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University Of Minnesota

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AT A GLANCE

Campuses located in Crookston, Duluth, Morris, Rochester, and the Twin Cities; ten research and outreach centers across MN; MN Extension serves all 87 counties

Teaching & Learning - 68,366 students, including undergraduate, graduate, professional, and non-degree

- 73% of all degree-seeking undergraduate students systemwide are from Minnesota
- Over two-thirds of employed graduates work for an organization in Minnesota

Research & Discovery - Over \$1.2 billion in systemwide research expenditures annually

- 23 new startups launched in 2023; 250+ start-up companies since 2006
- Twin Cities campus is ranked 12th among U.S. public research institutions

Outreach & Public Service – Outreach and public services impacting communities statewide such as:

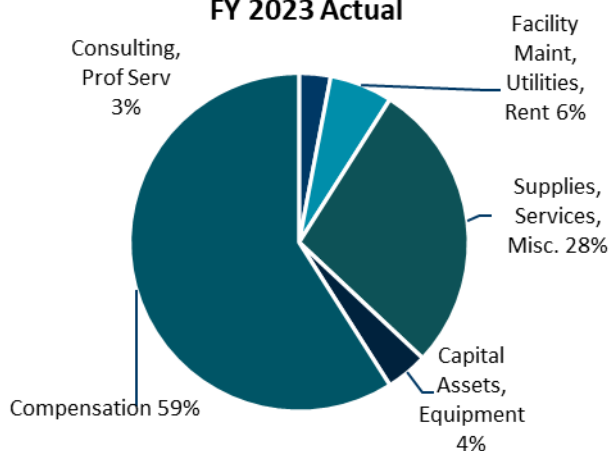
- Clinical care for Minnesotans, including 13+ M Physicians clinics, mobile health and dental units, and partnerships with the University Community Health Care Center (CUHCC) and other health systems
- Minnesota's 4H program, serving 40,000 youth across the state each year
- Interlibrary Loan Program, lending 24,036 books to Minnesotans last year (collaboration with OHE)
- Other statewide resources, such as the Bell Museum and Landscape Arboretum

PURPOSE

The University of Minnesota's mission, within Minnesota's higher education system, is to "offer undergraduate, graduate, and professional instruction through the doctoral degree and shall be the primary state supported academic agency for research and extension services" (MN Statute 135A.052). The University's working mission is threefold: teaching and learning, research and discovery, and outreach and public service. As one of the nation's top research institutions and the state's only land grant university, the University of Minnesota is committed to providing world-class learning, discovery, and service to improve outcomes for all Minnesotans and the world.

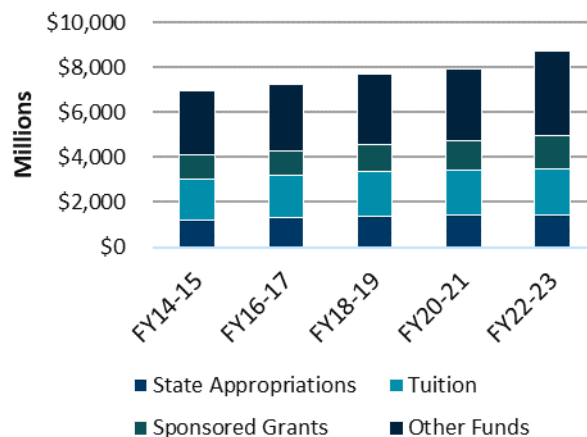
BUDGET

**Spending by Category
FY 2023 Actual**



Source: University of Minnesota, General Ledger

Historical Revenue



Source: University of Minnesota, General Ledger

The University's \$4.4 billion in total revenue for FY 2023 includes funding from a variety of sources: tuition (23%); restricted sources such as philanthropy, grants, and contracts (20%); sponsored research grants from federal government and other sources (17%); state appropriation (16%); miscellaneous income from sales, fees, etc. (15%); and auxiliary business operations (9%). The University's budget funds the Crookston, Duluth, Morris, Rochester, and Twin Cities campuses as well as ten research and outreach centers, a multitude of research centers and institutes, and fifteen regional Extension offices with services in all 87 counties. Across those campuses and organizations, there are fifty unique budgeting units (Greater MN campuses, Twin Cities colleges, major support departments, etc.). The University uses its state operations and maintenance appropriation for all aspects of the University system.

The University values its partnership with the State of Minnesota to deliver its mission and responsibilities, as defined in state statute. Over the last two decades, as the proportion of state general fund dollars allocated to higher education has decreased, the University has become more reliant on tuition and other non-state revenues. Growth in the state operations and maintenance and state special appropriations, which provide the base level funding for the University's core functions and operations, have lagged inflation and not kept pace with general growth in University activities. As a result, the University has relied on tuition increases and budget cuts to fund core operations, provide salary adjustments for employees, and address ever-changing student service needs and growth in research.

STRATEGIES

The University of Minnesota is a unique partner in Minnesota's higher education ecosystem. Linkages between our three missions – education, research, and outreach - mean that students benefit both academically and in their careers from research and outreach experiences and working alongside world-renowned faculty. This collaborative work also benefits Minnesota communities. Whether they are undergraduate students participating in a new startup or professional students providing care and services in urban and rural areas in the fields of medicine, dentistry, and public health: the University of Minnesota's contributions are unique.

As a leading national university, the University of Minnesota attracts top-tier faculty, staff and students whose contributions benefit the state, our nation and the world. To maintain our commitment to excellence as state general fund dollars make up a smaller proportion of University resources, the University anticipates it will need to prioritize specific programs, services, and activities while reducing and eliminating others in order to maintain excellence - ultimately impacting our students and Minnesota, more generally. It is with this in mind that the University will embark on a new strategic planning process in fiscal year 2025 under the leadership of President Rebecca Cunningham, and the new plan will guide our actions starting in the FY 2026-2027 biennium.

Over the next biennium, the University of Minnesota's efforts will continue to capitalize on the strengths of each campus and Minnesota Extension:

- **Crookston Campus:** With 75+ majors, minors, and certificates and 300+ scholarship opportunities, the University of Minnesota Crookston is known for its campus-based experiential learning and is also one of the nation's pioneers in online and distance education. Since COVID, the Crookston campus has shown increased enrollment and improved retention. 93% of Crookston grads find jobs in their field.
- **Duluth Campus:** The University of Minnesota Duluth has 87 majors and 24 graduate fields of study and blends the benefits of a great location, a personalized learning experience, and meaningful research on a medium-sized campus with over 9,000 students. The campus has an annual economic impact of over \$500 million on the region, and 98% of graduates report being employed or continuing their education.
- **Morris Campus:** The University of Minnesota Morris is a nationally ranked, residential, undergraduate liberal arts campus with a deep commitment to environmental sustainability and access to higher education. The "Morris experience" emphasizes faculty-student collaborative research, leadership and study abroad opportunities, and community engagement. The Morris campus offers an option for a three-year graduation plan for each of its 32 majors.

- **Rochester Campus:** The University of Minnesota Rochester offers distinctive health sciences education to prepare students for a broad range of Minnesota's high-demand health careers. Having closed the achievement gap with a student body that reflects Minnesota's diversity, Rochester's national model for "College-in-3" is designed to increase student success while decreasing student costs.
- **Twin Cities Campus:** The University of Minnesota Twin Cities campus enrolled 54,890 undergraduate, graduate, professional, and non-degree students in Fall 2023 and is one of only five campuses in the U.S. with schools of engineering, medicine, veterinary medicine, law, and agriculture on a single campus – all of which serve communities and various sectors that drive Minnesota's economy. Because of the Twin Cities campus size and scope of programs, unique opportunities exist for interdisciplinary education, research, and outreach. U.S. News and World Report ranks the Twin Cities campus as #23 among US public universities, and the National Science Foundation-HERD survey ranks it 12th among that same group. The interdisciplinary nature and breadth of Twin Cities campus programs attracts high caliber faculty and students from Minnesota and across the globe – ultimately building Minnesota's workforce, fueling the economy, and strengthening communities across the state.
- **Minnesota Extension:** Extension researchers and educators engage individuals and organizations in asking challenging questions to discover science-based answers. They build a better future for Minnesotans by bringing University science-based knowledge, expertise, and training to everyday problems. Extension works in rural, suburban, urban, and tribal communities and serves more than 1 million people through Extension education.

