The upcoming budget planning period will include a significant discussion around campus financing (Strategic Positioning Phase 3). The FY2011 Budget Planning Instructions will include details about key information and discussion topics at the Spring planning meeting. You will be receiving the budget instructions near the end of the December. In the interim, however, I want to provide you with key topics that will be asked in the upcoming budget instructions and during these meeting. Please review the budget instructions once the document becomes available for further details and amendments about the items below. There will be one document to prepare for our Spring budget planning meeting.

As we have indicated previously, the Future Financial Resources Task Force report predicts that “the University will face at least a $50 million shortfall in 2012 and a $1.1 billion annual shortfall by 2025” if current trends continue and no changes are made. Consequently, all units across the University will need to make difficult, specific decisions if we are to address these challenges. I ask that these decisions be reflected in your planning documents.

In preparation for the upcoming planning activities, the attached document provides detailed information regarding your campus and its departments and administrative units. This is supplemental information to support your planning efforts. If you should wish to meet with me to have a preliminary discussion about your planning scenarios as a precursor to the budget planning meetings, please let me know. If so, I would foresee this as being a small group meeting with Peter Radcliffe and Chris Frazier from the Office of Planning and Analysis, you and others from your campus who are appropriate for this discussion.

Questions in the FY2011 Budget Instructions will include:

1. A summary of actions taken to address the unit’s strengths and challenges identified in last spring’s compact-budget meeting.

2. A list of high-priority activities in which there should be additional investment as a means of promoting the University's overall strategic goal.

3. A list of low-priority activities eliminated or scaled back, cost-saving initiatives completed, and productivity gains accomplished that were identified in last year’s compact document, including dollar estimates.

4. A brief description of the consultation process used to provide recommendations to the chancellor, whether by the establishment of a Blue Ribbon Committee or other mechanism, and a list of major stakeholder groups consulted.

5. In the context of the consultative process described in #4, the findings and recommendations of the Future Financial Resources Task Force (www.umn.edu/regents/docket/2009/october/worksession.pdf), the October 21st letter to the Chancellors (attached), the University’s seven criteria for decision making (attached), and the Strategic Planning Model tool, an overview of the unit’s plans to:
a. Expand the sources and amounts of revenue produced by the unit, including growing tuition revenue and leveraging resources from central administration, alumni, donors, foundations, other philanthropic contributors, or other sources.

b. Increase administrative and academic effectiveness, reduce costs, and boost efficiency.

c. Sharpen the unit’s mission to advance a distinctive constellation of excellent academic programs, research and scholarship, and public engagement.

d. Develop and execute multi-year financial plans, along with budget and planning processes that advance the vision and discipline the setting of priorities within the unit.

As always, if you have questions or need further information, please let me know. I look forward to our continued conversations.

C: President Robert H. Bruininks

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Subject: Future Financial Planning; Spring 2010 Compact-Budget Mtgs
From: "Robert J. Jones" <jones012@umn.edu>
Date: Wed, 21 Oct 2009 20:04:04 -0500
To: "Charles Casey" <casey002@mail.crk.umn.edu>, "Jacqueline R Johnson" <jrjohnso@morris.umn.edu>, "Stephen Lehmkuhle" <lehmk007@umn.edu>, MartinKathryn <kmartin3@d.umn.edu>
CC: "Robert Bruininks" <bruin001@tc.umn.edu>, "Thomas Sullivan" <sulli059@tc.umn.edu>, "Frank B Cerra" <cerra001@maroon.tc.umn.edu>, "tbaldwin@mail.crk.umn.edu" <tbaldwin@mail.crk.umn.edu>, "Cheryl K Contant" <contant@morris.umn.edu>, "Claudia Neuhauser" <neuha001@umn.edu>, "vmagnuso@d.umn.edu" <vmagnuso@d.umn.edu>, "gfox@d.umn.edu" <gfox@d.umn.edu>

To: Chancellors Casey, Johnson, Lehmkuhle, and Martin
From: Senior Vice President Robert J. Jones
Re: Future Financial Planning; Spring 2010 Compact-Budget Meetings

Following up on our discussion at this month’s Chancellors meeting, I am writing to request that you establish a Blue Ribbon Committee, or an equivalent entity on your campus, involving faculty, staff, students, and outside stakeholders to assist in analyzing and recommending priorities to you for continued and new investment as well as cost saving strategies. This financial planning process will involve the Coordinate Campus chancellors, Twin Cities deans, and other leaders as an early step in launching Phase 3 of the University’s strategic planning efforts and leading up to next spring’s academic compact-budget meetings in February – April 2010.

