# UNIVERSITY OF MINNESOTA

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09 - 0284

November 20, 2008

To: Tom Hanson, Commissioner, Minnesota Management and Budget
Susan Heegaard, Director, Minnesota Office of Higher Education

From: Richard Pfutzenreuter, Vice President & CFO, University of Minnesota Fitz

Re: Performance Goals

I am writing to certify that the University of Minnesota has met four of the five performance goals set forth in the Higher Education Appropriations Bill for the 2007-2008 biennium (H.F. No. 1063), and to ask for release of the 2 percent of the University's appropriation for FY 2009 that is tied to these goals. Note that in order to secure this funding the University was required to meet at least three of the five goals.

In September 2007, the University sent to your offices a proposal for how progress in meeting these goals would be measured. This was necessary because of ambiguity in the bill, especially with regard to the timing of various reports. This proposal was also reviewed with Senator Pappas, chair of the Higher Education Budget and Policy Division, and Representative Rukavina, chair of the Higher Education and Work Force Development Policy and Finance Division. This proposal is attached.

In the 2008 legislative session, language in the bill was amended to clarify that progress in meeting the goals was to be measured once over a two-year period rather than twice for each year of the biennium (2008 Regular Session, Chapter 298, Sec. 28). This is consistent with what the University proposed.

The University cannot yet determine whether it will meet the following measure, because the required NSF report will not be available until February or March of 2009.

- Measure 2: maintain or improve the University of Minnesota's rank in total research and development expenditures as reported by the National Science Foundation so that the ranking in the 2009 NSF report is higher than in the 2007 NSF report.

The University has, however, met the following four measures.

- Measure 1: increase the amount budgeted as institutional financial aid (i.e., University dollars) for the Founders Free Tuition Program so that it is greater in FY 2009 than in FY 2007.

As shown in the table below, funding for the Founders program is significantly higher in FY 2009 than in FY 2007.

| FOUNDERS FUNDING | | |
|---|---|---|
| | **FY 2007** | **FY 2009** |
| **Crookston** | $800,825 | $1,097,825 |
| **Duluth** | $4,852,555 | $6,667,555 |
| **Morris** | $1,223,906 | $1,598,906 |
| **Twin Cities** | $10,718,355 | $14,873,355 |
| **Total** | $17,595,643 | $24,237,643 |

- Measure 3: increase by at least five percent the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines in FY2008, as reported in FY 2009 in the IPEDS Completions Survey, over the number in FY 2006, as reported in FY 2007 in the IPEDS Completions Survey.

  The University awarded 4,813 degrees in STEM field in FY 2006. The University awarded 5,054 degrees in STEM fields in FY 2008, an increase of 5.01 percent.

  Detail by campus, degree level, and STEM field (i.e., 2-digit CIP category) is attached.

- Measure 4: increase funding for the Initiative for Renewable Energy and the Environment (IREE) so that the funding available from all sources is at least 5 percent greater in FY 2009 than in FY 2007.

  In FY 2007, IREE's budget was based solely upon $1,950,947 from Xcel Energy as their "CIP" obligation under the 2003 IREE authorizing language.

  For FY 2009, the Xcel CIP obligation (per 2007 Legislative authorization) is $2,293,277. In addition, IREE receives a University GOM allocation in the amount of $250,000 to support IREE core operations. The total of $2,543,277 is 30.4% more than funding for IREE in FY 2007.

- Measure 5: increase sponsored funding from business and industry so that funding in FY 2008, as reported in Levels and Trends in Sponsored Funding in FY 2009, is greater than funding in FY 2006, as reported in Levels and Trends in Sponsored Funding in FY 2007.

  Funded awards from business in industry were reported to be $50,658,325 in FY 2006 in the FY 2007 issue of Levels and Trends. Funded awards from business in industry will be reported to be $52,808,521 in FY 2008 in the FY 2009 issue of Levels and Trends.

Please let me know, if you have questions or if I can provide additional information.

## Specific Numerical Indicators for Performance Goals in The Higher Education Appropriations Bill for the 2007-2008 Biennium

The Higher Education Appropriations Bill for the 2007-2008 biennium (H.F. No. 1063) includes the following language regarding performance goals for the University of Minnesota (Sec. 5, Subd, 2, lines 17.19 – 18.21).