RESULTS

The University of Minnesota's community of dedicated faculty and staff drive excellence across its three missions of teaching and learning, research and discovery, and outreach and public service. To measure the University's progress towards its strategic goals, the University has utilized a series of performance measures. Current results are showcased on a Progress Card (see <https://www.president.umn.edu/mpact-2025>). Below is a small sample of recent progress card measures and their associated results. Measures will be updated in summer 2025 as the current strategic plan concludes and the next begins.

- Over 10% of Minnesota High School graduates attend one of the University's five campuses as freshman.
- The University offers over \$300M in institutional gift aid for our students, yielding the lowest net price of any 4-year institution in Minnesota for families earning less than \$110,000.
- Average student debt is \$1,545 below the national average, and 48% of undergraduate students systemwide graduate with no debt.
- Over 32% of University freshman systemwide identify as BIPOC, and over 20% are from underrepresented populations.
- Twin Cities campus has a 75% 4-year graduation rate, and an 85% 6-year graduation rate.
- The University of Minnesota Medical School was ranked #24 in the nation in 2023 by the Blue Ridge Institute for Medical Research, outperforming Mayo for a second consecutive year.
- All five campuses have achieved the Carnegie Community Engaged designation.

The following table classifies the above measures and highlights trends over the course of the strategic plan:

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Percent of MN high school graduates who attend the U of M campuses as freshmen	Results	Minnesota Department of Education & UMN UDIR (University Data & Institutional Reporting) New Student Characteristics data set	Baseline (2020-21, for 2019 grad year): 10.4% Trend: Increasing	2023-24, for 2022 grad year: 10.6%

Measure name	Measure type	Measure data source	Historical trend	Most recent data
Institutional gift aid	Quantity	UMN Office of Undergraduate Education student finance data	Baseline (2020-21, for 2020 aid year): \$281M Trend: Increasing	2023-24, for 2023 aid year: \$307.3M
Average student debt for those who borrow relative to the national average	Results	UMN Office of Undergraduate Education / University Finance & Common Data Set (CDS)	Baseline (2020-21, for 2019 grad year): \$2,155 below the national average Trend: Decreasing	2023-24, for 2022 grad year: \$1,545 below the national average
Percent of University freshman systemwide who identify as BIPOC / % from underrepresented populations	Results	UDIR (University Data & Institutional Reporting) STIX official enrollment data set (10th day of Twin Cities undergraduate term)	Baseline (2020-21, for Fall 2020 new freshmen): 26.1% BIPOC / 15.5% under-represented Trend: Increasing	2023-24, for Fall 2023 new freshmen: 32.3% BIPOC / 20.5% under-represented
4-year graduation rate - Twin Cities Campus	Results	UDIR (University Data & Institutional Reporting) Retention & Graduation official data set (last Monday of October)	Baseline (2020-21, for Fall 2016 new TC freshmen): 72.7% Trend: Increasing	2023-24, for Fall 2019 new TC freshmen: 74.5%
6-year graduation rate - Twin Cities Campus	Results	UDIR (University Data & Institutional Reporting) Retention & Graduation official data set (last Monday of October)	Baseline (2020-21, for Fall 2014 new TC freshmen): 84.5% Trend: Increasing	2023-24, for Fall 2017 new TC freshmen: 85.0%
Medical School's NIH Blue Ridge Ranking	Results	Blue Ridge Institute for Medical Research: https://brimr.org/brimr-rankings-of-nih-funding-in-2023/	Baseline (2020-21, for federal fiscal year ending 30 September 2019): 27 Trend: Rank is elevating	2023-24, for federal fiscal year ending 30 September 2023: 24th in the nation
Achieve Carnegie Community Engaged designation	Quality	Carnegie Classification of Institutions of Higher Education (https://carnegieclassifications.acenet.edu/wp-content/uploads/2024/01/Carnegie_CurrentClassificationInstitutions.pdf)	Baseline (2020-21): Morris and Twin Cities	2023-24: All five campuses achieved this designation

The full “University Performance and Accountability Report” (see <https://president.umn.edu/mpact-2025>), is required under the University’s charter, 1851 Territorial Laws, Chapter 3, Section 16, where it states that “[the regents shall] make a report annually, to the Legislature...exhibiting the state and progress of the University...and such other information as they may deem proper*---- or may from time to time be required of them.” The

University of Minnesota's Performance and Accountability Report, along with the University Progress Card, is updated and formally reviewed and approved by the Board of Regents.

Minnesota Statutes 137 (<https://www.revisor.mn.gov/statutes/cite/137>) provides the legal authority for the University of Minnesota.

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
<u>Expenditures by Fund</u>						
1000 - General	690,519	690,506	769,928	758,382	749,014	749,014
2000 - Restrict Misc Special Revenue	22,373	22,363	22,355	22,571	22,362	22,362
2018 - Agriculture			800	75	100	100
2050 - Environment & Natural Resources	13,624	15,153	18,807	62,439		
2302 - Clean Water	2,673	1,295	1,500	2,500		
2340 - Renewable Development	10,000					
2360 - Health Care Access	2,157	2,157	2,157	2,157	2,157	2,157
2390 - Workforce Development				250		
4925 - Family and Medical Benefit Ins				1,372		
6000 - Miscellaneous Agency	6,279	1,228	8,915	706	483	487
Total	747,625	732,703	824,462	850,452	774,116	774,120
Biennial Change				194,587		(126,678)
Biennial % Change				13		(8)

Expenditures by Program

Permanent University Fund	6,279	1,228	8,915	706	483	487
Maintenance and Operations	621,831	621,818	686,558	677,666	672,294	672,294
Agriculture Special	42,922	42,922	42,922	42,922	42,922	42,922
Health Science Special	33,611	33,611	33,611	33,611	33,611	33,611
Technology Special	1,140	1,140	1,140	1,140	1,140	1,140
System Specials	7,431	7,431	9,181	9,181	7,181	7,181
LCMR/MN Resources	13,624	15,153	18,807	62,439		
Special Projects	12,796	1,408	15,337	14,796	8,494	8,494
U/Mayo Partnership	7,991	7,991	7,991	7,991	7,991	7,991
Total	747,625	732,703	824,462	850,452	774,116	774,120

Expenditures by Category

Operating Expenses	19,557	19,557				
Grants, Aids and Subsidies	728,068	713,146	824,462	850,452	774,116	774,120
Total	747,625	732,703	824,462	850,452	774,116	774,120

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base	
	FY22	FY23	FY24	FY25	FY26	FY27
1000 - General						
Balance Forward In		137				
Direct Appropriation	690,656	690,656	765,596	752,832	744,982	744,982
Transfers In	17,400	17,400	4,332	5,550	4,032	4,032
Transfers Out	17,400	17,687				
Balance Forward Out	137					
Expenditures	690,519	690,506	769,928	758,382	749,014	749,014
Biennial Change in Expenditures				147,285		(30,282)
Biennial % Change in Expenditures				11		(2)

2000 - Restrict Misc Special Revenue

Balance Forward In	0		14	209		
Direct Appropriation	22,250	22,250	22,250	22,250	22,250	22,250
Transfers In	122	127	300	112	112	112
Balance Forward Out		14	209			
Expenditures	22,373	22,363	22,355	22,571	22,362	22,362
Biennial Change in Expenditures				190		(202)
Biennial % Change in Expenditures				0		(0)

2018 - Agriculture

Transfers In			800	75	100	100
Expenditures			800	75	100	100
Biennial Change in Expenditures				875		(675)
Biennial % Change in Expenditures						(77)

2050 - Environment & Natural Resources

Balance Forward In	34,041	36,945	41,205	36,514		
Direct Appropriation	16,893	19,605	14,584	25,761	0	0
Transfers In				164		
Transfers Out	78					
Cancellations	287	191	468			
Balance Forward Out	36,945	41,205	36,514			
Expenditures	13,624	15,153	18,807	62,439		
Biennial Change in Expenditures				52,469		(81,246)

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base FY26 FY27	
Biennial % Change in Expenditures				182		(100)

2302 - Clean Water

Direct Appropriation	2,673	1,295	1,500	2,500	0	0
Expenditures	2,673	1,295	1,500	2,500		
Biennial Change in Expenditures				32		(4,000)
Biennial % Change in Expenditures				1		(100)

2340 - Renewable Development

Direct Appropriation	10,000					
Expenditures	10,000					
Biennial Change in Expenditures				(10,000)		0
Biennial % Change in Expenditures						

