

Message to the Board of Regents
in support of the FY2012 Recommended Provisional Budget

President Robert H. Bruininks

Remarks as prepared

Chair Allen and Regents: We won't re-present the budget to you this morning, although we do have our full presentation available as needed during the discussion. Instead, I would like to make a few brief opening comments at the beginning of your deliberations today. I'd like to begin where we left off—with a few important summary conclusions needed to fully understand this provisional budget and the U's unique responsibilities to our students and the state.

First: the cuts proposed by the legislature are simply too deep. This proposed reduction of \$242M from the University's forecast base in this biennium follows a \$193M two-year reduction in the current biennium—reducing the University's state appropriation to below 1998 levels, when our freshmen were in kindergarten. These cuts are disproportionately large in relation to the University's share of the state's budget challenge, especially given the University's extraordinary return on state investment. In the past five years, Minnesota has been in the bottom 40 percent of states in terms of annual state allocations to public universities. In the next two years, given these proposed reductions, Minnesota will be in bottom 25 percent. And the budget challenge we face is far bigger than just the state budget cut—we also face rising costs and obligatory expenses.

Second: the University is doing its part to address the state's budget challenge by setting tough priorities, reducing costs, increasing non-state resources, and protecting students. We have continued to resolve our budget challenge by achieving two-thirds of the solution through reduced costs, program reductions, and deferred investments, and one-third through revenue increases—primarily tuition. Faculty and staff are again

facing the prospect of a salary and wage freeze (subject to collective bargaining)—as well as additional responsibility for fringe benefit costs. Reductions have been targeted and differential to academic and support units.

Third, the U is doing its part to protect students and families from the brunt of these state budget reductions. Given the magnitude of the state cuts we face, I believe that the proposed 5 percent tuition increase for undergraduates is modest and reasonable. Cost of attendance, which includes tuition and fees plus room and board, will go up just 4 percent next year. We are also maintaining our strong commitment to scholarships and affordable access, especially for Minnesota students with financial needs.

This is a balanced budget, but at what cost? Again, this reduction takes us back to 1998 levels. Our employees to continue to sacrifice, set priorities, and make difficult decisions in order to ensure that we are well positioned to protect essential jobs and the University's quality and services, despite these deep state budget cuts. The University has achieved a very high level of increased efficiency and productivity, thanks to an extraordinarily productive workforce. From FY2001 through FY2010, the University's total employee headcount is up 6.9 percent, or 0.7 percent per year. State appropriation per full-year equivalent student over this period is down 11.5 percent. Yet during the same period:

- full-year equivalent students per employee are up 11.9 percent,
- degrees per employee are up 31.8 percent, and
- sponsored research funding per employee is up 50.2 percent.

In any context, this record represents a very significant gain in productivity. Thanks to your strong support as Regents and the creativity and discipline of the University's senior leadership team, during my term as president (FY2003 through the present) the growth of the University's employee headcount is even slower: just 1.6 percent, or less

than 0.2 percent per year. During that time, this University has recruited more and better-prepared students; improved the student experience through the all-University Honors program and other initiatives; retained and graduated those students in higher numbers; raised unprecedented private support for scholarships, fellowships, and the University's academic mission; grown its research enterprise to garner record levels of federal and other non-state support; transformed our technology commercialization processes, which has helped in creating at least 14 new companies in the past two years; and managed existing resources in order to sustain this momentum despite three separate, historically deep state budget cuts.

I'd like to share an example of the kind of extraordinary productivity I'm talking about. Last week, the University announced a \$51M Clinical and Translational Science Award grant. Every year the NIH invests nearly \$30B as fuel for the discovery that is the hallmark of U.S. academic health sciences work. Of that, they've dedicated about \$2.4B over the past five years and next five years to these Clinical and Translational Science Awards. With this award, the University joined 59 other institutions in the country with such an award.

I want to acknowledge the incredible amount of work of close to 175 faculty, staff, and administrators—including P&A, civil service, and union employees—involved in the effort to write, compete for, and now, execute the terms of this highly sought-after grant. Being part of this consortium means we are better positioned to be a leader in moving health sciences discovery more efficiently into improving health for our families and communities. This grant recognizes the investment our state and our University have made in our clinical research support structure: in nurse administrators; in the people who understand FDA regulations and can help with submissions for trial approval; in the people who answer the phones and schedule our study space; and in the development of a health informatics program, the emerging discipline that will ensure that what we learn in one part of the country is quickly shared with all. Most of

the people who will manage this significant project are not faculty. Without their contribution, we would not be among the leading institutions in this country within the CTSA program.

Clearly, with minimal state investment and very modest growth in our employee base, the U has done an exceptional job of controlling costs, increasing productivity, growing revenue, and improving results for students and the state. Unfortunately, today Minnesota is among the leading states in the nation in reducing funding for higher education. This is a disappointing—indeed, a dismal—budget. I regret that I have the responsibility, for the third time in nine years, to present a budget to address deep state reductions to the University of Minnesota. I fervently hope our state leaders will improve this budget to better protect the University's quality, reduce the impact on students and families, and create future opportunities like the inspiring CTSA award, so that the University can remain competitive and advance Minnesota's economic growth and quality of life. I recommend the Board adopt this provisional budget as presented so that the University can preserve important services and obligations for this fiscal year, and I further urge the Minnesota legislature to reduce the proposed deep cuts to the University's budget for FY2012 and FY2013. I look forward to a robust discussion.