



# Board of Regents Special Meeting

November 2023

November 2, 2023

3:00 p.m.

Boardroom, McNamara Alumni Center

## BOR - NOV 2, 2023 - Special Meeting

### 1. Presidential Position Profile - Review/Action

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### 2. Academic Affiliation with CentraCare: Financial Plan

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# BOARD OF REGENTS DOCKET ITEM SUMMARY

**Board of Regents**

**November 2, 2023**

**AGENDA ITEM:** Presidential Position Profile

Review

Review + Action

Action

Discussion

*This is a report required by Board policy.*

**PRESENTERS:** Regent Mary A. Davenport, Chair, Presidential Search Advisory Committee  
Chris Uggen, Vice Chair, Presidential Search Advisory Committee

## PURPOSE & KEY POINTS

The purpose of this item is to review and act on the Presidential Position Profile. The profile was developed by the Presidential Search Advisory Committee (PSAC) based on input from the Board, the University community, and other constituents. The position profile defines the key leadership characteristics the University is looking for in the next president and will be used to guide the recruitment of candidates.

To create the position profile, input was gathered via open listening sessions held on each campus, informal listening hours in high-traffic student areas, and four virtual sessions. Collectively, PSAC engaged with more than 600 participants representing faculty, staff, students, alumni, retirees, community members, and other interested constituents. The profile was also informed by over 180 comments received through the Board’s Virtual Forum, emails, written comment cards, and other online feedback including a survey shared with the University community.

## BACKGROUND INFORMATION

The Board provided input on the key presidential leadership characteristics at the September and October 2023 meetings. The Board approved the Presidential Search Advisory Committee membership and charge at the October 2023 meeting.

### *Presidential Search Advisory Committee Membership*

Mary Davenport, chair  
Chris Uggen, vice chair  
Nisha Botchwey  
Jill Doerfler  
Pat Duncanson  
James Farnsworth  
Remi Foust  
Lorie Gildea

Jennifer Goodnough  
Pavan Guttipatti  
Enjie Hall  
Nadia Hasan  
Frances Homans  
Ruth Johnson  
Chase Krug  
Doug Langer

Nancy Lindahl  
Colleen Flaherty Manchester  
Chuck Mooty  
Tom Olson  
Jean (Rudy) Perrault  
Ann Sheldon  
Matthew Verkuilen  
John Wagner

# THE SEARCH FOR THE UNIVERSITY OF MINNESOTA'S 18<sup>TH</sup> PRESIDENT





## The University of Minnesota invites applications and nominations for the position of President of the University of Minnesota.

**Reporting to the Board of Regents, the president of the University of Minnesota holds a unique role as leader of both the five-campus system and the Twin Cities campus. The president works closely with the Board to shape a vision for the system and execute strategies to achieve excellence in fulfilling the University's three-part, land-grant mission of teaching, research, and outreach.**

**As one of the state's most prominent public leaders, the president is responsible for connecting the University to the people of the State of Minnesota and serves as an important thought leader and advocate for the University, for student success and engagement, and for the value of higher education, academic freedom, and freedom of expression.**

**The Presidential Search Advisory Committee is charged by the Board of Regents with recommending lead candidates for president of the University of Minnesota. To complete this charge, the committee is evaluating candidates using the following Board-approved leadership criteria and qualities, which have been developed through extensive listening sessions with faculty, staff, students, alumni, legislative leaders, and others across the system and the state.**

### LEADERSHIP CRITERIA AND QUALITIES

The next president of the University of Minnesota is expected to lead with integrity and humility, and to articulate and execute a bold vision while embracing, embodying, and championing the University's mission, egalitarian culture, and values. They will be expected to actively listen to and develop relationships with the University's many constituents, including students, faculty, staff, alumni, legislative leaders, and diverse community members who engage with the University through its many outreach initiatives, including arts and culture organizations, athletics, 4H and Extension, and healthcare.

Candidates must appreciate the history and spirit of the University and collaborate to advance all campuses, their local communities, and the state.

The University of Minnesota is a multi-campus, complex, and top-ranked public research institution, and the president must be adept at managing a vast and diverse enterprise, which includes five campuses throughout Minnesota, a full array of undergraduate, graduate, and professional programs, a \$1.2 billion sponsored research portfolio, a large and complex portfolio of academic health sciences, NCAA Division I, II, and

III athletics, and a host of statewide programs. This next leader should have demonstrated experience leading in this type of setting, whether at a comparable university or as the leader of a similarly complex organization.

The ideal candidate for the University of Minnesota's presidency will possess the following professional qualifications and personal characteristics.

#### **Leadership and Management**

- Track record of success and experience working with a university governing board, with an approach to leadership that vigorously advocates for all constituents and every campus.
- Demonstrated ability to build upon existing momentum and a strong trajectory of accomplishments to set an ambitious long-term vision for the future of the University.
- Leadership style that emphasizes and expects clear and open communication, being present and visible, a team orientation, willingness to listen, and adaptability.

- Demonstrated record of building and developing talented teams, delegating authority, and holding people accountable; evidence of success in leading and managing change by broadly collaborating across a highly complex, multi-site, research-intensive academic institution.
- Respect for and the ability to work within a shared governance environment, including the ability to develop productive and collaborative relationships with the University Senate system, Recognized Student Governance Associations, and collective bargaining units.
- A person of impeccable character, accountability, and integrity who demonstrates ethical behavior, honesty, forthrightness, consistency, authenticity, and humility, and who readily engages with people in the University community and external constituencies.
- A person with high energy and a strong work ethic willing to make a long-term commitment to students, faculty, staff, the University system, and the state.
- Strong and savvy public relations skills, and an ability to work productively with various media outlets to represent the University of Minnesota to internal and external audiences.