2360 - Health Care Access

Direct Appropriation	2,157	2,157	2,157	2,157	2,157	2,157
Expenditures	2,157	2,157	2,157	2,157	2,157	2,157
Biennial Change in Expenditures				0		0
Biennial % Change in Expenditures				0		0

2390 - Workforce Development

Direct Appropriation				250	0	0
Expenditures				250		
Biennial Change in Expenditures				250		(250)
Biennial % Change in Expenditures						

4925 - Family and Medical Benefit Ins

Direct Appropriation				1,372	0	0
Expenditures				1,372		
Biennial Change in Expenditures				1,372		(1,372)
Biennial % Change in Expenditures						

6000 - Miscellaneous Agency

(Dollars in Thousands)

	Actual FY22	Actual FY23	Actual FY24	Estimate FY25	Forecast Base	
					FY26	FY27
Transfers In	6,279	1,228	8,915	706	483	487
Expenditures	6,279	1,228	8,915	706	483	487
Biennial Change in Expenditures				2,114		(8,651)
Biennial % Change in Expenditures				28		(90)

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
Direct				
Fund: 1000 - General				
FY2025 Appropriations	752,832	752,832	752,832	1,505,664
Base Adjustments				
All Other One-Time Appropriations		(2,500)	(2,500)	(5,000)
Current Law Base Change		(5,350)	(5,350)	(10,700)
Forecast Base	752,832	744,982	744,982	1,489,964
Fund: 2000 - Restrict Misc Special Revenue				
FY2025 Appropriations	22,250	22,250	22,250	44,500
Forecast Base	22,250	22,250	22,250	44,500
Fund: 2050 - Environment & Natural Resources				
FY2025 Appropriations	25,761	25,761	25,761	51,522
Base Adjustments				
All Other One-Time Appropriations		(25,761)	(25,761)	(51,522)
Forecast Base	25,761			
Fund: 2302 - Clean Water				
FY2025 Appropriations	2,500	2,500	2,500	5,000
Base Adjustments				
One-Time Legacy Fund Appropriations		(2,500)	(2,500)	(5,000)
Forecast Base	2,500			
Fund: 2360 - Health Care Access				
FY2025 Appropriations	2,157	2,157	2,157	4,314
Forecast Base	2,157	2,157	2,157	4,314
Fund: 2390 - Workforce Development				
FY2025 Appropriations	250	250	250	500
Base Adjustments				
All Other One-Time Appropriations		(250)	(250)	(500)
Forecast Base	250			
Fund: 4925 - Family and Medical Benefit Ins				
FY2025 Appropriations	1,372	1,372	1,372	2,744
Base Adjustments				
All Other One-Time Appropriations		(1,372)	(1,372)	(2,744)
Forecast Base	1,372			

(Dollars in Thousands)

	FY25	FY26	FY27	Biennium 2026-27
<i>Dedicated</i>				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	132	112	112	224
Forecast Base	132	112	112	224
Fund: 2018 - Agriculture				
Planned Spending	75	100	100	200
Forecast Base	75	100	100	200

Change Item Title: Core Mission

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	120,000	120,000	120,000	120,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	120,000	120,000	120,000	120,000

Request:

The University of Minnesota requests a \$120 million increase to its base Operations and Maintenance general fund appropriation beginning in FY 2026 to maintain the University’s breadth of educational programs, student services, and outreach efforts as well as the University’s national reputation as a highly ranked research university. This additional state funding will contribute to holding down tuition increases across the FY 2026-2027 biennium; supporting student services; ensuring delivery of high-quality instruction, research, and public service; and providing safe, maintained spaces for students, employees, and the many thousands of citizens that share our five campuses every year. This change item represents 2.5% of the University’s FY 2025 estimated total revenues (all funds), and a 16.2% annual increase to the University’s current base general fund appropriation.

Rationale/Background:

The University’s mission is threefold: teaching and learning, research and discovery, and outreach and public service. As the State’s only land grant and R1 research institution, the University has a unique responsibility to better the lives of Minnesotans. As one of the nation’s leading research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to fuel Minnesota’s economy and improve our quality of life. The value the University creates for all Minnesotans has never been higher: a strong University of Minnesota serves to strengthen the State of Minnesota and benefits its citizens.

Strong financial support from the State of Minnesota is instrumental to the University’s success. Of the University’s \$4.8 billion revenue budget for FY 2025 (excluding internal sales), the majority (63%) is restricted to use by the source of the funds or is directly related to sales and other miscellaneous revenue-generating activity where the revenues pay for the direct costs of the associated goods and services. For that portion of the budget, revenues are expected to grow to cover the cost increases, or University campuses and departments will implement spending reductions to address shortfalls. Those funds cannot be used to address inflationary increases or emerging needs in other areas.

It is the remaining 37% of University revenues from tuition and the unrestricted state Operations and Maintenance appropriation that must be directed to increasing costs and pressing investments in fundamental mission activities and the infrastructure necessary to support them. The only way these general operating revenues grow is through enrollment growth (which has limits and adds costs to support more students as well), a decision by the Board of Regents to increase tuition rates, or a decision by the State of Minnesota to increase the University’s Operations and Maintenance appropriation. As it does with its restricted funds, the University will continue to adapt its core mission activities and general operations to increase efficiencies, reorganize and restructure organizations, and reduce scope in targeted areas. This process allows the University to “self-fund” a

portion of the inflation, compensation costs, under-invested workforce and facility needs, and increases for backlogged or emerging needs.

However, the University cannot reduce costs and associated activities to cover all inflationary increases. If the tuition revenues or Operations and Maintenance appropriation from the state do not increase, the level of internal savings required to balance the budget will necessarily lead to a reduction in the breadth and depth of the University's impact, thus serving less of the needs of our future workforce and/or leading to higher tuition increases for our students and families of our state.

Proposal:

The University of Minnesota requests a \$120 million increase to its base Operations and Maintenance general fund appropriation to cover cost increases across the FY 2026-2027 biennium to maintain its strengths in instruction, research, and public service. Each fiscal year the University faces cost increases related to the broad array of work that is essential to maintaining quality service for our stakeholders:

- Teaching, learning and student services – including costs for instructors, classroom management, library materials, registration and records systems, and services to support the direct needs of students (financial aid guidance, advising, tutoring, mental health, career development, etc.)
- Research and discovery – including costs to successfully maintain and grow the research enterprise. Research is an economic engine for Minnesota, and investment in research allows us to attract more federal dollars, further fueling innovation and our economy. By bringing federal research to Minnesota, the University brings jobs and talent to the state and produces small business startups. These startups grow to stay here 70% of the time and ultimately grow and strengthen our local communities. Federal dollars also train our graduate students, provide undergraduate internship opportunities for students, and attract the nation's best scientists to Minnesota. However, as we grow the amount of federal dollars we bring to the state, we need to continue to invest in basic research infrastructure to administer grants, maintain compliance to federal standards, and meet data storage/technology needs.
- Service to Communities – including costs for the work of MN Extension, the mobile dental clinic, community health units, Office of Public Engagement, our museums and so forth, related to travel, supplies, special personnel, and events.

This \$120 million request includes two primary categories of investment that are linked and dependent on each other for the overall success of the University: a \$70 million investment in the University of Minnesota workforce; and a \$50 million investment in facilities, programs, and services. Additional details on these two categories are included below:

1. Most importantly, the University must invest in its workforce. It is the employees of the University that teach, conduct research, provide direct service to our students and the community, ensure compliance with government regulations, maintain our facilities, communicate on University activities, provide safety services, analyze activities for results and improvements, and manage all of this activity: it is the people that make the University great. Largely as a result of limited revenue growth, there has been a financial under-investment in the University's workforce for a number of years – recognized not only by our employees but also by University leadership. Therefore, beyond planning for a reasonable annual general compensation pool increase, the University must take steps to make up for lost ground in this area by prioritizing and then funding improvements such as increasing minimum pay levels for targeted groups of employees, defining and addressing problematic market and equity situations, and delivering potential benefit enhancements. This request includes a combined strategy of planning for a meaningful general salary pool, at least equal to the rate of inflation, covering the annual increase in fringe benefit costs, and targeting new investment to address specific areas of pay and benefits. The FY 2026-2027 biennial

request to the state of Minnesota for this portion of the Core Mission proposal is \$70 million, which would cover approximately 45% of the planned cost increase. University of Minnesota tuition changes and internal spending reductions would cover the remaining 55% or roughly \$85 million of the projected need for the FY 2026-2027 biennium.

