

UNIVERSITY OF MINNESOTA

Twin Cities Campus

Office of Planning and Analysis

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To: President Eric Kaler
Robert Jones, Senior Vice President, Academic Administration
Karen Hanson, Senior Vice President for Academic Affairs and Provost

From: Peter M Radcliffe, Executive Director, Office of Planning and Analysis

Date: Wednesday, February 29, 2012

Re: Legislatively mandated performance measure update

The funding authorization for fiscal year 2013 requires the University of Minnesota to report to the legislative committees with primary jurisdiction over higher education finance and policy on or before April 1, 2012 the progress of the University toward achieving five performance goals. One percent of funding for fiscal year 2013 will be released when the Board of Regents demonstrates to the commissioner of management and budget that the University has met at least three of the five performance goals identified in the legislation.

One percent of the University of Minnesota's appropriation for fiscal year 2013 is contingent on meeting at least three of five performance goals identified in the funding legislation. The specific numerical indicators and definitions for the goals were agreed to by the Board of Regents and the Minnesota Office of Higher Education on September 9, 2011.

The five performance goals relate to:

- Institutionally provided financial aid to students
- Degrees awarded
- Twin Cities campus undergraduate graduation rates
- Research and development expenditures
- Sponsored expenditures funded by business and industry

Below is the information assembled on the progress of the University of Minnesota on the specific numerical indicators and definitions developed in consultation with the Minnesota Office of Higher Education, and approved by the Board of Regents.

Legislative language:

Minnesota Laws 2011, 1st Special Session, Chapter 5, authorizing funding for higher education in Minnesota, included language connecting one percent of the funding for the University of Minnesota for fiscal year 2013 to the achievement by the University of three of five specified performance measures. The relevant section of the law is below:

Sec. 5. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

| | | |
|-----------------------------------|----------------|---------------|
| Subdivision 1.Total Appropriation | \$ 547,501,000 | \$547,501,000 |
| Appropriations by Fund | 2012 | 2013 |

| | | |
|--------------------|-------------|-------------|
| General | 545,344,000 | 545,344,000 |
| Health Care Access | 2,157,000 | 2,157,000 |

The amounts that may be spent for each purpose are specified in the following subdivisions.

| | | |
|-------------------------------------|-------------|-------------|
| Subd. 2. Operations and Maintenance | 483,881,000 | 483,881,000 |
|-------------------------------------|-------------|-------------|

- (a) This appropriation includes funding for operation and maintenance of the system.
- (b) This appropriation includes money for the Veterinary Diagnostic Laboratory to preserve accreditation.
- (c) During the biennium, the Board of Regents is encouraged to at least proportionally reduce spending for administration relative to spending reductions in other budget areas.
- (d) One percent of the fiscal year 2013 appropriation in this subdivision is available in fiscal year 2013 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met at least three of the following five performance goals:
 - (1) increase the amount of institutional financial aid so that it is greater in fiscal year 2012 than in fiscal year 2010, excluding federal stimulus funding. Institutional financial aid includes funds from the University of Minnesota Foundation and the Minnesota Medical Foundation;
 - (2) produce at least 13,500 total degrees on all campuses in fiscal year 2012;
 - (3) increase the undergraduate four- and six-year graduation rates on the Twin Cities campus for 2011-2012, as reported in the federal completions survey, over the numbers for 2009-2010, as reported in the federal completion survey;
 - (4) produce total research and development expenditures, as reported to the National Science Foundation (NSF) for the University of Minnesota system so that the amount in the 2012 NSF report is not less than the amount in the 2010 NSF report; and
 - (5) produce sponsored funding from business and industry so that funding in fiscal year 2012, as reported to the Board of Regents in December of that year, is not less than funding in fiscal year 2010.

By October 1, 2011, the Board of Regents and the Minnesota 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, 2012, 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.

Update on progress:

The University of Minnesota has advanced on all five of the measures that were established. The baseline and current values of each measure are listed below:

**Performance Measures for University of Minnesota in Minnesota Laws 2011,
1st Special Session, Chapter 5**

Measure 1: Institutional Financial Aid

| | Base FY10 | Preliminary FY11 | Final FY12 |
|-----------------------------|----------------|---------------------|---------------|
| Institutional Financial Aid | \$ 176,300,000 | \$ 197,015,786 | n/a |

Measure 2: Total Degrees Awarded

| | Base Target Value FY10 | Preliminary FY11 | Final FY12 |
|-----------------------------|------------------------------|---------------------|---------------|
| Systemwide degrees awarded | 14,478 | 14,836 | n/a |
| Subtotals: degrees by level | | | |
| Undergraduate | 9,253 | 9,527 | n/a |
| Graduate | 4,414 | 4,458 | n/a |
| First Professional | 811 | 851 | n/a |

Measure 3: Twin Cities First-time, Full-time, Freshman Graduation Rate

| IPEDS Definition | Base 2006 Cohort | Preliminary 2007 Cohort | Final 2008 Cohort |
|---------------------------|---------------------|----------------------------|----------------------|
| Four-year graduation rate | 50.5% | 54.0% | n/a |

| IPEDS Definition | Base 2004 Cohort | Preliminary 2005 Cohort | Final 2006 Cohort |
|--------------------------|---------------------|----------------------------|----------------------|
| Six-year graduation rate | 70.6% | 70.5% | n/a |

| UofM Internal Definition | Base 2006 Cohort | Preliminary 2007 Cohort | Final 2008 Cohort |
|---------------------------|---------------------|----------------------------|----------------------|
| Four-year graduation rate | 50.2% | 54.0% | n/a |

| UofM Internal Definition | Base 2004 Cohort | Preliminary 2005 Cohort | Final 2006 Cohort |
|--------------------------|---------------------|----------------------------|----------------------|
| Six-year graduation rate | 70.4% | 70.5% | n/a |

Measure 4: NSF R&D Expenditures

| | Base FY09 | Preliminary FY10 | Final FY11 |
|----------------------|----------------|---------------------|---------------|
| NSF R&D Expenditures | \$ 741,000,000 | \$ 786,000,000 | n/a |

Measure 5: Business and industry sponsored expenditures

| | Base FY10 | Preliminary FY11 | Final FY12 |
|----------------------------|---------------|---------------------|---------------|
| B&I sponsored expenditures | \$ 35,400,000 | \$ 42,400,000 | n/a |