You will recall that Phase 1 of Strategic Planning, which began in 2004, established the concepts, vision, and strategic direction for the University. Phase 2, which followed, was the implementation of the recommendations following the
As you know, the Future Financial Resources Task Force presented its report to the University’s Board of Regents at the October meeting. I encourage you to share this report (www.umn.edu/regents/docket/2009/october/worksession.pdf) with the Blue Ribbon Committee (or equivalent entity) you will soon establish. As outlined in the report, it is imperative that each academic and administrative unit across the University examine every aspect of its operations. The task force report provides a comprehensive framework to accomplish this and makes essential recommendations for the University to address a projected $50 million shortfall in 2012 and a $1.1 billion annual shortfall by 2025 if current trends continue and no changes are made. Consequently, all units across the University will need to make tough, specific decisions if we are to address these challenges.

The issues outlined in the Future Financial Resources Task Force report will form the basis for upcoming compact-budget meetings next spring (more detailed compact and budget instructions will be sent to you in advance of those meetings). The recommendations from your Blue Ribbon (or equivalent) Committee can also inform our discussion at this meeting. As we have done in the past, it would be helpful to have several scenarios or hypotheticals to assist in the financial modeling of these recommendations. The new strategic planning model tool under development for UMC, UMD and UMM should also help you simulate scenarios and impacts from various planning options. These models will be sent to you later this week, with further instructions on use and training.

The following questions should be addressed as part of this new phase 3 of Strategic Planning:

· What programs and areas must be strengthened or expanded?
· What programs should be maintained at current levels of support or reduced levels of support?
· What programs and areas should continue, but be substantially reduced or consolidated?
· What programs should be discontinued or eliminated?
· How can academic programs and areas better leverage existing human capital resources, including rationalizing teaching loads; sharing new, more energetic curriculum; consolidation; better use of classrooms and laboratories; and the development of new academic programs?

We all need to think strategically about how to manage and lead during a time of budget restraints. At this critical time, it is important that we think carefully about the University and each campus’ mission, goals, values, and objectives. We hope the following guidelines are helpful for your upcoming discussions:

1. Do the decisions that you make promote quality and excellence of your academic programs?
2. Do the decisions advance academic synergies among teaching, learning, and scholarship?
3. Do the decisions provide the leveraging of resources from numerous sources such as: central administration, alumni, donors, foundations and other philanthropic contributors?
4. Do the decisions advance the campus’ comparative advantage and academic reputation? (Will the decisions differentiate the campus to create a uniqueness that will permit the campus to academically stand out?)
5. Do your identified priorities promote the campus' academic strengths and reputation with a full and informal discussion of appropriate “tradeoffs?” (As we know, “reputation” is directly linked to quality and status of the institution and, in turn, is related to the recruitment of outstanding faculty and students.)

In short, we need to begin the process of reexamining the scope of our mission and how the capture of new revenues and the application of new cost reduction strategies can advance quality and strength at the University.

Finally, it is important that your message (and messaging) be positive and upbeat, while recognizing the serious sea change that we see in higher education today. As academic leaders, we must continue actually, as well as perceptually, the positive momentum of the University and your campus and its programs, while also pruning budgets across the University in a way that will enhance the success of the institution. Each of your stakeholders (faculty, students, staff, alumni, donors, etc.) needs to feel reassured and confident about your academic and strategic directions, how you implement your priorities, your vision, and the soundness of your plan. We all know that for the support of your stakeholders to be maintained (and enhanced) your leadership must continue to be strong, confident, and transparent.
Thank you, as always, for your leadership, commitment and ongoing support. President Bruininks and I look forward to talking to you further about these issues when we meet next month. In the interim, if you have questions or wish to talk further about any of these items, please don’t hesitate to contact me. Thank you.

Attached: Criteria for Decision Making

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