### **Diversity, Equity, Inclusion, Justice, and Belonging**

- Demonstrated record of enthusiastically building support for, and participation in, diversity, equity, justice, and inclusion programs at a large institution. Record of championing educational programming for all constituents that would advance cultural understanding, equitable practices, equal opportunity, and commitment to justice.
- Success in implementing robust initiatives with measurable outcomes that foster an increasingly diverse, equitable, just, and inclusive community that is welcoming to and supportive of all members.
- Commitment to current and future initiatives that support the recruitment and retention of diverse students, faculty, and staff; reduce disparities among underrepresented groups; continue to improve the sense of community and belonging for all campus constituents; and advance justice, recognition, and healing with Tribal nations.
- Understanding of and demonstrated commitment to accessibility, educational innovation, inclusive teaching, and other design practices that support the success of all members of the University community.

### **Communications, Advocacy, and Political Acumen**

- Exceptional communication skills, including a genuine ability to listen to and natural inclination to establish and maintain strong relationships with staff, students, faculty, the Board, legislators, donors, alumni, community organizations, business leaders, and others.
- Record of effective and open communication with various constituents that sets a constructive tone, encourages alignment toward goals, explains initiatives, recognizes areas that need improvement, and touts progress and accomplishments.
- Strong political acumen, diplomacy, and eagerness to develop external partnerships across multiple sectors and work effectively with local, state, federal, and Tribal government leaders and agencies.
- Demonstrated ability to enhance support and funding by articulating a compelling case for the University's positive community and economic impact.

### **Financial Management and Advancement**

- A keen understanding of the financial dynamics facing the state, higher education, and the University and its campuses, with a successful track record in managing, reforming, or reimagining complex financial, operational, and budgetary models to ensure the University's short- and long-term financial health.
- The willingness to make budget and resource decisions among competing demands as needed to support the University's goals and priorities, and the ability to consult with campus constituents to understand perspectives, build support, and communicate rationales and impacts of those decisions.

- Demonstrated talent and enthusiasm for fundraising, including strong interpersonal and social skills, to cultivate financial support and partnerships to advance the University's mission.
- Ability to strategize with the University of Minnesota Foundation, the University of Minnesota Alumni Association, and the advancement teams embedded in units across the University system to build relationships and generate financial support for priority programs and initiatives.

## Academic Credentials

- The ideal candidate will have extensive, recent experience in academic institutions and a significant record of successful executive leadership. A Ph.D. or other terminal degree is strongly preferred; candidates without a terminal degree but with the credentials and/or experiences sufficient to warrant the respect and confidence of the academic community will be considered.

## OPPORTUNITIES TO MAKE AN IMPACT

The people of Minnesota—and the staff, students, and faculty on each campus—are proud of the University and value the contributions the University makes to their own lives and to their communities. They seek a president who can inspire them and support them in their belief that they can change the world and improve the collective well-being of all its inhabitants. Select examples of opportunities to advance that goal follow.

### **Leverage the power of the University system while acknowledging the uniqueness of each campus**

*Five strong campuses, one University.*

The incoming president must appreciate the uniqueness of each campus, as well as identify opportunities to work together, to advance each campus and elevate the system as a whole. The University system's footprint is vast and complex, comprising five campuses, 10 research and outreach centers, Extension offices spread across 87 counties, and relationships with 11 Tribal nations and eight congressional districts. Within this highly complex environment, the president will be a collaborative and thoughtful presence on each of the campuses, supporting chancellors and individual campus accomplishments while advancing the collective achievements of the system. Each campus is situated within its own community and contributes locally and to the overall fabric of the state. While the sense of "place" is distinct for each campus, with particular recent and historical events that have shaped the local culture and their contribution, the system knitted together is greater than the sum of its parts and has strong potential for even greater success. Understanding the unique histories and offerings

of each campus, as well as their contributions to the shared success of the system, the president will both serve as an eager champion of the individual locations and effectively weave those contributions together at the system level for the overall betterment of the state, the nation, and the world.

### **Articulate a new strategic vision while completing implementation of the MPact 2025 Systemwide Strategic Plan** *A bold vision for the future.*

In July 2020, the Board of Regents approved the MPact 2025 Systemwide Strategic Plan (MPact 2025) for the University of Minnesota. On the heels of its completion, the Board will charge the president with envisioning the University's next chapter of success by defining an inclusive systemwide strategic planning process to move the University forward, building on past successes and charting a course for the future of higher education delivery, discovery, and service to the state. In so doing, the president will bring forward innovative concepts that anticipate the future needs of Minnesota and the nation, and strategically position the University of Minnesota as a leader in solving pressing issues facing a global society.

### **Marshal the assets of the University to change the face of healthcare in Minnesota**

*Minnesota's health care leader and innovator.*

One of the University's greatest impacts across the state is its contributions to the healthcare landscape: 70% of the state's health professionals trained at the University of Minnesota, which is one of only a few in the nation to offer programs in

dentistry, medicine, nursing, pharmacy, public health, and veterinary medicine. Thousands of students in more than 60 health science programs learn together through a nationally recognized interprofessional education curriculum. The clinical care, knowledge creation, and community service delivered by the academic health science programs and affiliated hospitals and clinics enhance the well-being of all Minnesotans. Building on these strengths, the incoming president will lead within the state's healthcare ecosystem and beyond, working alongside other thought leaders and policymakers to envision a coordinated, efficient, and high-caliber system of healthcare that champions medical education and research, improves clinical care, and more fully serves the people of Minnesota. Equally important will be communicating that vision effectively to the people of Minnesota, policymakers, philanthropists, the media, and other statewide constituencies.