2. In addition to the priority focus on our existing workforce, there are non-personnel and workforce expansion costs that must be addressed to maintain the excellence of the University. As limited resources have led to an under-investment in employees, the same situation exists related to facilities. Every year there are cost increases in some combination for utilities, leases, debt service and new building operations, but the allocation of resources to address basic repair and upkeep of existing facilities has not increased for many years. Beginning to address the enormity of deferred maintenance across the system requires a planned significant investment in the next biennium. In addition, there will be needs over the next two years related to expanded student services, compliance activities (such as ensuring compliance and support for disability services), information security, administrative shortfalls, extraordinary inflation on some supplies and materials, safety enhancements, technology licensing and so forth. Specific costs in these categories (and potentially others) are identified through the University's annual budget process each year and must be funded to address the most pressing needs of the University to ensure delivery on the mission. The University's Core Mission request for these investments is \$50 million, which would cover 45% of the projected cost increase; University actions (tuition changes and internal spending reductions) would cover the remaining 55% or roughly \$60 million.

An increase of \$120 million in FY 2026 to cover inflationary cost increases across the biennium will allow the University to achieve goals consistent with the priorities of the Board of Regents as elected by the Minnesota Legislature. Specific allocation of these funds will be implemented consistent with systemwide strategic priorities and determined through the University's internal annual budget development process as directed by the President and approved by the Board of Regents.

Impact on Children and Families:

State funding for the University of Minnesota's Core Mission request has a direct impact on tuition rates for Minnesota families and individuals who strive to further their education beyond high school. The University of Minnesota has, and will continue to, work to minimize tuition increases for its students. However, we must also ensure we can provide a quality education for Minnesota students and without this support we will need to increase tuition. Over the last 10 academic years, tuition rate increases for resident undergraduate students on the Twin Cities campus have averaged 2.3% per year. On the University's Greater Minnesota campuses, the tuition rates have increased on average less than 2.0% over this same timeframe – the Crookston and Duluth campuses have averaged 1.0% per year; the Morris campus has averaged 1.1% per year; and the Rochester campus has averaged 1.7%. The University's FY 2026-2027 biennial budget request along with its internal reallocation process again works to limit tuition increases for University of Minnesota students.

Equity and Inclusion:

Support for the University's Core Mission request allows for continued advancement of equity and inclusion on all five University of Minnesota campuses. The University of Minnesota acknowledges systemic change is necessary and requires action at all levels of the institution. This acknowledgement informs strategic priorities and how the institution works to advocate for and support underrepresented students, faculty, and staff. The University's commitment to equity and diversity was prioritized in the University's Systemwide Strategic Plan, which ends in 2025. These priorities are also reflected in the Office for Equity and Diversity's three strategic priorities: (1) Increase representational diversity, (2) improve campus climate, (3) build support and align partnerships. Equity and inclusion will continue to be prioritized as the University embarks on its next strategic planning process over the next year.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

The University of Minnesota's community of dedicated faculty and staff drive excellence across its three missions of teaching and learning, research and discovery, and outreach and public service. This request for \$120 million directly benefits all three of the University's missions across all five of its campuses – the impact will occur across the entire organization. To measure the University's progress towards its strategic goals, the University has utilized a series of performance measures. Current results are showcased on the University's Progress Card (see <https://www.president.umn.edu/mpact-2025>). Measures will be updated as the current strategic plan concludes and the next begins.

Public and Stakeholder Engagement:

The University engaged its faculty, students, and staff to develop its state requests for the FY 2026-27 biennium. This included surveys as well as three stakeholder input sessions. Each session focused on one of the three missions of the University of Minnesota - teaching and learning, research and discovery, and outreach and public service. This input was then reviewed by University leadership to set priorities for the request.

FY 2026-27 Biennial Budget Change Item

Change Item Title: Healthiest State for All Minnesotans

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	45,000	45,000	45,000	45,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	45,000	45,000	45,000	45,000

Request:

The University of Minnesota requests a \$45 million increase to its base Operations and Maintenance general fund appropriation in FY 2026 to begin implementation of the University of Minnesota Health Sciences Strategic Plan. The plan addresses several of the recommendations made by the Governor’s Task Force on Academic Health at the University of Minnesota (<https://www.health.state.mn.us/facilities/academichealth/index.html>) and identifies four priority areas for additional state investment. This change item represents 0.9% of the University’s FY 2025 estimated total revenues (all funds).

Rationale/Background:

The health needs of Minnesotans are evolving with an aging population, health systems facing financial and operational challenges, and growing gaps in access to essential services like dental care, veterinary care, mental health, and addiction treatments – gaps that are particularly acute in rural and other underserved communities. According to the Minnesota Department of Health, Minnesota has 525 designated Health Professional Shortage Areas (Source: Rural Health Care in Minnesota: Data Highlights, Updated 2023 (PDF), slide 26 <https://www.health.state.mn.us/facilities/ruralhealth/docs/summaries/rhcmn.pdf>). For primary care, these shortage areas are concentrated in greater Minnesota and the urban core. In addition, changes over the last 10 years have resulted in fewer services being offered in Minnesota’s rural hospitals, and some hospitals have closed. Declines in the availability of high-quality care are expected to continue without additional investment. One in three rural physicians plans to leave the workforce within five years (Source: MDH Office of Rural Health and Primary Care, Physician Workforce Survey, February 2023-November 2023), and similar trends exist in other health professions with growing service gaps in dental, nursing, pharmacy, public health, and veterinary care.

The University of Minnesota is dedicated to collaborating with the State of Minnesota, health systems, and communities across the state to help address these issues and ensure all Minnesotans have access to top-quality healthcare. Given its unique range of health science schools and programs, spanning the Duluth, Minneapolis, Rochester, and St. Paul campuses, the University is in a unique position to improve health outcomes for all Minnesotans. The University’s health science schools include the School of Dentistry, Medical School, School of Nursing, College of Pharmacy, School of Public Health, and College of Veterinary Medicine as well as the health science programs on the Rochester campus. These programs are nationally recognized, attracting top faculty and staff from across the nation and globe, with programs ranking as follows:

- College of Veterinary Medicine: Ranked 4th
- Medical School: Ranked 1st in Family Medicine; 4th in Surgery; 7th in Pediatrics; and 15th for most graduates practicing in rural areas.

- School of Nursing: Ranked 3rd in Midwifery; 8th in Doctor of Nursing Practice; and 16th in Bachelor of Science in Nursing.
- School of Dentistry: Ranked 16th
- College of Pharmacy: Ranked 6th.
- School of Public Health: Ranked 12th overall; Healthcare Administration program is ranked 2nd.

Individually, each of these schools and programs exemplifies excellence, but the unique benefit of the University of Minnesota's health science schools and programs lies in the interconnected nature of their work and especially their collaborations with each other as well with additional disciplines such as science, engineering, public affairs, business, and agriculture. Because of these collaborations, University of Minnesota graduates understand the connections between physical and mental health, between human and animal health, and between the health of people and our planet. By leveraging this interdisciplinary and interprofessional approach, the University aims to provide the best possible experience for our students and the highest quality care for Minnesotans.

It is with this in mind that the University's schools and programs are working towards a shared vision and mission, as identified in the University of Minnesota's 2024 Health Sciences Strategic Plan:

- Vision: Minnesota leads the nation as the healthiest state.
- Mission: To foster a healthier Minnesota through education, accessible care, innovation, and partnerships.

The 2024 Health Sciences Strategic Plan also outlines four priorities to meet this vision and mission: 1) reduce workforce shortages; 2) reduce health inequities; 3) improve healthcare quality close to home; and 4) innovation in prevention, treatment, and care. The proposal that follows highlights each of these priorities and the funding needed to achieve the identified outcomes.

Proposal

The University of Minnesota's proposal, *Healthiest State for All Minnesotans*, is an opportunity for the State of Minnesota to improve healthcare statewide. The University has identified four key priorities to meet the vision, mission, and goals identified in the 2024 Health Sciences Strategic Plan, and Table 1 below highlights the funding requested for each of these priorities.