> One percent of the appropriation in this subdivision is available when the Board of Regents of the University of Minnesota demonstrates to the commissioner of finance that the board has met at least three of the five following performance goals:
>
> 1. increase financial support to pay the cost of attendance for students demonstrating financial need;
> 2. maintain or improve the University of Minnesota's rank in its national share of total research and development expenditures reported to the National Science Foundation over the 2007 ranking;
> 3. increase by at least five percent, compared to fiscal year 2007, the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines;
> 4. increase by at least five percent, compared to fiscal year 2007, the amount of financial support from key funding sources for renewable energy research; and
> 5. increase and improve interaction and research activity beneficial to business and industry.
>
> By October 1, 2007, the Board of Regents and the Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal.
>
> On or before April 1, 2008, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals.

The University of Minnesota will interpret the language above as follows.

The measure for each performance goal should be used to measure progress over the course of the biennium, not each year of the biennium. As a consequence, the one percent of the appropriation that is tied to the performance goals will not be available to the University until the second year of the biennium.

Dates should be interpreted as the dates of official reports for the relevant measure. In general, for each measure, performance is to be measured by comparing data officially reported in FY 2009 with data officially reported in FY 2007, which serves as the baseline.

Given these two principles, the following measures are appropriate for each of the five performance goals.

**Goal 1:** increase financial support to pay the cost of attendance for students demonstrating financial need.

**Measure 1:** increase the amount budgeted as institutional financial aid (i.e., University dollars) for the Founders Free Tuition Program so that it is greater in FY 2009 than in FY 2007.

**Goal 2:** maintain or improve the University of Minnesota's rank in its national share of total research and development expenditures reported to the National Science Foundation over the 2007 ranking.

**Measure 2:** maintain or improve the University of Minnesota's rank in total research and development expenditures as reported by the National Science Foundation so that the ranking in the 2009 NSF report is higher than in the 2007 NSF report.

**Goal 3:** increase by at least five percent, compared to fiscal year 2007, the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines.

**Measure 3:** increase by at least five percent the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines in FY2008, as reported in FY 2009 in the IPEDS Completions Survey, over the number in FY 2006, as reported in FY 2007 in the IPEDS Completions Survey.

**Goal 4:** increase by at least five percent, compared to fiscal year 2007, the amount of financial support from key funding sources for renewable energy research.

**Measure 4:** increase funding for the Initiative for Renewable Energy and the Environment so that the funding available from all sources is at least 5 percent greater in FY 2009 than in FY 2007.

**Goal 5:** increase and improve interaction and research activity beneficial to business and industry.

**Measure 5:** increase sponsored funding from business and industry so that funding in FY 2008, as reported in Levels and Trends in Sponsored Funding in FY 2009, is greater than funding in FY 2006, as reported in Levels and Trends in Sponsored Funding in FY 2007