**Accelerate the advancement of diversity, equity, inclusion, justice, and belonging**

***A University for all.***

The next president is expected to embody the values of diversity, equity, inclusion, justice, and belonging (DEIJB) and articulate and tangibly demonstrate those values by building a team of diverse leaders and establishing an environment where all can thrive. The president will advance the diversity of the campuses and ensure that historically marginalized communities have the culturally appropriate support they need to succeed. Within this DEIJB agenda, the president will be expected to be especially cognizant of the unique relationship to Native American communities, upon whose land the University sits, including the historical and present events and relationships with those communities. The president should also understand and acknowledge the TRUTH Project, a report that offers multiple recommendations on how the University of Minnesota community can improve relations with American Indian nations in Minnesota and beyond (see [mn.gov/indian-affairs/truth-project](https://mn.gov/indian-affairs/truth-project)). Engaging in intentional dialogue with elected Tribal officials and leaders, among other underrepresented groups, will be an essential component of how the president embodies the University's DEIJB commitment and advances equity on behalf of the institution.

**Advocate for the University and develop productive external partnerships**

***A champion for Minnesota's preeminent educational institution.***

The president is expected to be an unabashed, positive, and impactful proponent for the University, promoting the value of higher education and the brand of the University, and touting the strengths of each campus with pride across the region, the state, the nation, and world. To ensure the University can have the highest possible impact on the state, region, nation, and the world, the president will effectively advocate for reinvestment in the University's people, programs, and facilities. Among the president's expected activities are effective relationship-building with policymakers, at both the state and national levels, to spread understanding of the University's return on investment, with a goal of increased legislative and public support for the University. The president will engage additional external partners across the educational continuum for the mutual benefit of the state, including pre-K-12 partners and the Minnesota State System. Effective advocacy also requires the president to work collaboratively with all campuses in their pursuit of private philanthropic dollars, strategic partnerships, and alumni engagement. The president will also serve as a spokesperson externally, particularly with the media, embodying the mission and values of the University while advancing the University's objectives and impact.

**Engage the University and the state to increase high-impact discovery and scholarship and drive creativity, collaboration, and an innovative spirit**

***The University is part of an elite group with more than \$1B in research expenditures.***

The University of Minnesota is the state's only designated research university, and its research enterprise is strong, with top-ranked departments, record expenditures, and the second largest award levels in the University's history in FY 2022. The University is nationally and globally recognized for technology commercialization and innovation: The University achieved a single year record for the number of both startups launched and patents issued, while also celebrating the creation of the 200th startup since 2006—a significant milestone. Therefore, the president should have a broad and deep understanding of the importance of research, scholarship, and teaching and their



symbiotic relationship; an ability to clearly articulate convincing arguments for the importance of research, scholarship, and teaching with constituents, including donors and the legislature; and a passion for growing the University of Minnesota's research portfolio and enabling every member of the university

community, including faculty, students, and staff, to engage in, embrace, benefit from, and feel valued in supporting the institution's areas of research, scholarship, and teaching excellence.

## Application and Nomination Process

All applications, nominations and inquiries are invited. Applications should include, as separate documents, a CV or resume and a letter of interest addressing the themes in this profile.

WittKieffer is assisting the University of Minnesota in this search. For fullest consideration, candidate materials should be received by December 19, 2023.

Application materials should be submitted using WittKieffer's **candidate portal**.

Nominations and inquiries can be directed to:

Zach Smith, Ph.D., Jim King, Christine Pendleton, Melody Rose, Ph.D.

**[UMNPresident@wittkieffer.com](mailto:UMNPresident@wittkieffer.com)**

*The University of Minnesota shall provide equal access to and opportunity in its programs, facilities, and employment without regard to race, color, creed, religion, national origin, sex, gender, age, marital status, familial status, disability, public assistance status, membership or activity in a local commission created for the purpose of dealing with discrimination, veteran status, sexual orientation, gender identity, or gender expression.*

UNIVERSITY OF MINNESOTA  
**Driven to Discover®**

Crookston Duluth Morris Rochester Twin Cities



## INTRODUCTION

### The University of Minnesota—among the world’s top research universities—has both urban and rural settings, and both local and global impact.