Table 1: Request Summary <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Reduce Healthcare Workforce Shortages	\$24,800	\$24,800	\$49,600	\$24,800	\$24,800	\$49,600
Reduce Health Inequities	\$4,500	\$4,500	\$9,000	\$4,500	\$4,500	\$9,000
Improve Healthcare Close to Home	\$6,200	\$6,200	\$12,400	\$6,200	\$6,200	\$12,400
Innovation in Prevention, Treatment, Care	\$9,500	\$9,500	\$19,000	\$9,500	\$9,500	\$19,000
Total Request – Health	\$45,000	\$45,000	\$90,000	\$45,000	\$45,000	\$90,000

Each of the initiatives expands on programs and services already underway at the University but require additional state support to improve access to quality care statewide:

1. Expand access to care by reducing workforce shortages: The University currently graduates approximately 70% of the health professional workforce in Minnesota. Funding for this request will be used to facilitate collaboration with the Minnesota Department of Health to identify Minnesota's unmet needs and then increase class sizes in the workforce areas experiencing shortages. Over the next decade, an investment in this request will result in an increase in the healthcare workforce by: 240 doctors; 200 veterinarians; 650 nurses; 400 public health practitioners; 800 patient care specialists or medical research coordinators; 240

pharmacists; and 200 oral health professionals. Funding will specifically be used to hire additional faculty and staff to serve new learners, improve recruitment and marketing, provide scholarships for underrepresented students, and improve and maintain facilities.

2. Reduce health inequalities by expanding partnerships to reach underserved communities: The University's health sciences schools currently partner with organizations and health providers across the state. Funding for this request will expand on those efforts by integrating curriculum and experiential learning focused on underserved communities into current programs and addressing barriers such as preceptors, clinical sites, and housing to facilitate more health science student placements in underserved areas. An investment in this request will be used to hire additional faculty and staff to design and deliver the new curriculum and create direct support for learners who are serving in underserved communities.
3. Improve healthcare quality close to home: The University is uniquely positioned to improve the availability and quality of healthcare across the state, both through our own health professionals and by supporting other systems through our education, research, and partnerships. Funding will expand mobile health and telehealth services in partnership and consultation with local communities and pilot a one health clinic that offers interprofessional prevention and care for people and their pets, including nutrition, environmental health, and other dimensions.
4. Transform health outcomes through innovation in prevention, treatment, and care models: Additional funding will launch new targeted, interprofessional, and multidisciplinary research into prevention, treatments, care models, and cures for one high-need condition, determined in collaboration with the State. In addition, funds will be used to translate research innovations into practice by expanding connections with local healthcare providers and other partners.

Across the four focus areas described above, state resources will be used to hire additional faculty and staff, purchase necessary supplies, equipment, and services, provide student assistance, and scale-up and improve required infrastructure. Table 2 below provides additional details on the specific costs to implement the *Healthiest State for All Minnesotans* proposal.

Table 2: Use of Funds <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Faculty & staff compensation	\$13,700	\$14,300	\$28,000	\$16,200	\$16,500	\$32,700
Scholarships & other student support	\$6,900	\$8,100	\$15,000	\$8,100	\$8,100	\$16,200
Marketing & recruiting students to new programs	\$400	\$400	\$800	\$400	\$500	\$900
Partnerships, preceptors, & residency support	\$4,000	\$5,200	\$9,200	\$6,500	\$6,800	\$13,300
Statewide research initiatives / pilots to test new care models	\$7,000	\$7,000	\$14,000	\$7,000	\$7,000	\$14,000
Infrastructure, facilities & equipment	\$9,000	\$8,200	\$17,200	\$7,000	\$8,500	\$15,500
Programming & analytics	\$900	\$800	\$1,700	\$800	\$800	\$1,600
Supplies, operating, & other support	\$4,600	\$4,900	\$9,500	\$5,700	\$6,200	\$11,900
Revenue offsets: tuition & other	(\$1,500)	(\$3,900)	(\$5,400)	(\$6,700)	(\$9,400)	(\$16,100)
Total Request - Health	\$45,000	\$45,000	\$90,000	\$45,000	\$45,000	\$90,000

Impact on Children and Families:

Funding for this proposal will have a direct impact on children and families across Minnesota by improving access to quality health services close to home, including a wide range of services such as primary and specialty care, dental care, pharmacy services, public health, and veterinary care. This will reduce inequities across the state – inequities that exist in communities that are continually underserved.

Equity and Inclusion:

Each of the priorities identified in the 2024 Health Sciences Strategic Plan will contribute to reducing inequities for currently underserved populations, including Minnesotans who live in rural communities, people of color, Native Americans, and other protected classes - a reduction in inequities is a common theme throughout the plan and Priority 2, noted above, directly addresses this by working to expand partnerships in underserved communities. The development of the 2024 Health Sciences Strategic Plan included a consultation process that engaged preceptors and health systems/hospitals in Greater MN, patient advocates, and other partners to ensure the plan aligned with the needs of underserved communities. Additional details on the consultation process are included below in the Public and Stakeholder Engagement section of this request.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

For each of the priorities noted above, the 2024 Health Science Strategic Plan outlines specific metrics that will be used to assess the outcomes associated with an investment by the State of Minnesota. These measures are highlighted in the table below.

Measure	Measure type	Measure data source	Most recent data	Projected change
Increase in the number of healthcare-related graduates from the University of Minnesota	Quantity	UDIR (University Data & Institutional Reporting), Retention & Graduation Official Data Set	# of 2024 graduates: 240 doctors, 114 veterinarians; 347 nurses; 300 public health practitioners; 160 patient care specialists or medical research coordinators; 143 pharmacists and pharmaceutical scientists; 183 oral health professionals	Increase in graduates per year: 10% increase in doctors (240 per decade); 18% increase in veterinarians (200 per decade); 19% increase in nurses (650 per decade); 13% increase in public health practitioners (400 per decade); 50% increase in patients care specialists or medical research coordinators (800 per decade);

Measure	Measure type	Measure data source	Most recent data	Projected change
				17% increase in pharmacists (240 per decade); and 11% increase in oral health professionals (200 per decade)
Launch new curriculum and experiential learning	Qualitative	Academic Health Sciences	N/A	Launch completed in the FY 2026-27 biennium
Health science student placements in underserved areas	Quantity	Academic Health Sciences	1,957 unique learners FY 2023-2024	Increase of 5-10% per year
Patients served through mobile health and telehealth	Quantity	MN Department of Health, Minnesota Health Access Survey	<p>Community-University Health Care Center: 9,378 telehealth visits and 298 mobile health patients served in 2023</p> <p>Mobile Health Initiative: 3,754 patients served (July 2023-June 2024)</p> <p>Mobile dental clinic: 9,477 (July 2023-June 2024)</p>	Year-over-year increase
One Health Clinic piloted	Result	Office of Academic Clinical Affairs	N/A	Pilot begins in the FY 2026-27 biennium
New industry partnerships or start-ups	Quantity	Office of Academic Clinical Affairs	N/A	Two additional over the 2026-27 biennium
Launch new prevention, treatment, and care models	Quantity	Office of Academic Clinical Affairs	N/A	Two innovations are translated to communities throughout the state

Public and Stakeholder Engagement:

The University of Minnesota engaged a variety of stakeholders in developing its 2024 Health Sciences Strategic Plan. Internally, feedback on the plan was collected through an online survey available to everyone across the UMN system (we received just over 100 responses from faculty, staff, students and others), through in-person discussions at faculty meetings in the schools of dentistry, medicine, pharmacy, public health, and veterinary medicine. Additional insight was gathered by the Rochester Chancellor, other Twin Cities deans, and Academic Health Sciences leadership and OACA center directors.

Externally, Tunheim Partners engaged with a broad set of stakeholders to gather feedback on the Health Sciences Strategic Plan and the University's role in the healthcare ecosystem. Stakeholders included leaders representing health systems and providers, patient advocates, payers, state and federal government leaders, other higher education schools training health care professionals, academic health partners, health care workers and labor leaders, University funders and research partners.

In addition, the University also engaged in a series of visits to preceptors and health systems/hospitals in Greater MN to understand better the needs and potential opportunities to partner around the state, in alignment with our land grant mission.

Change Item Title: Enhancing the Student Experience

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	30,000	30,000	30,000	30,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	30,000	30,000	30,000	30,000

Request:

The University of Minnesota requests a \$30 million increase to its base Operations and Maintenance general fund appropriation beginning in FY 2026 to expand and enhance current programs and services for students. This includes programming to meet students' basic needs, promote student success and retention, enhance students' in-person learning experience, and assist with students' transition into the workforce. These priorities were specifically selected based on feedback from students, increased demand for specific services, and past program/service performance. This change item represents 0.6% of the University's FY 2025 estimated total revenues (all funds).