## University of Minnesota STEM Degrees: 2005-06 and 2007-08

| inst | umdeggrp | CIP | CIP Name | 2005-06 | 2007-08 | % Change |
|---|---|---|---|---|---|---|
| UMNCR | ASSOCIATE | 01 | Agriculture, agriculture operations, and related sciences. | 15 | 8 | -46.67% |
| UMNCR | ASSOCIATE | 51 | Health professions and related clinical sciences. | 8 | 6 | -25.00% |
| UMNCR | BACHELORS | 01 | Agriculture, agriculture operations, and related sciences. | 53 | 55 | 3.77% |
| UMNCR | BACHELORS | 03 | Natural resources and conservation. | 35 | 34 | -2.86% |
| UMNCR | BACHELORS | 11 | Computer and information sciences and support services. | 1 | 1 | 0.00% |
| UMNCR | BACHELORS | 14 | Engineering. | 20 | 21 | 5.00% |
| UMNCR | BACHELORS | 26 | Biological and biomedical sciences. | 0 | 2 | --- |
| UMNCR | BACHELORS | 51 | Health professions and related clinical sciences. | 8 | 12 | 50.00% |
| UMNDL | BACHELORS | 03 | Natural resources and conservation. | 33 | 27 | -18.18% |
| UMNDL | BACHELORS | 11 | Computer and information sciences and support services. | 60 | 45 | -25.00% |
| UMNDL | BACHELORS | 14 | Engineering. | 107 | 103 | -3.74% |
| UMNDL | BACHELORS | 26 | Biological and biomedical sciences. | 148 | 153 | 3.38% |
| UMNDL | BACHELORS | 27 | Mathematics and statistics. | 33 | 27 | -18.18% |
| UMNDL | BACHELORS | 40 | Physical sciences. | 36 | 37 | 2.78% |
| UMNDL | BACHELORS | 51 | Health professions and related clinical sciences. | 37 | 55 | 48.65% |
| UMNDL | MASTERS | 11 | Computer and information sciences and support services. | 13 | 10 | -23.08% |
| UMNDL | MASTERS | 14 | Engineering. | 7 | 5 | -28.57% |
| UMNDL | MASTERS | 15 | Engineering technologies/technicians. | 24 | 8 | -66.67% |
| UMNDL | MASTERS | 26 | Biological and biomedical sciences. | 6 | 10 | 66.67% |
| UMNDL | MASTERS | 27 | Mathematics and statistics. | 12 | 15 | 25.00% |
| UMNDL | MASTERS | 40 | Physical sciences. | 15 | 12 | -20.00% |
| UMNDL | MASTERS | 51 | Health professions and related clinical sciences. | 17 | 20 | 17.65% |
| UMNMO | BACHELORS | 11 | Computer and information sciences and support services. | 16 | 12 | -25.00% |
| UMNMO | BACHELORS | 26 | Biological and biomedical sciences. | 41 | 33 | -19.51% |
| UMNMO | BACHELORS | 27 | Mathematics and statistics. | 8 | 8 | 0.00% |
| UMNMO | BACHELORS | 40 | Physical sciences. | 23 | 15 | -34.78% |
| UMNTC | BACHELORS | 01 | Agriculture, agriculture operations, and related sciences. | 129 | 129 | 0.00% |
| UMNTC | BACHELORS | 03 | Natural resources and conservation. | 101 | 116 | 14.85% |
| UMNTC | BACHELORS | 04 | Architecture and related services. | 185 | 173 | -6.49% |
| UMNTC | BACHELORS | 11 | Computer and information sciences and support services. | 142 | 121 | -14.79% |
| UMNTC | BACHELORS | 14 | Engineering. | 629 | 723 | 14.94% |
| UMNTC | BACHELORS | 26 | Biological and biomedical sciences. | 426 | 501 | 17.61% |
| UMNTC | BACHELORS | 27 | Mathematics and statistics. | 95 | 108 | 13.68% |
| UMNTC | BACHELORS | 40 | Physical sciences. | 147 | 168 | 14.29% |
| UMNTC | BACHELORS | 51 | Health professions and related clinical sciences. | 243 | 245 | 0.82% |
| UMNTC | DOCTORAL | 01 | Agriculture, agriculture operations, and related sciences. | 17 | 16 | -5.88% |
| UMNTC | DOCTORAL | 03 | Natural resources and conservation. | 16 | 15 | -6.25% |
| UMNTC | DOCTORAL | 11 | Computer and information sciences and support services. | 25 | 18 | -28.00% |
| UMNTC | DOCTORAL | 14 | Engineering. | 126 | 113 | -10.32% |
| UMNTC | DOCTORAL | 26 | Biological and biomedical sciences. | 72 | 68 | -5.56% |
| UMNTC | DOCTORAL | 27 | Mathematics and statistics. | 21 | 22 | 4.76% |
| UMNTC | DOCTORAL | 40 | Physical sciences. | 57 | 59 | 3.51% |
| UMNTC | DOCTORAL | 51 | Health professions and related clinical sciences. | 80 | 112 | 40.00% |
| UMNTC | FIRST PRFL | 51 | Health professions and related clinical sciences. | 523 | 552 | 5.54% |
| UMNTC | MASTERS | 01 | Agriculture, agriculture operations, and related sciences. | 29 | 36 | 24.14% |
| UMNTC | MASTERS | 03 | Natural resources and conservation. | 25 | 15 | -40.00% |
| UMNTC | MASTERS | 04 | Architecture and related services. | 93 | 129 | 38.71% |
| UMNTC | MASTERS | 11 | Computer and information sciences and support services. | 50 | 46 | -8.00% |
| UMNTC | MASTERS | 14 | Engineering. | 283 | 251 | -11.31% |
| UMNTC | MASTERS | 26 | Biological and biomedical sciences. | 97 | 106 | 9.28% |
| UMNTC | MASTERS | 27 | Mathematics and statistics. | 60 | 37 | -38.33% |
| UMNTC | MASTERS | 40 | Physical sciences. | 33 | 53 | 60.61% |
| UMNTC | MASTERS | 41 | Science technologies/technicians. | 8 | 4 | -50.00% |
| UMNTC | MASTERS | 51 | Health professions and related clinical sciences. | 325 | 384 | 18.15% |
| | | | | 4,813 | 5,054 | 5.01% |