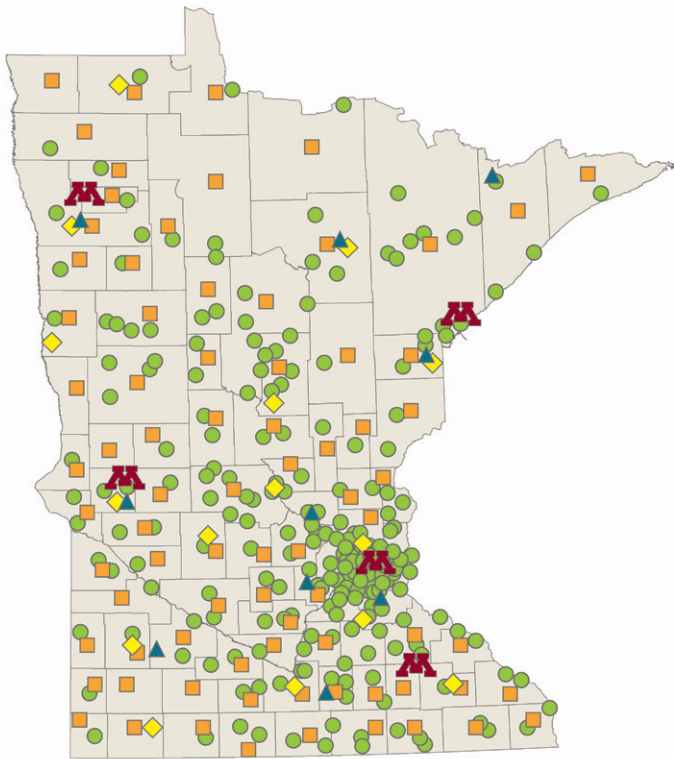
The University of Minnesota has more than 68,000 students, 26,500 employees, and half a million alumni living around the world. Students from more than 145 countries are enrolled on our campuses, and thousands of U of M students study abroad.

We are the 14th most active public research university in the United States (HERD survey). In fact, we rank 44th among the world’s top universities. Our distinguished intellectual history includes 26 Nobel Prize winners.

The University of Minnesota was founded in 1851, near Saint Anthony Falls on the banks of the Mississippi River. The Falls hold cultural and spiritual significance for the Dakota and other American Indian peoples who frequented and lived in the area. Some Dakota words that describe this sacred area include: Owámniomni (turbulent waters, aka St. Anthony Falls), Dakhóta Makhóche (Dakota Land), Wakpá Thánka (Great River, aka Mississippi River), and Ĥaĥáwakpa (River of the Waterfalls, aka Mississippi River).

Today the University of Minnesota system has five distinct campuses across the state:

- **U of M Crookston** is known for its focus on experiential learning and faculty-student mentorship. The campus is also one of the nation’s pioneers in online education.
- **U of M Duluth** is a highly ranked comprehensive regional university with a strong emphasis on the environment and sustainability, a focus on undergraduate education, a Sea Grant designation, and a global reputation for natural resources and freshwater research.
- **U of M Morris** helps students shape a liberal arts education that prepares them for graduate study, challenging careers, and deep civic engagement. It is the only 4-year university in the upper Midwest to be designated a Native American Serving Nontribal Institution.
- **U of M Rochester** trains health professionals in partnership with the world-renowned Mayo Clinic and other medical organizations in the community, and offers an innovative curriculum focused on student success like no other campus in the country.
- **U of M Twin Cities** is one of only five institutions in the United States with an engineering school, medical school, law school, veterinary medicine school, and agricultural school on one campus.



## The Minnesota Impact

-  Campuses
-  Research & Outreach Centers
-  Regional Extension Offices
-  Extension County Offices
-  Cities with U of M Health Care Training Sites

## We are Minnesota's Economic Engine.

Our three-part mission of teaching, research, and outreach translates into jobs and economic activity statewide. Our talented graduates are sought after, and as the state's seventh largest employer, we attract top talent locally, regionally, nationally, and even internationally. University of Minnesota faculty and staff are highly motivated, and passionate about their work and having an impact.

With an annual operating budget ([z.umn.edu/budget](http://z.umn.edu/budget)) of more than \$4 billion, the University of Minnesota generates more than \$8.6 billion for Minnesota's economy annually.

- Roughly half the U of M budget is restricted funding or self-funding.
- Operations funding is less than half the U of M budget.

- Operations funding goes to core U of M education, research, and public engagement.
- Operations funding has two primary sources: tuition and state appropriations.
- The University of Minnesota grants more than 15,000 degrees each year.

Today in Minnesota, more than 350,000 U of M graduates will go to work as community leaders; health professionals; teachers and counselors; business analysts and experts; designers, artists, and architects; executives and entrepreneurs; engineers; and builders.

Because of this skilled workforce, Minnesota is home to 15 Fortune 500 companies—per capita, that's third in the nation.



DELIVERING A COMPREHENSIVE,  
WORLD-CLASS EDUCATION

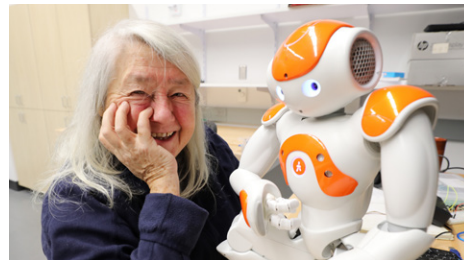
## Award-Winning Faculty

**The president leads an institution with distinguished faculty on every single campus. From Crookston to Rochester, from Morris to Duluth, and then back to the Twin Cities.**

Faculty have been elected to the National Academy of Sciences, American Academy of Arts and Sciences, National Academy of Medicine, and National Academy of Engineering.

They've received the National Medal of Science, National Book Award, MacArthur Foundation Fellowship, Andrew Carnegie Fellowship, Lasker Award, Wolf Prize, Thurber Prize for American Humor, and Pulitzer Prize.

The University has nurtured the careers of more than 177 Guggenheim Fellowship recipients and 26 Nobel Prize winners.



## Recognizing Our Faculty

The University of Minnesota also honors its faculty with awards for outstanding contributions to teaching, research, and outreach. Select awards include:

- **Regents Professorships**—the highest honor for faculty at the University of Minnesota
- **McKnight Professorships**—which recognize professors at different career stages
- **Awards for Outstanding Contributions to Education** (Distinguished Teaching Awards)
- **Justice, Equity, Diversity and Inclusion Award**
- **President’s Community-Engaged Scholar Awards**

With over 7,900 direct academic providers systemwide, our faculty members form the cornerstone of the University.