Rationale/Background:

The University of Minnesota has had a long history of providing an extensive array of student services across all five of its campuses. These programs have grown and evolved over time to meet students' needs. As illustrative examples, the University has continued to increase investments in services such as disability resources, academic advising, mental health support, and safety services over the last decade. Some of these investments have focused on short-term support for pilot programs while others have been longer-term investments to meet acute needs. The results of these investments are evident when looking at the University's undergraduate retention and graduation rates (https://idr.umn.edu/sites/idr.umn.edu/files/university_of_minnesota_progress-card-2023.pdf)

Even with these investments, student demand for services has increased. As an example, consistent with national trends, prevalence of recent mental health condition diagnoses among University of Minnesota students has increased since 2007. The most recent University of Minnesota College Student Health Survey data from spring 2024 shows that 58% of students have received a mental health condition diagnosis in their lifetime, with 27% of students diagnosed in the past 12 months. Systemwide, this means that each year approximately 18,500 University of Minnesota students will receive a new mental health diagnosis while at school and look to the University for additional support.

Student demand has grown for other services as well, such as programs that help students meet their basic needs. Although the University provides resources, such as the Nutritious U Food Pantry (<https://boynton.umn.edu/food-pantry>), the number of students experiencing basic needs insecurity is growing. As an example, on the University of Minnesota Twin Cities campus between 2021 and 2024, the percent of students who reported they worried whether their food would run out before they got money to buy more increased significantly from 14% to 22%. Students who reported that the food they bought did not last and they did not have money to get more also increased significantly from 8% to 12% (College Student Health Survey 2024). When students struggle to meet their basic needs, it impacts students' health. Over a third of University

of Minnesota Twin Cities students who report food insecurity say it impacts their academics (College Student Health Survey 2024).

In addition, there is heightened demand for other services, programs, and supports – individualized academic and career advising, work experiences, new technology tools, research opportunities, and improved classroom experiences are just some of the enhancements we are proposing to improve students’ experiences while at the University and assist students with their transition into the workforce.

Proposal:

This \$30 million Student Experience request is an opportunity for the State of Minnesota to invest in an expanded array of services, programs, and other support for University of Minnesota students across all five campuses.

Table 1 below provides a high-level summary of this investment opportunity, and additional details follow.

Table 1: Request Summary <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Mental Health & Other Basic Needs	\$9,000	\$9,000	\$18,000	\$9,000	\$9,000	\$18,000
Student Success & Retention	\$8,000	\$8,000	\$16,000	\$8,000	\$8,000	\$16,000
Active Learning Classrooms	\$6,000	\$6,000	\$12,000	\$6,000	\$6,000	\$12,000
Career Preparation & Experience	\$7,000	\$7,000	\$14,000	\$7,000	\$7,000	\$14,000
Total Request – Student Experience	\$30,000	\$30,000	\$60,000	\$30,000	\$30,000	\$60,000

- Mental Health and Other Basic Needs:** The University of Minnesota provides mental health services for students as well as support for other needs. However, as noted earlier in this request, demand has substantially grown and far outpaces the availability of funds. An additional state investment will expand mental health services across the entire University of Minnesota system by: increasing the number of mental health providers systemwide; expanding the role of wellness navigators and embedded counselors to increase access to services; expanding substance use services to support students in recovery; increasing the number of mental health case coordinators to provide wrap around services for high-risk students; and integrating cultural and population specific programming. These resources will also expand programs that address food insecurity and help students with other basic needs through short-term emergency grants, expanded hours and locations of University food pantries, and access to additional staff who can assist students with navigating University, state, and federal programs and services.
- Student Success and Retention:** The University strives to provide students with the guidance and support they need to ensure their retention, graduation, and overall success. In recent years, the University has seen an increase in student needs as well as expectations for services such as academic advising, academic skills development, and navigation of complex college and life circumstances. With current funding levels, the University does not have the capacity to fully respond to the demand for services. A state investment in the Student Experience request will provide resources to expand on the successes of pilot programs and other campus-wide programming and provide more proactive, holistic and targeted support to ensure student retention and success. Funds will be targeted for four specific investments on all five campuses: 1) a Student Success Team that will provide proactive and just-in-time support throughout students’ college experience; 2) programming that will provide students with the academic skills, sense of belonging, and support needed to succeed in college; 3) data analytics and infrastructure support, which will assist with leveraging data to provide more targeted outreach and personal support as well as a more streamlined experience for students; and 4) a new Unified U of M App that will act as a cohesive source for student tasks, such as advising appointments, real-time bus schedules, class schedules, unofficial transcripts, safety alerts, etc.
- Active Learning Classrooms & Other Classroom Upgrades:** University of Minnesota students are back, learning in-person, and the University consistently strives to provide the best learning experience

possible. To enhance students' in-person learning experience, the University is requesting a state investment to turn existing traditional classrooms into active learning classrooms. Active learning classrooms are student-centered, technology-rich classrooms designed to help facilitate discussions among students, promote interactions among students, and enable active student engagement with their learning. Demand for active learning classrooms continues to grow. In addition to increasing the number of active learning classrooms, state funding will also be used to maintain the active learning classrooms long-term and to replace outdated technologies required for in-person learning in more traditional classrooms.

- **Career Preparation & Experience:** A highly educated workforce is foundational to Minnesota's current and future economy, and the University contributes to this with 73% of its graduates remaining in Minnesota after graduation. This request will provide funding to expand internship opportunities, provide individualized career coaching, redesign and expand undergraduate research and scholarship opportunities, centrally coordinate employer outreach, and implement a new Comprehensive Learner Record, which is a long-awaited system to help students document and communicate their learning, extracurricular activities, and credentials.

Table 2 below provides additional details on the specific costs for implementing the Student Experience strategies identified in this request.

Table 2: Use of Funds <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Compensation	\$15,450	\$17,500	\$32,950	\$18,200	\$18,200	\$36,400
Programming, software licensing, & technology development	\$6,000	\$3,550	\$9,550	\$2,850	\$2,850	\$5,700
Grants & other student aid	\$1,100	\$2,000	\$3,100	\$2,000	\$2,000	\$4,000
Operating costs - professional services, supplies, equipment, etc.	\$950	\$950	\$1,900	\$950	\$950	\$1,900
Space maintenance & renovation	\$6,500	\$6,000	\$12,500	\$6,000	\$6,000	\$12,000
Total Request – Student Experience	\$30,000	\$30,000	\$60,000	\$30,000	\$30,000	\$60,000

Equity and Inclusion:

Given the high-touch and holistic support proposed in the University of Minnesota's Student Experience request, each strategy will have a positive impact on equity and inclusion for University students - ultimately reducing inequities for rural students and underrepresented students, such as first-generation, low-income, indigenous students, and students of color. Several examples of this are included below:

- Additional funding for programs supporting students' mental health and other basic needs will have a direct impact on rural and underrepresented students:
 - Increasing mental health counselors and psychiatric providers systemwide will improve access for students on rural campuses, where local communities cannot absorb the mental health care needs of students.
 - Culturally customized mental health support is a recommended strategy to address the disproportionate mental health concerns facing underrepresented and racially minoritized students. The Healthy Minds Network (HMN), according to SignalVine, found that students with mental health concerns were twice as likely to leave an institution without graduating. The study also found that 25 percent of students who showed symptoms of mental health issues dropped out. Only nine percent of students without mental health concerns did so" (NSLS, 2022).
 - Increasing access to basic needs support, such as the food pantry, is a critical intervention to improve mental health and retention. Basic needs were identified as a key mental health stressor for students of color. Currently 75% of student visitors to the Twin Cities Nutritious U Food Pantry

identified as BIPOC compared to about 31% of the campus population (degree-seeking students, all levels). About 43% of student visitors were first-generation college students compared to 26% of the degree-seeking undergraduate campus population.

