

March 1, 2023

Senator Omar Fateh, Chair
Higher Education Committee
3219 Minnesota Senate Bldg.
95 University Avenue W.
St. Paul, MN 55155

Representative Gene Pelowski, Chair
Higher Education Finance and Policy Committee
10 State Office Building
100 Martin Luther King Jr. Boulevard
St. Paul, MN 55155

Distributed via email

Dear Chair Fateh and Chair Pelowski,

First, let me offer my sincere appreciation for your willingness in recent weeks to discuss challenging issues impacting the success of our students and the University overall. Your concern is evident. Following these conversations, we developed three initiatives to address supplemental funding needs for the University in the next biennium, and we will be submitting a revised biennial request proposal to the Board of Regents for review and action on March 10, 2023. The revised proposal, original request plus additions, is summarized as follows (with descriptions attached):

Item	FY2024	FY2025	Biennial Total
Core Mission	\$454.0	\$90.0	\$135.0
Minnesota Resident Scholarship	\$30.0	\$30.0	\$60.0
Systemwide Safety & Security	\$5.0	\$5.0	\$10.0
American Indian Scholars Program	\$4.5	\$4.5	\$9.0
Enrollment-Driven Tuition Shortfall	\$24.0	\$24.0	\$48.0
Resident Undergraduate Tuition Freeze	\$13.5	\$13.5	\$40.5
Preliminary - Total University Request	\$122.0	\$180.5	\$302.5

You will recall our original request (the three items above the gray bar in the table above) totaled \$205 million. The three supplemental items following our recent conversations would add an additional \$97.5 million to the request, resulting in a revised biennial total of \$302.5 million.

The University's priority remains supporting our Core Mission, providing for the new Minnesota Resident Scholarship program, and Systemwide Safety and Security. The Scholarship Program is targeted to Minnesota residents for undergraduate students and is a key component in supporting the University's efforts to hold tuition rates down and recruit Minnesota students to our campuses. As we discussed, however, recent enrollment forecasts have indicated an even more serious enrollment challenge than previously predicted, so funding the supplemental items for the American Indian Scholars Program, the Enrollment-Driven Tuition Shortfall, and the Resident Undergraduate Tuition Freeze would further support our efforts.

Respectfully, we ask that you accept this revised biennial request from the University of Minnesota, contingent on Board of Regents approval. We remain committed to serving the needs of the state of Minnesota and we appreciate your support of this updated request.

Sincerely,



Myron Frans
Senior Vice President for Finance and Operations

cc. Governor Tim Walz
Lt. Governor Peggy Flanagan
Sydney Spreck, Policy Advisor, Office of Governor Walz and Lt. Governor Flanagan
Senator John Marty, Chair, Senate Finance Committee
Representative Liz Olson, Chair, House Ways and Means Committee
Senator Kari Dziedzic, Majority Leader
Representative Melissa Hortman, Speaker of the House
Sean Rahn, Executive Director, Majority Caucus
Carly Melin, Chief of Staff, DFL
Jim Schowalter, Commissioner, MN Management and Budget
Dennis Olson, Commissioner, MN Office of Higher Education
President Joan T.A Gabel
Bill Haldeman, Chief Strategy Officer, Office of the President
Kate Stuckert, Director of Operations, Office of the President
Matt Kramer, Vice President for University Relations



University of Minnesota
2024-2025 Biennium
Revised Legislative Request – 3/1/23

Biennial Request Submitted 10/22

Item	FY2024	FY2025	Biennium
Core Mission Support	\$45,000	\$90,000	\$135,000
MN Resident Scholarship	\$30,000	\$30,000	\$60,000
Systemwide Safety and Security	\$5,000	\$5,000	\$10,000
Original Total	\$80,000	\$125,000	\$205,000

Additional Request Items (pending Board of Regents approval on 3/10/23)

Item	FY2024	FY2025	Biennium
American Indian Scholars Program	\$4,500	\$4,500	\$9,000
Enrollment Driven Tuition Shortfall	\$24,000	\$24,000	\$48,000
Resident Undergraduate Tuition Freeze	\$13,500	\$27,000	\$40,500
Total – Additional Items	\$42,000	\$55,500	\$97,500

**Core Mission Support**

FY24: \$45 million FY25: \$90 million FY24-25 Total: \$135 million

Address inflationary core cost increases of U of M's critical research, education and outreach activities in conjunction with administrative cost reductions and tuition revenue. The U of M's core missions are funded by state appropriations and tuition. Committed to solving our state's grand challenges, educating our workforce, and strengthening local communities, the University of Minnesota faces a projected increase of \$90M in inflationary costs annually starting in FY24. The University of Minnesota is proposing a partnership with the state and is requesting 50% of the resources needed to address the \$90 million projected inflationary increase.

Minnesota Resident Scholarship

FY24: \$30 million FY25: \$30 million FY24-25 Total: \$60 million

Recruit and retain approximately 13,000 to 15,000 Minnesota undergraduate residents through financial aid, while increasing enrollment at the University's Greater Minnesota campuses and reducing the student debt of first generation students on the Twin Cities campus.

Systemwide Safety and Security

FY24: \$5 million FY25: \$5 million FY24-25 Total: \$10 million

Modernize systemwide security infrastructure such as building access controls and cameras. On the Twin Cities campus, replace aging equipment and vehicles, and hire additional public safety staff and add a new K-9 unit. With millions already spent by the U of M, state support is critical to improve safety in and around our campuses, reduce crime, improve officer response time, and reduce reliance on overtime and other agencies.

American Indian Scholars Program

FY24: \$4.5 million FY25: \$4.5 million FY24-25 Total: \$9 million

Provide full tuition and fee scholarships for eligible Minnesota American Indian students to complete an undergraduate education at any of the University of Minnesota's five campuses. All Minnesota residents who are enrolled members or citizens of any federally recognized American Indian or Canadian First Nation tribe would be eligible, and all enrolled members or citizens of a Minnesota Tribal Nation, regardless of resident status would be eligible.

Enrollment Driven Tuition Shortfall

FY24: \$24 million FY25: \$24 million FY24-25: \$48 million

Offset recently forecasted tuition revenue shortfalls across most colleges and campuses of the University of Minnesota system, driven by a variety of factors exacerbated by the COVID-19 pandemic. Compared to previously estimated enrollment, the University is seeing a reduction in transfer students, nonresidents and freshmen at some campuses, and a decrease in students continuing into years two through four. It appears a variety of changes since the on-set of the pandemic, including a decrease in community college enrollment, more job opportunities, family financial hardships, a desire to stay close



to home, health challenges and academic struggles coming out of high school, are leading to these results. In addition, the three and four-year graduation rates have increased for students taking advantage of pre-college credits and higher credit loads while in college.

Resident Undergraduate Tuition Freeze

FY24: \$13.5 million FY25: \$27 million FY24-25: \$40.5 million

Hold tuition flat for all resident, undergraduate students across all five campuses for both years of the biennium. Early modeling suggests that if the University receives its request for Core Mission Support and the Enrollment Drive Tuition Shortfall in full, a tuition rate increase of approximately 3.5% on the Twin Cities campus and 1% on the other campuses would still be necessary to fund projected cost increases. Providing this \$40.5 million on top of those other two requests would allow the University to hold the tuition rates flat.