## Outstanding Students

U of M undergraduates have won the Rhodes Scholarship, Harry S. Truman Scholarship, Churchill Scholarship, British Marshall Scholarship, Udall Scholarship, Goldwater Scholarship, Gilman International Scholarship, and Astronaut Scholarship.

- Six U of M Twin Cities students have been named Churchill Scholars in the last eight years, the most in the Big Ten.
- Two U of M Twin Cities students were awarded Truman scholarships in 2023.
- Sixteen U of M Morris students won Fulbright awards in the last decade.
- In 2023, 28 U of M graduate students were awarded National Science Foundation Fellowships.
- The Duluth campus has led the nation since 1972 in training physicians for rural medicine and serving American Indian communities.

## Dedicated Staff

Our staff are known for being exceptionally dedicated—committed to the University of Minnesota’s mission and to each other. With over 14,000 academic professional and administrative, civil service, and labor represented employees across

the system, staff are vital to every aspect of the University’s success. While nationwide the average time spent with an employer is four years, employees stay at the University for an average of eight years. They stay because they know their work matters.

## A History of Shared Governance

We have one of the strongest and most active shared governance systems among major research universities. When it was established, in 1912, the University Senate consisted only of faculty. Today, there are four senates— Faculty Senate, Student Senate, P&A Senate, and Civil Service Senate, making Minnesota one of the few Big Ten institutions to include civil service and professional and academic (P&A) staff in its University Senate governance system. This systemwide shared governance body provides an opportunity for diverse voices of the U of M community to weigh in on key issues.

The University Senate takes pride in its collaborative relationship with both the Board of Regents and the University administration.

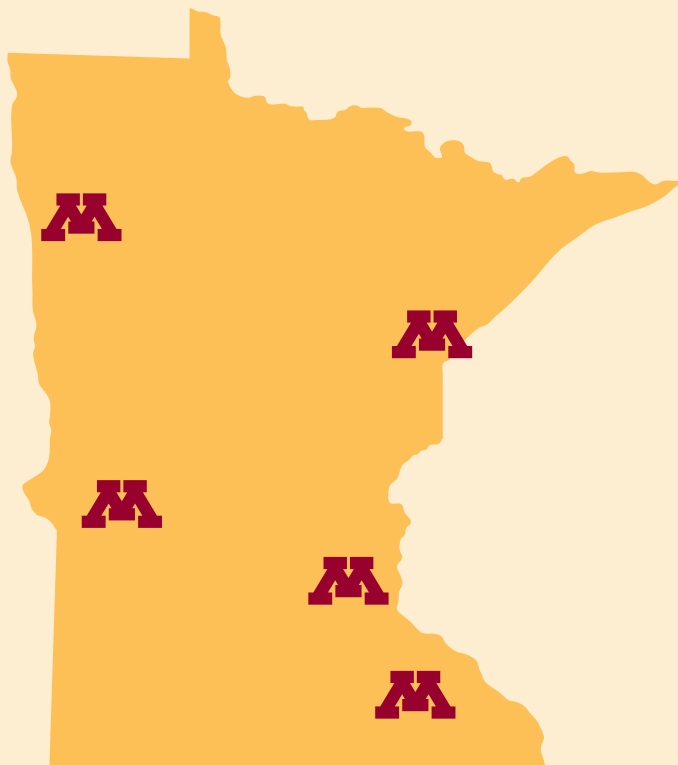
For further reading on University Senate Governance: [usenate.umn.edu](https://usenate.umn.edu)

## System Campuses

University of Minnesota systemwide enrollment is (fall 2023)

**52,207**  
undergraduate  
students

**16,159**  
graduate and  
professional students



U of M Crookston  
[crk.umn.edu](https://crk.umn.edu)

U of M Duluth  
[d.umn.edu](https://d.umn.edu)

U of M Morris  
[morris.umn.edu](https://morris.umn.edu)

U of M Rochester  
[r.umn.edu](https://r.umn.edu)

U of M Twin Cities  
[tc.umn.edu](https://tc.umn.edu)



## SUPPORTING STUDENT SUCCESS

**The University of Minnesota’s commitment to undergraduate success begins with our outreach to prospective students and extends through recruitment, enrollment, orientation, academic advising, career services, graduation, and beyond.**

The president sets the strategy and process by which we recruit incredible scholars who achieve outstanding results.

We provide a high-quality education and experience while remaining affordable to a broad cross-section of students. We foster ethnic, social, economic, and geographic diversity. And we provide students with the opportunities of a world-class research university.

With our development of living and learning communities, freshman seminars, undergraduate research, internships, and service-learning opportunities, the U of M Twin Cities four-year graduation rate is 75 percent—more than double the rate in 2002.

Each University of Minnesota System campus has its own strategy to serve the students who thrive in its distinctive environment:

- **U of M Crookston’s** experiential learning lets students apply concepts through projects, simulations, field

trips, site visits, service learning, and interaction with professionals. The campus offers many of its majors entirely online, as well as on campus.

- **U of M Duluth** students participate each year in the Undergraduate Research Opportunity Program, and several departments have nationally recognized summer undergraduate research programs.
- **U of M Morris** offers the same focused experience as the Upper Midwest’s top private liberal arts colleges—yet at half or one-third the price.
- **U of M Rochester** provides each student with a success coach. This is only one of UMR’s innovations that have produced its high success rate for underrepresented students.
- **U of M Twin Cities** undergraduates can enroll in Grand Challenge courses that feature solution-driven interdisciplinary approaches to global problems.