- The Student Success and Retention component of this request is an evidence-based, equity-focused strategy designed to support all students with a heightened emphasis on underrepresented students. By providing high-touch support and timely interventions when challenges arise, this initiative will enhance student success. The University's pilot program with Student Success Coaches for low-income students has already shown positive results in retention, GPA, and campus engagement. An investment in the University's Student Experience request will expand the number of staff dedicated to these efforts, further advancing the goal of reducing inequitable outcomes. It is also important to note that this initiative is a recommendation from the Undergraduate Student Equity and Success Committee whose purpose is to address inequitable outcomes for underrepresented students.
- The strategies outlined in the Career Preparation and Experience component of this request were intentionally designed to achieve equitable career outcomes for underrepresented students. This includes removing obstacles to internship participation and increasing opportunities to engage with employers. It balances access to individual career guidance with scaled programming tailored to populations experiencing lagging career outcomes based on our survey of recent graduates. Focus groups conducted in 2023 with first generation, BIPOC and low-income students on all UMN campuses as well as national career mobility research informed these strategies.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐ Yes
☒ No

Results:

The University anticipates a state investment of \$30 million for the Student Experience request will yield improvements in outcomes such as retention and graduation rates, the number of students served through programs to support mental health and other basic needs, the number of employers engaged in career fairs, an increase in the number of active learning classrooms, and others. Below are examples of the measures the University will use to assess the success, outcomes, and impact of the Student Experience request.

Measure	Measure type	Measure data source	Most recent data (Fall 2023)	Projected change
Freshman to sophomore retention rates	Result	Institutional Data and Research (IDR), https://idr.umn.edu/	UMC: 76.5% UMD: 84.0% UMM: 74.6% UMR: 84.2% UMTC: 91.1%	Increase in retention rates
4-year graduation rates	Result	Institutional Data and Research (IDR), https://idr.umn.edu/	UMC: 35.4% UMD: 51.4% UMM: 46.7% UMR: 67.5%	Increase in graduation rates

Measure	Measure type	Measure data source	Most recent data (Fall 2023)	Projected change
			UMTC: 74.5%	
Gap between freshman and sophomore retention rates of Pell-eligible and non-Pell-eligible students	Result	Institutional Data & Research https://idr.umn.edu (Secured dashboards)	UMC: -2.4% UMD: 6.8% UMM: 14.7% UMR: -12.6% UMTC: 6.3% System: 6.5%	Reduction in the gap
Gap between 4-year graduation rates of Pell-eligible and non-Pell-eligible students	Result	Institutional Data & Research https://idr.umn.edu (Secured dashboards)	UMC: 8.9% UMD: 8.4% UMM: 6.8% UMR: -13.0% UMTC: 7.4% System: 9.5%	Reduction in the gap
Gap between freshman and sophomore retention rates of first-generation and non-first-generation students	Result	Institutional Data & Research https://idr.umn.edu (Secured dashboards)	UMC: -5.5% UMD: 11.1% UMM: 17.1% UMR: -0.5% UMTC: 4.8% System: 7.0%	Reduction in the gap
Gap between 4-year graduation rates of first-generation and non-first-generation students	Result	Institutional Data & Research https://idr.umn.edu (Secured dashboards)	UMC: 7.7% UMD: 9.3% UMM: 26.9% UMR: 8.0% UMTC: 5.8% System: 11.6%	Reduction in the gap
# of students served through the Food Pantry	Quantity	Food Pantry Program data	TC: 1,750 students/month	TC: Increase to 3,500 students /month
# of students engaged in interventions with community health workers systemwide	Quantity	Program data	N/A No baseline data available—new model	Increase in interventions
# of students systemwide who are engaged in mental health services demonstrate an improvement in mental	Result	Patient self-report evaluations	N/A	Increase year-over-year

Measure	Measure type	Measure data source	Most recent data (Fall 2023)	Projected change
health symptoms and social functioning.				
Number and percentage of undergraduate students systemwide who participate in internships	Quantity	Post Graduation Survey	(Reporting year/Class of 2022): 2,682 (35% of those with known post-graduation status)	Increase year-over-year
Number of Active Learning Classrooms systemwide	Quantity	Astra class scheduling data (UMTC Campus); Survey (Greater MN Campuses)	UMC: 0 UMD: 3 UMM: 1 UMR: 22 UMNTC: 30	Increase in the number of Active Learning Classrooms
Number of enrollments in Active Learning Classrooms	Quantity	PeopleSoft & Astra data	UMC: 0 UMD: 783 Fall 2023; 515 Spring 2024 UMM: 136 Fall 2023; 173 Spring 2024 UMR: 2,748 Fall 2023; 2,796 Spring 2024 UMTC: 14,858 Fall 2023; 11,168 Spring 2024	Increase in enrollments in Active Learning Classrooms

Public and Stakeholder Engagement:

The University engaged its faculty, students, and staff to develop its state requests for the FY 2026-27 biennium. This included surveys as well as three stakeholder input sessions. Each session focused on one of the three missions of the University of Minnesota - teaching and learning, research and discovery, and outreach and public service. This input was then reviewed by University leadership to set priorities for the request.

Change Item Title: Research to Drive Economic Growth

Fiscal Impact (\$000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	40,000	40,000	40,000	40,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	40,000	40,000	40,000	40,000

Request:

The University of Minnesota requests a \$40 million increase to its base Operations and Maintenance general fund appropriation beginning in FY 2026 to fund four research opportunities focused on: biomanufacturing, precision agriculture, hypersonics, and green energy-green iron. The University's \$1+ billion research portfolio remains strong, but there are new promising opportunities for investments in strategic initiatives. The initiatives proposed in this request will grow the state's economic activity and position the state to become a destination for existing and emerging industries. These specific investment opportunities were selected for this proposal as they not only build on areas of University strength, but also align with federal priorities and capitalize on initiatives already supported by the State of Minnesota and Minnesota-based companies. This change item represents 0.8% of the University's FY 2025 estimated total revenues (all funds).

Rationale/Background:

Minnesota's economy continues to show signs of measured growth, as noted in the Department of Employment and Economic Development's employment projections (Short Term Projections – More Measured Growth - <https://mn.gov/deed/newscenter/publications/trends/june-2024/projections.jsp>). However, sustainable economic growth over the next several decades, growth that creates high-skilled, livable wage jobs for Minnesotans across the state and makes Minnesota a top destination for industries, requires a strategic investment in research today. Building sustainable economic growth in emerging technological areas takes time and resources to advance research, develop new technologies and innovations, build partnerships with businesses and communities, and train a highly-skilled workforce.

The *Research to Drive Economic Growth* request includes four exciting, industrially-relevant, opportunities for the State of Minnesota to invest in, including biomanufacturing, advanced agriculture, hypersonics, and green energy-green iron. These four opportunities were selected specifically because:

Minnesota Strengths & Investments

1. The economic environment is ripe for further advancing these sectors in Minnesota. Minnesota is already a leader in manufacturing, agricultural production, aerospace test and measurement technologies, and iron mining, and these sectors are showing signs of national economic growth given new research and alignment with government priorities. This request capitalizes on Minnesota's strengths and taps into the economic growth in these sectors.
2. Minnesota is home to unique infrastructure in these areas through existing nonprofit and for-profit entities that provide capability to address leading edge research and technological questions, thereby paving the way for new innovations.

3. The four initiatives align with current State of Minnesota investments, such as the State's investment in the Minnesota Forward Fund, which is managed by the Department of Employment and Economic Development.

University of Minnesota Strengths

1. In addition to expertise in the state, the University of Minnesota's five campuses have specialized expertise in these four areas and field shaping faculty who will attract new talent to Minnesota and drive innovation.
2. The University has strong and established relationships with business, industry, and local communities as well as state and federal agencies to advance in these fields. The growing engagements have resulted in developing pathways for University-based outcomes to rapidly transition to the marketplace, thereby enhancing the social and economic impacts for Minnesotans.

Federal Priorities & Funding

1. The four initiatives align with current federal priorities and funding that is available for research (e.g. Department of Energy, Department of Defense, United States Department of Agriculture). These investments are focused on growing these sectors within the United States in order to capture economic opportunities and strengthen national security.
2. A State of Minnesota investment in these four initiatives will catalyze additional federal investment in Minnesota given federal priorities - ultimately maximizing State of Minnesota funding to create more jobs and provide a high return on the State's investment.

Proposal:

The University of Minnesota's proposal, *Research to Drive Economic Growth*, is an exciting investment opportunity for the State of Minnesota to grow the state's economy and create jobs with sustainable wages. The table below highlights the funding requested each year for the four initiatives as well as the general infrastructure and support required for implementation.

