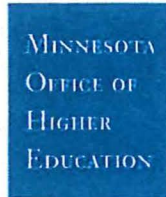


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MEMORANDUM OF UNDERSTANDING

between

University of Minnesota Board of Regents

and

Minnesota Office of Higher Education

regarding

Performance Measures for University of Minnesota in
Minn. Laws 2015, Chap. 69

The legislative language providing funding for the University of Minnesota for fiscal years 2016-2017 made five percent of the University's fiscal year 2017 funding conditional on meeting three of five performance measures. The University of Minnesota must achieve agreement with the Office of Higher Education (OHE) on the precise definition of the measures, and the University must report on its progress in achieving those measures. Proposed definitions and data availability expectations are outlined below. Funds would be released once the University of Minnesota has demonstrated to the Commissioner of Minnesota Management and Budget the achievement of the specified performance measures.

This document specifies the numerical indicators and definitions that will be used to document achievement of the performance measures.

Legislative Language

The language on performance measures in the final higher education appropriations bill for the University of Minnesota (Minn. Laws 2015, Chap. 69, Art. 1, Sec. 5, subd. 2) is as follows:

Five percent of the fiscal year 2017 appropriation specified in this subdivision is available according to the schedule in clauses (1) to (5) in fiscal year 2017 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met the following specified number of performance goals:

1. 100 percent if the board meets three, four, or five goals;
2. 67 percent if two of the goals are met;
3. 33 percent if one of the goals are met; and
4. zero percent if none of the goals are met.

The performance goals are:

- 1. increase by at least one percent the four-year, five-year, or six-year undergraduate graduation rates, averaged over three years, for students of color system-wide at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014;*
- 2. increase by at least two percent the total number of undergraduate STEM degrees, averaged over three years, conferred system-wide by the University of Minnesota reported in fiscal year 2016 over fiscal year 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;*
- 3. increase by at least one percent the four-year undergraduate graduation rate at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;*
- 4. for fiscal year 2016, reallocate \$15,000,000 of administrative costs. The Board of Regents is requested to redirect those funds to invest in direct mission activities, stem growth in cost of attendance, and to programs that benefit students; and*
- 5. increase licensing disclosures by three percent for fiscal year 2016 over fiscal year 2015.*

By August 1, 2015, 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, 2016, 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 appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals. All of the appropriation that is not available due to failure to meet performance goals is appropriated to the commissioner of the Office of Higher Education for fiscal year 2017 for the purpose of the state grant program under Minnesota Statutes, section 136A.121.

University of Minnesota Board of Regents and Minnesota Office of Higher Education
Agree Upon the Following Numerical Indicators and Definitions

1) System-wide graduation rates for students of color: A three-year average for the four-, five-, and six-year graduation rates for students of color, system-wide. The University will use current IPEDS definitions for race/ethnicity, and cohorts will include students that self-identify in the following categories. None of these categories include international students:

- American Indian: Self-identified primary ethnic background as an American Indian, Alaskan native or any of the original peoples of North America.
- Asian: Self-identified primary ethnic background in any of the original peoples of the Far East, South Asia, or the Indian subcontinent.
- Black: Self-identified primary ethnic background in any of the black racial groups of Africa (excluding persons of Hispanic origin).
- Hawaiian: Self-identified primary ethnic background in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands.
- Hispanic: Self-identified primary ethnic background in any of the original peoples of Hispanic America.
- Multiple Races: Self-identified ethnic background in two or more categories: American Indian, Asian, Black, Hawaiian, Hispanic, White.

Graduation rates will be calculated as the percent of first-time, full-time, degree-seeking freshmen in these cohorts beginning in fall semester on any campus in the University of Minnesota system who

graduate with a degree from a University of Minnesota campus by the end of summer term four, five, and six years after entry.

- a. The four-year graduation rate performance measure will be a three-year weighted average of the four-year, system-wide undergraduate graduation rate for freshmen students of color entering in Fall 2010, Fall 2011 and Fall 2012 and earning degrees from any University of Minnesota campus compared to the four-year, system-wide rate for freshmen students of color entering in Fall 2008, Fall 2009 and Fall 2010.
- b. The five-year graduation rate performance measure will be a three-year weighted average of the five-year, system-wide undergraduate graduation rate for freshmen students of color entering in Fall 2009, Fall 2010 and Fall 2011 and earning degrees from any University of Minnesota campus compared to the five-year, system-wide rate for freshmen students of color entering in Fall 2007, Fall 2008 and Fall 2009.
- c. The six-year graduation rate performance measure will be a three-year weighted average of the six-year system-wide undergraduate graduation rate for freshmen students of color entering in Fall 2008, Fall 2009 and Fall 2010 and earning degrees from any University of Minnesota campus compared to the six-year system-wide rate for freshmen students of color entering in Fall 2006, Fall 2007 and Fall 2008.