## Student Life by the Numbers

University of Minnesota students come from all 50 states and more than 148 countries. In fall 2023 there were 30,469 undergraduates on the Twin Cities campus alone, more than 6,736 of whom were freshmen. Ethnicities on our campuses include Asian/Pacific (15.8%), African-American (10.2%), and Chicano/Latino (5.6%). American Indian/Alaska Native students comprise 1.5% and international students 5.9% of the total student enrollment.

### U of M Crookston

- 2,518 students (Fall 2023)
- 16% students of color or underrepresented groups
- 37 undergraduate majors
- 40+ student organizations
- 14 athletic teams

### U of M Duluth

- 9,350 students (Fall 2023)
- 13% students of color or underrepresented groups
- 89 undergraduate majors
- 24 graduate majors
- 2 doctoral majors
- 240+ student organizations
- 16 athletic teams

### U of M Morris

- 1,020 students (Fall 2023)
- 44% students of color or underrepresented groups
- 33 undergraduate majors
- 100+ student organizations
- 19 athletic teams

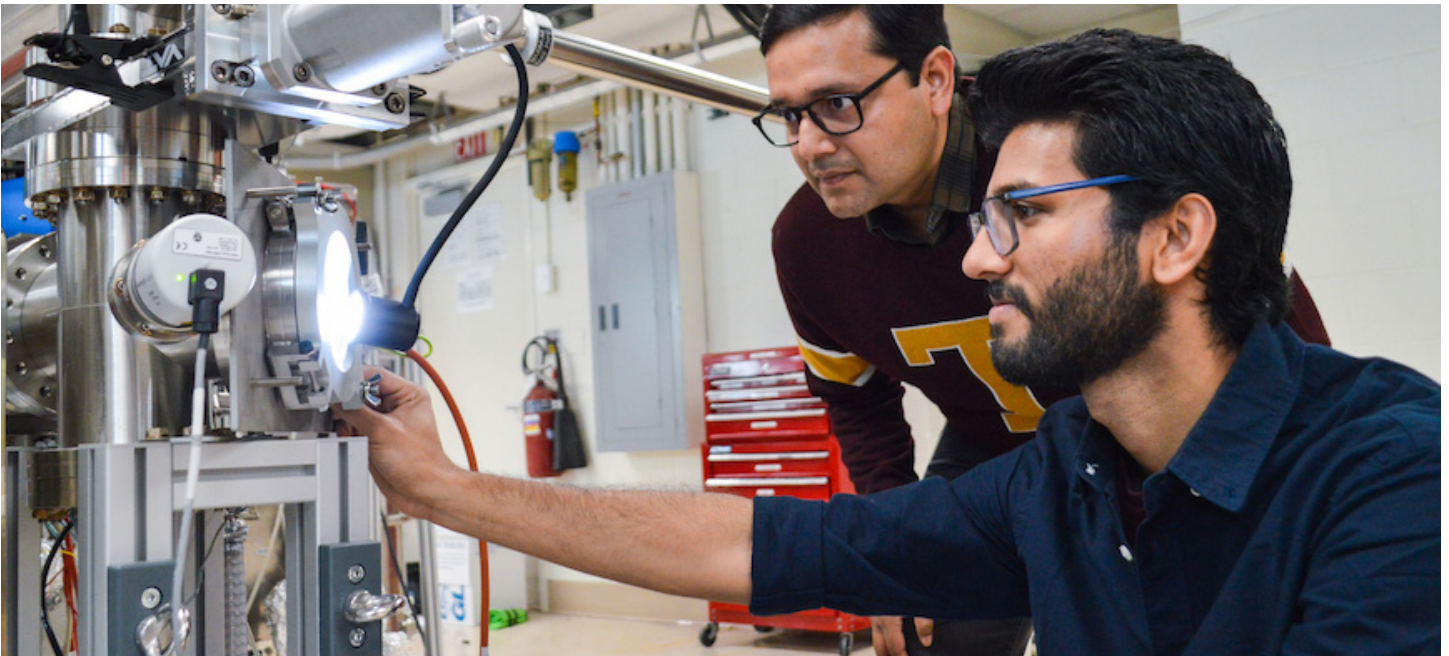
### U of M Rochester

- 588 students (Fall 2023)
- 41% students of color or underrepresented groups
- 2 undergraduate majors
- 4 graduate degrees (2 doctoral)

### U of M Twin Cities

- 54,890 students (Fall 2023)
- 30% students of color or underrepresented groups
- 150 undergraduate majors
- 180+ graduate majors
- 108 doctoral majors
- 1,000+ student organizations
- 22 athletic teams