Table 1: Request Summary <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
MN Engine for Biomanufacturing	\$9,000	\$9,000	\$18,000	\$9,000	\$9,000	\$18,000
Bringing FAARM to Life	\$9,000	\$9,000	\$18,000	\$9,000	\$9,000	\$18,000
Center for Advanced Science & Engineering	\$9,000	\$9,000	\$18,000	\$9,000	\$9,000	\$18,000
Green Energy-Green Iron	\$9,000	\$9,000	\$18,000	\$9,000	\$9,000	\$18,000
General Infrastructure & Support	\$4,000	\$4,000	\$8,000	\$4,000	\$4,000	\$8,000
Total Request - Research	\$40,000	\$40,000	\$80,000	\$40,000	\$40,000	\$80,000

Below are further details on each initiative:

- **Biomanufacturing – Phase 1 of Revitalizing the St. Paul Campus:** Biomanufacturing is anticipated to account for more than a third of global manufacturing, representing \$30 trillion in value. Rapid advancements in the development of bio-based technologies and their translation into industrial-scale applications drive the manufacturing of the future. New industries will emerge to produce materials, chemicals, energy, medicines, and food ingredients with vastly reduced energy requirements and increased sustainability of their processes and outcomes. An investment of \$9 million per year will fund the new Minnesota Engine for Biomanufacturing, which will act as a hub for biomanufacturing growth across the state of Minnesota by: catalyzing research and development and creating intellectual property for the next generation of bioproducts; partnering with business and industry in Minnesota to advance research on new biotechnologies; creating and retaining a homegrown talent pool for MN's bioeconomy;

and contributing to the growth of quality jobs across the entire state. In addition, this funding will contribute to Phase 1 of the reinvestment and revitalization of the University's St. Paul campus as the Minnesota Engine for Biomanufacturing will be based on that campus.

- Advanced Agriculture: Since 1984, the U.S. has lost about 157 million acres of farmland. Contextually, this acreage is slightly more than the total farmland acreage of Minnesota, Iowa, North Dakota, South Dakota, Wisconsin, Illinois, Indiana and Ohio combined. This loss of land is forcing farmers to produce more with less land – ultimately increasing agriculture's need for greater productivity. Current agricultural production is heavily dependent on non-renewable energy to increase yields to keep up with the demand for food and other agricultural products. The potential for advanced agricultural research is to have the best of both worlds - a highly productive agricultural system that provides food security as well as positive environmental outcomes. To move toward this vision, the University requests \$9 million per year in operating funds for the Future of Advanced Agricultural Research in Minnesota initiative, also known as FAARM. FAARM is a complementary addition to the University of Minnesota's system of 10 Research and Outreach Centers. A \$9 million State investment will provide the human resources and operating funds necessary to advance FAARM and will enable the alignment of data and computational sciences with agriculture and natural resource sciences, capitalize on current investments in data analytics, and train current and new talent needed to drive innovation. In addition, a \$9 million State operating investment in FAARM will complement the University's previous and future capital investments in this initiative and is aligned with the University's 2025 State capital request for \$30 million to fund the predesign, design, preconstruction, and additional land acquisition for FAARM.
- Hypersonics: The University requests \$9 million per year to create the Center for Advanced Science and Engineering (CASE) at the University of Minnesota. This new center will capitalize on the University's current strengths and advance the digital technology, test and measurement platform, and design optimization required to allow Minnesota businesses to thrive in a key area: hypersonics. "Hypersonic" flight refers to any object that is traveling at speeds more than 1 mile per second or Mach 5. This flight regime is an area of national priority and urgent need, with a growing demand from the defense sector for both technology and workforce development. Over the next several years, Minnesota has the potential to become a leader in hypersonics given several key events happening in parallel. First, North Wind (previously Calspan) is developing a new Minnesota Aerospace Complex, in collaboration with state and federal partners. This new facility will have one-of-a-kind wind tunnels providing testing capability of Mach 10 or higher. This facility will become the magnet for businesses in and out-of-the-state to access the unique infrastructure. University of Minnesota CASE researchers will be co-located with the North Wind facility to collaborate on various industrial and federal projects. Minnesota is already home to several aerospace-related companies, and it is expected that this facility will boost the State's position in attracting more businesses. Second, the University of Minnesota has the world's leading capability to simulate hypersonic systems under varying environmental conditions, which is critical for advancing reliability and functionality of system design and testing. The North Wind facility, coupled with the University's existing strengths and CASE's envisioned focus on applied research, will provide a local platform for Minnesota-based companies to grow and develop their competitive advantage and workforce as they meet the increased demand to design and refine the parts, components, and systems used in high-speed flight.
- Green Energy - Green Iron: Heavy industry is the nation's largest energy consumer and second-largest carbon emission source, contributing 28% of U.S. carbon emissions, while generating \$2 trillion in economic output and employing more than three million Americans. The domestic iron/steel industry,

considered a hard-to-decarbonize sector, is supplied with iron ore from Minnesota's unique Iron Range. Minnesota has been identified by the US Department of Energy as an ideal site for advancing and demonstrating industrial decarbonization, based upon its natural resources, access to renewable energy resources and hydrogen storage, infrastructure, and strong community engagement. An investment in the Green Energy - Green Iron initiative led by a partnership between the University of Minnesota's Natural Resources Research Institute and the US Department of Energy's National Renewable Energy Laboratory will establish Minnesota as a living laboratory to comprehensively demonstrate linkage of renewable energy to hard-to-decarbonize industries (iron/steel, fuels, concrete) and to model deployment across the nation. Throughout the process, extensive engagement with industry, communities, tribes, governments, agencies, environmental groups, and other stakeholders will form the basis for this work, ensuring that Minnesota communities benefit from new technologies, economic development, and a cleaner environment.

Table 2 below provides additional details on the specific costs to implement the Research to Drive Economic Growth initiatives:

Table 2: Use of Funds <i>\$ in thousands</i>	FY 26	FY 27	FY 26-27	FY 28	FY 29	FY 28-29
Faculty hires and start-ups	\$9,350	\$11,450	\$20,800	\$11,050	\$9,650	\$20,700
Researchers and research support staff	\$6,075	\$7,275	\$13,350	\$8,475	\$8,475	\$16,950
Graduate assistants, postdocs, and trainees	\$1,250	\$1,250	\$2,500	\$1,450	\$1,450	\$2,900
Lab space, equipment, instrumentation, infrastructure	\$12,425	\$8,125	\$20,550	\$7,125	\$8,525	\$15,650
Technology infrastructure & security	\$3,000	\$3,000	\$6,000	\$3,000	\$3,000	\$6,000
Internal grants / seed funding	\$2,400	\$3,400	\$5,800	\$3,400	\$3,400	\$6,800
Grant administrators, shared facilities, compliance, etc.	\$4,000	\$4,000	\$8,000	\$4,000	\$4,000	\$8,000
Federal grant matching funds	\$1,500	\$1,500	\$3,000	\$1,500	\$1,500	\$3,000
Total Request - Research	\$40,000	\$40,000	\$80,000	\$40,000	\$40,000	\$80,000

Tribal Consultation:

This proposal has the potential to impact Minnesota Tribal Governments, specifically in relation to the Green Energy-Green Iron initiative. Because of this potential impact, the Natural Resources Research Institute has begun to consult with communities in Minnesota and Western Wisconsin.

Results:

Below are several examples of how the University will measure the results of each initiative in the *Research to Expand Economic Growth* request.

Measure	Measure type	Measure data source
New sponsored awards (\$)	Result	Sponsored Projects Administration
New industry awards (\$)	Result	Sponsored Projects Administration
Number of new startups	Result	Office of Technology Commercialization
Number of new patents	Result	Office of Technology Commercialization
Number of new disclosures	Result	Office of Technology Commercialization
Increase in partnerships with businesses & industry	Quantity	Survey of initiatives

Measure	Measure type	Measure data source
Increase in partnerships with federal laboratories and agencies	Quantity	Survey of initiatives
Number of new graduate assistants, postdocs, and trainees	Quantity	Survey of initiatives

Since each of the initiatives are new, specific data does not exist today for these initiatives. However, the University routinely collects quantitative and qualitative data to evaluate the effectiveness of its investments. If funded, each initiative will provide documentation on preliminary results for the first several years through the University's standard budget process.

Public and Stakeholder Engagement:

The University engaged its faculty, students, and staff to develop its state requests for the FY 2026-27 biennium. This included surveys as well as three stakeholder input sessions. Each session focused on one of the three missions of the University of Minnesota - teaching and learning, research and discovery, and outreach and public service. For the University's research-specific request, various initiatives were discussed during the input session, and these four initiatives were selected given the factors listed in the Rationale/Background section of this change item narrative. Leaders, faculty, and staff were then engaged from across the University system to shape the four research initiatives to ensure the highest return on investment for the State of Minnesota.