of Framework

### Basis for the \$45M Per Year Request

**Summer 2022 Biennial Request**  
*Estimates – Incremental Costs*

	FY24	FY25
Compensation	\$59,350,000	\$64,750,000
Utilities/Debt/Facility Ops	14,800,000	9,100,000
Technology Licensing/Maintenance	2,000,000	2,000,000
Inflation – General Supplies/Equip.	4,000,000	4,000,000
Program/Service Enhancements	<u>11,250,000</u>	<u>11,450,000</u>
<b>Total Incremental Costs</b>	<b>\$91,400,000</b>	<b>\$87,300,000</b>

**Average ~\$90M/year**  
*Proposal – ½ from State Appropriation, ½ from UMN*

- FY24 updated incremental costs on next slide: total was \$117.9 million
- FY25 updates in process: early estimates showing total incremental costs of \$100.0 million


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## Approved Budget Framework for FY24

### Where the \$50 million went

**FY 2024 Recurring Framework**  
*State and Tuition Funded Activities*

	Proposed
<b>Incremental Resources:</b>	
Appropriation for Core Mission	<u>\$50,000,000</u>
Appropriation/State Transfer for Items Specified in Law	\$5,500,000
Unit Reallocations/Other Revenue Increases	\$39,500,000
Tuition Revenue	\$23,500,000
One-Time Central Balances to Bridge	<u>\$8,300,000</u>
<b>Total Incremental Resources</b>	<b>\$126,800,000</b>
<b>Incremental Investments:</b>	
Compensation and Benefits	\$58,400,000
FY 2023 Tuition Revenue Challenge	\$23,300,000
Facilities and Technology Infrastructure	\$13,800,000
Core Operations and Services	\$13,100,000
Program/Compliance/Student Aid	<u>\$9,300,000</u>
<b>Total Incremental Investments</b>	<b>\$117,900,000</b>
Balance Held for FY25 Costs	\$8,900,000

**Combined with:**  
Unit Budget Cuts  
Tuition

↓

**Paying for:**  
Combined set of  
recurring costs

←

**Totaling more than originally estimated**


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## The University's Budget Structure

### STUDENT SUCCESS



RESEARCH AND  
LEARNING



SERVICES  
AND SUPPORT



TECHNOLOGY  
AND EQUIPMENT



FACILITIES AND  
INFRASTRUCTURE


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## THE UNIVERSITY'S BUDGET STRUCTURE

### Those that do mission work

Four System Campuses	Crookston	Duluth	Morris	Rochester
<p><b>19 Twin Cities Academic Units</b></p>	<ul style="list-style-type: none"> <li>• Academic and Clinical Affairs</li> <li>• Agricultural Experiment Station</li> <li>• Biological Sciences</li> <li>• Continuing/Professional Studies</li> <li>• Dentistry</li> <li>• Design</li> <li>• Food/Ag/Nat Resource Sciences</li> <li>• Education/Human Development</li> <li>• Extension</li> <li>• Law</li> </ul>		<ul style="list-style-type: none"> <li>• Liberal Arts</li> <li>• Management</li> <li>• Medical</li> <li>• Nursing</li> <li>• Pharmacy</li> <li>• Public Health</li> <li>• Public Affairs</li> <li>• Science and Engineering</li> <li>• Veterinary Medicine</li> </ul>	


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THE UNIVERSITY'S BUDGET STRUCTURE

## Those that support mission work

**25 Support Units**

- Academic Health Sciences
- Audit
- Board of Regents
- Capital Projects
- Equity and Diversity
- Provost
- Facilities
- Finance
- General Counsel
- Global Programs
- Graduate School
- Human Resources
- Information Technology
- Finance and Operations
- Clinical Affairs
- Research
- Planning/Space/Real Estate
- President
- Public Safety
- Student Affairs
- Undergraduate Education
- University Health/Safety/Risk Mgmt
- University Libraries
- University Services
- University Relations

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**2 Twin Cities Auxiliaries**

- Gopher Athletics
- Auxiliary Services (Bookstore, Dining, Housing, Parking)

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## Making Decisions at the Campus Level