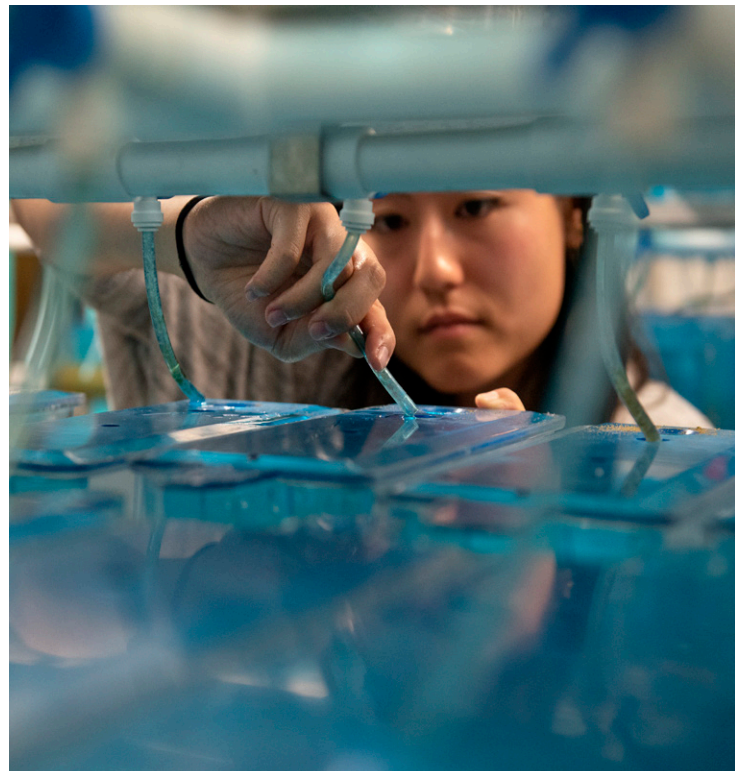


WE ARE DRIVEN TO DISCOVER

**Worldwide, University of Minnesota discoveries illuminate every field—  
from medicine to engineering, and from human prehistory  
to psychology, anthropology, and child development.**

The University of Minnesota's research enterprise attracts more than \$1 billion in external sponsored awards each year and contributes both well-educated graduates and new ideas and innovations to the economy. Our 10 Research and Outreach Centers statewide bring new knowledge of vital importance to Minnesota's rural and urban communities. As president, you will explore every county in the state, knowing that our research improves the lives of every Minnesotan.

Through our MnDRIVE partnership with the state, Minnesota has invested more than \$200 million in research areas, including the environment, robotics and sensors, global food, cancer clinical trials, and brain conditions. The partnership has helped boost Minnesota's economy in key areas such as additive manufacturing, precision agriculture, pollution remediation, neuromodulation, and cancer treatment.



The U of M also builds on a strong tradition of partnering with arts, design, and humanities throughout Minnesota. Our unique Imagine Fund, for example, supports innovative lines of research and scholarship that may not otherwise be possible.

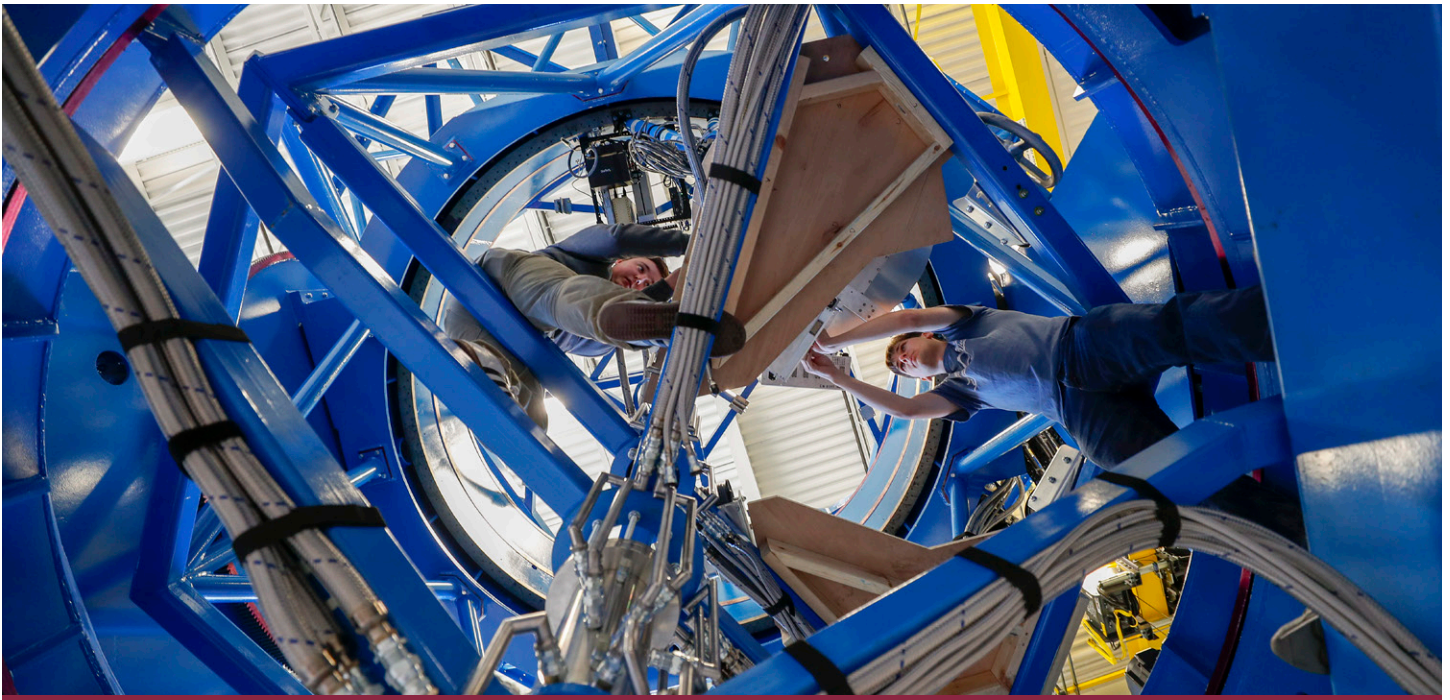
The U of M is also a leader in technology commercialization, regularly ranking among the top 10 public research universities in key metrics such as number of deals, disclosures, and patent applications. The University has been awarded more than 1,000 patents (U.S. and foreign) over the past five years and is ranked 18th globally for U.S. utility patents granted.