2) Undergraduate STEM degrees granted: A three-year average of the University of Minnesota's official degrees granted, as reported by the Office of Institutional Research, counting undergraduate degrees granted by the all University of Minnesota campuses in STEM (Science, Technology, Engineering, and Mathematics) fields but excluding certificates. Many definitions of STEM fields exist, and none is authoritative. For the performance measure, degrees in STEM fields will be identified by the first two digits of their associated Classification of Instructional Program (CIP) codes, in the following areas:

- CIP Code 01: Agriculture, Agriculture Operations and Related Sciences
- CIP Code 03: Natural Resources and Conservation
- CIP Code 04: Architecture and Related Services
- CIP Code 11: Computer and Information Sciences and Support Services
- CIP Code 14: Engineering
- CIP Code 15: Engineering Technologies and Technicians
- CIP Code 26: Biological and Biomedical Sciences
- CIP Code 27: Mathematics and Statistics
- CIP Code 40: Physical Sciences
- CIP Code 41: Science Technologies and Technicians
- CIP Code 51: Health Professions and Related Programs

Data is reported in November each year. Data can be found at the two-digit CIP code level on the Office of Institutional Research (OIR) web site: <http://www.oir.umn.edu/studentdegrees>.

- The performance measure will be an average of the total undergraduate STEM degrees awarded by all University of Minnesota campuses in fiscal years 2014, 2015 and 2016, compared to the average of the number of undergraduate STEM degrees awarded by the University in fiscal years 2012, 2013, and 2014.

3) Undergraduate freshman graduation rates: Following the definition used on the University of Minnesota Office of Institutional Research web site, the graduation rate would be calculated as the percent of first-time, full-time degree-seeking freshmen beginning in fall semester on any campus in the University of Minnesota system who graduate with a degree from a University of Minnesota

campus by the end of summer term four years after entry. These figures are calculated in the fall following the end of the fiscal year and reported to the University of Minnesota Board Of Regents at that time. For example, graduation rates for students earning degrees up to and including 2013-2014 were calculated in fall 2014 and reported to the Board of Regents in late 2014. The freshman

cohort counted in the four-year rate for that year entered in Fall Semester 2010. Data can be found on the OIR web site: http://www.oir.umn.edu/student/student/grad_retention.

The four-year graduation rate performance measure will be a three-year weighted average of the four-year undergraduate graduation rate of all system campuses combined for freshmen entering in Fall 2010, Fall 2011 and Fall 2012 and earning degrees from the University of Minnesota compared to the four-year undergraduate graduation rate of all system campuses combined for freshmen entering in Fall 2008, Fall 2009 and Fall 2010.

4) Administrative cost reallocation: The University will provide an itemized list of FY16 cost reallocations by campus and/or college. Function codes, defined by the National Association of College and University Business Officers and used by the federal government in the compilation of various required federal reports such as the Integrated Postsecondary Education Data System (IPEDS); offer a useful taxonomy in describing spending categories for higher education. In this categorization, expenditures are broadly classified as:

- a) instruction,
- b) research,
- c) public service,
- d) scholarships and fellowships,
- e) academic support,
- f) institutional support,
- g) student services,
- h) auxiliary operations, or
- i) operations and maintenance of plant.

For purposes of the performance measure, the University will provide a list of expenditure reductions implemented in FY16 (identifying unit, item and dollar amount) totaling at least \$15 million, that are not directly mission related (i.e., instruction, research, or public service) and that do not include reductions to scholarships and fellowships. Allowable administrative reallocations will involve the elimination of recurring expenditures by the end of FY16 that fall in the remaining, non-mission functional areas; categories e) through i) above.

5) Increase licensing disclosures: In order to adequately protect the intellectual property rights of the faculty, staff and the University as a whole, Board of Regents policy directs researchers to report and disclose any inventions or original creations that they believe have commercial or public value. This policy protects the University's intellectual property (i.e., inventions or software) and helps ensure that the University (and, as applicable the individual) is complying with reporting requirements based on government funding and external sponsored research agreements. Data collection is coordinated by the University's Office for Technology Commercialization, and the number of disclosures is reported to the Board of Regents annually as part of the annual report from the Vice President for Research.


The University, having just completed fiscal year 2015, does not yet have a final disclosure number for the most recently completed fiscal year. The annual research report to the Board of Regents normally occurs in December, at which time this number is considered official. For this performance measure, the University proposes to update the baseline value for this measure in December 2015, and report a final result for FY16 in December 2016.

Baseline values for proposed measures:

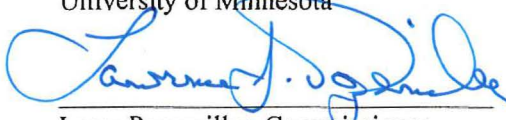
Measure	Baseline value	Notes
1a) 4 yr students of color grad rates	43.1%	Freshmen Fall 2008/09/10
1b) 5 yr students of color grad rates	59.4%	Freshmen Fall 2007/08/09
1c) 6 yr students of color grad rates	62.7%	Freshmen Fall 2006/07/08
2) Average number of STEM degrees as defined by CIP codes	3797	Average degrees awarded academic year 2012/13/14
	2557	FY2010/11/12
3) 4 yr system undergraduate grad rate	52.5%	Freshmen Fall 2008/09/10
4) Administrative cost reallocations	NA	Target in legislation
5) Licensing disclosures	343 (est.)	FY2015 estimate official numbers available December 2015

Data availability for proposed measures:

Measure	Available
1) Students of color graduation rates	Late Fall 2016
2) Total UG STEM degrees awarded	November 2016
3) System undergraduate grad rate	Late Fall 2016
4) Administrative cost reallocations	Early Fall 2016
5) Licensing disclosures	December 2016


 Eric Kaler, President
 University of Minnesota

8/10/15
 Date


 Larry Pogemiller, Commissioner
 Minnesota Office of Higher Education

8/17/15
 Date