*Example: University of Minnesota Crookston*

**FY24 Incremental Budget Changes from FY23**

Decision Summary - "General Fund Framework"

**Recurring Resource Changes:**

Tuition Revenue	\$368,160
O&M Nonrecurring & Budget Neutral	914,783
<b>O&amp;M Allocation - Recurring Base Support</b>	<b>1,357,180</b>
<b>TOTAL CHANGE IN RECOGNIZED RESOURCES</b>	<b>\$2,640,123</b>

**Total Resource Changes above are to be used for:**

Compensation Increase – O&M/State Specials	\$887,000
Increased Overhead Costs	718,822
Utilities	27,500
Structural Imbalance from FY23 Budget	1,200,000
FY23 Tuition Below Budget	334,214
<b>Internal Expenditure Cuts</b>	<b>(527,413)</b>
<b>TOTAL CHANGE IN RECOGNIZED COSTS</b>	<b>\$2,640,123</b>

**Start with the same ?s for each unit:**

- What is their projected change in tuition?
- How much should we ask them to cut from their current spending & what are the impacts?
- What are their cost increases driven by institutional decisions?
- What other financial issues must be addressed?
- What are revenue and investment opportunities?
- Do we have incremental state dollars to help address needs?

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## Making Decisions at the Campus Level

*Example: University of Minnesota Duluth*

### FY24 Incremental Budget Changes from FY23

Decision Summary - "General Fund Framework"

**Recurring Resource Changes:**

Tuition/Surcharge Revenue	\$411,961
O&M Nonrecurring & Budget Neutral	5,353,295
<b>O&amp;M Allocation - Recurring Base Support</b>	<b>8,635,556</b>
<b>TOTAL CHANGE IN RECOGNIZED RESOURCES</b>	<b>\$14,400,812</b>

**Total Resource Changes above are to be used for:**

Compensation Increase – O&M/State Specials	\$5,249,000
Increased Overhead Costs	4,401,812
Utilities	750,000
Debt Service & Insurance	750,000
Stanton Adjustment (Police)	125,600
Structural Imbalance from FY23 Budget	2,933,218
Surcharge Initiatives and Scholarships	140,000
FY23 Tuition Below Budget	2,985,589
<b>Internal Expenditure Cuts</b>	<b>(2,934,407)</b>
<b>TOTAL CHANGE IN RECOGNIZED COSTS</b>	<b>\$14,400,812</b>

**Start with the same ?s for each unit:**

- What is their projected change in tuition?
- How much should we ask them to cut from their current spending & what are the impacts?
- What are their cost increases driven by institutional decisions?
- What other financial issues must be addressed?
- What are revenue and investment opportunities?
- Do we have incremental state dollars to help address needs?



## Making Decisions at the Campus Level

*Example: University of Minnesota Morris*

### FY24 Incremental Budget Changes from FY23

Decision Summary - "General Fund Framework"

**Recurring Resource Changes:**

Tuition Revenue	\$773,432.1
O&M Nonrecurring & Budget Neutral	883,080
O&M Transfer of American Indian Scholars Program	1,200,000
<b>O&amp;M Allocation - Recurring Base Support</b>	<b>1,653,246</b>
<b>TOTAL CHANGE IN RECOGNIZED RESOURCES</b>	<b>\$4,509,758</b>

**Total Resource Changes above are to be used for:**

Compensation Increase – O&M/State Specials	\$1,183,000
Increased Overhead Costs	497,849
Utilities	50,819
Special Comp. Adjustments/Stanton (Police)	121,292
Structural Imbalance from FY23 Budget	1,690,630
FY23 Tuition Below Budget	2,000,564
<b>Internal Expenditure Cuts</b>	<b>(1,034,396)</b>
<b>TOTAL CHANGE IN RECOGNIZED COSTS</b>	<b>\$4,509,758</b>

**Start with the same ?s for each unit:**

- What is their projected change in tuition?
- How much should we ask them to cut from their current spending & what are the impacts?
- What are their cost increases driven by institutional decisions?
- What other financial issues must be addressed?
- What are revenue and investment opportunities?
- Do we have incremental state dollars to help address needs?



## Making Decisions at the Campus Level

*Example: University of Minnesota Rochester*

### FY24 Incremental Budget Changes from FY23

Decision Summary

**Recurring Resource Changes:**

Tuition Revenue	\$1,748,571
O&M Nonrecurring & Budget Neutral	340,267
<b>O&amp;M Allocation - Recurring Base Support</b>	<b>132,533</b>
<b>TOTAL CHANGE IN RECOGNIZED RESOURCES</b>	<b>\$2,221,371</b>

**Total Resource Changes above are to be used for:**

Compensation Increase – O&M/State Specials	\$424,000
Increased Overhead Costs	564,299
Growth Needs or Strategic Plan Investments	446,954
FY23 Tuition Below Budget	949,118
<b>Internal Expenditure Cuts</b>	<b>163,000</b>
<b>TOTAL CHANGE IN RECOGNIZED COSTS</b>	<b>\$2,221,371</b>

**Start with the same ?s for each unit:**

- What is their projected change in tuition?
- How much should we ask them to cut from their current spending & what are the impacts?
- What are their cost increases driven by institutional decisions?
- What other financial issues must be addressed?
- What are revenue and investment opportunities?
- Do we have incremental state dollars to help address needs?



## Making Decisions at the TC College Level

*Example: College of Food, Agriculture & Natural Sciences*

### FY24 Incremental Budget Changes from FY23

Decision Summary - "General Fund Framework"

**Recurring Resource Changes:**

Tuition Revenue	\$520,000
FY23 Tuition Above Budget	451,725
FY23 Funds Reserved for FY24 Cost Pool Increase	70,799
O&M Nonrecurring & Budget Neutral	(257,346)
<b>O&amp;M Allocation - Recurring Base Support</b>	<b>2,344,287</b>
<b>TOTAL CHANGE IN RECOGNIZED RESOURCES</b>	<b>\$3,129,465</b>

**Total Resource Changes above are to be used for:**

Compensation Increase – O&M/State Specials	\$2,301,000
Increased Overhead Costs	1,239,695
<b>Transfer Admissions to UEDUC (expense reduction)</b>	<b>(84,955)</b>
Strategic Discretionary Investment	451,725
<b>Internal Expenditure Cuts</b>	<b>(778,000)</b>
<b>TOTAL CHANGE IN RECOGNIZED COSTS</b>	<b>\$3,129,465</b>

**Start with the same ?s for each unit:**

- What is their projected change in tuition?
- How much should we ask them to cut from their current spending & what are the impacts?
- What are their cost increases driven by institutional decisions?
- What other financial issues must be addressed?
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- Do we have incremental state dollars to help address needs?





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### Supplemental Budget Request \$45M for Core Mission

STATE APPROPRIATION

	2024	2025	Biennial
Current O&M Recurring Base	\$672.3	\$672.3	\$1,344.6
Core Mission Request - Recurring	\$0.0	\$45.0	\$45.0
<b>Total O&amp;M Recurring Base</b>	<b>\$672.3</b>	<b>\$717.3</b>	<b>\$1,389.6</b>
<b>% change from base</b>			<b>3.3%</b>

*(dollars in millions)*

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## Our Core Services Across Minnesota

- **Student success/Workforce development**
  - Instruction – in-person & online courses
  - Academic advising, tutoring, career development
  - Student safety, including mental health and wellness, emergency and crisis intervention
- **Research and innovation**
- **Public engagement**
- **Academic health: research, innovation & facilities**

### Requires Us To Pay For:

- ✓ Fair compensation
- ✓ Classroom/lab equipment & supplies
- ✓ Facility maintenance
- ✓ Technology



**\$45M**  
will have impact  
on our ability  
to deliver on our  
mission

- ✓ **Limit tuition increases** for students
- ✓ **Retain our talent** through increased compensation for faculty and staff
- ✓ **Invest in more student services** such as counseling, advising, and academic support
- ✓ **Maintain classrooms and instructional spaces**
- ✓ **Support research and technology** infrastructure
- ✓ **Preserve and maintain safe, functional, and accessible facilities**