The U of M has spun out more than 235 startup companies based on inventions from faculty and staff, creating a record-breaking 23 startups in FY 2023. U of M startups have attracted more than \$1.8 billion in investment capital, IPOs, and acquisitions.

Across the U of M System, our researchers are producing major discoveries—from using AI to understand climate change’s effects on agriculture, to developing neuromodulation treatments for everything from tinnitus to movement disorders.

- **U of M Crookston** became known as “laptop U” for its early embrace of new technology. The campus is also known for its focus on experiential learning and is one of the nation’s pioneers in online and distance education.
- **U of M Duluth** has a strong emphasis on the environment and sustainability and a global reputation for natural resources and freshwater research. Its Large Lakes Observatory uses sediment cores to understand the history of climate change, and the Natural Resources Research Institute has developed, among other new products, what may be the world’s fastest-growing tree—“InnovaTree.”
- **U of M Morris** is one of the country’s most sustainable campuses, having received numerous awards and producing more renewable energy per student than any other campus in the nation.
- **U of M Rochester** prepares health sciences professionals and maintains unique collaborations with world-renowned medical organizations in the community.





## LEGACY OF INNOVATION

### **At the University of Minnesota, we have a long history of innovation.**

- The first female scientist on the U of M faculty, Josephine Tilden, established the Pacific Northwest's first marine biological station, on Vancouver Island, in 1901. She published a book, *The Algae of Minnesota*, in 1910, and in 1935 became the first American scientist to publish a book describing marine and freshwater algae.
- In 1940, at the request of Enrico Fermi, U of M physicist Alfred O.C. Nier used an instrument he had built to separate the isotopes of uranium and prepare a sample of uranium-235. That achievement ushered in the nuclear age.
- U of M graduate student Raymond Lindeman, working at Minnesota's Cedar Bog Lake, revolutionized ecology in 1941 and 1942 with papers that described mathematically how energy and nutrients move through ecosystems.
- After World War II, U of M physicists led the way in cosmic ray and nuclear physics. Phyllis Freier, Edward Ney, and C. Jake Waddington found the first evidence of heavy ions in cosmic rays. Their work began the U of M's stellar tradition in balloon, rocket, and satellite-borne research in space physics and astrophysics.
- James J. "Crash" Ryan, a U of M mechanical engineering professor from 1931 to 1963, created and tested car safety features himself. In 1963 he received a patent for the first automatic retractable seat belt. He also developed a crash-proof box to record and preserve flight information—it became the "black box" recorder.
- In 1957, U of M surgeon C. Walton Lillehei asked alumnus and Medtronic Inc. founder Earl Bakken to solve the problem of plug-in pacemakers, which were useless during power blackouts. Bakken promptly invented the battery-powered transistorized pacemaker. The first clinically reliable bubble oxygenator, developed by U of M physicians Richard DeWall and Lillehei in 1955,

transformed cardiac surgery. In the early 1950s, U of M surgeons Lillehei, Richard L. Varco, Morley Cohen, and Herbert Warden and others pioneered the technique of cross-circulation, in which a blood-matched donor served as the heart-lung “machine” for a patient.

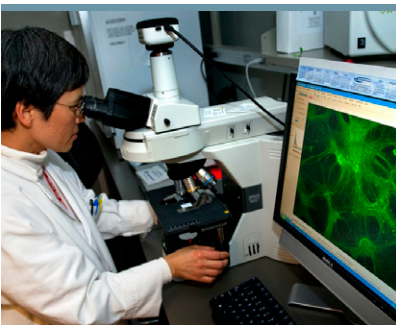
- In 1968 U of M physician Robert Good used HLA matching to perform the world’s first successful human bone marrow transplant between siblings who were not identical twins.
- U of M economics professor Leonid Hurwicz pioneered the application of game theory and showed how desired outcomes are achieved in economics, social science, and political science. His work won him the Nobel Memorial Prize in Economic Sciences.
- In the early 1980s, professor and animal behaviorist Robert “RK” Anderson co-created, along with Ruth Foster, the Gentle Leader dog leash, which the Smithsonian named in 2002 as one of the world’s 100 best inventions.
- In the early 1990s, U of M ecology professor David Tilman demonstrated the pivotal role of biodiversity in ecosystem health.
- In the mid-1990s, U of M medical scientist Karen Ashe developed the “gold standard” mouse model of Alzheimer’s disease.
- In 2004, Professor Lanny Schmidt invented a reactor that extracts hydrogen from fossil fuels and ethanol, offering the first real hope of achieving a hydrogen economy for certain energy uses.
- In 2016, The Thurber Prize for American Humor was awarded to English professor Julie Schumacher for her book “Dear Committee Members: A Novel.”
- David Bedford and Jim Luby, professors in the Department of Horticultural Science, introduced “First Kiss” in 2016, followed by “Triumph” in 2021, and “Kudos” in 2023. The program has released 29 varieties since 1878, including the world-famous “Honeycrisp.”





## ENGAGING WITH THE COMMUNITY AND INVIGORATING MINNESOTA'S ECONOMY

### **We are committed to community service and the vitalization of every corner of the state.**



Each year, more than 7,000 University students are involved in community engagement through internships, research projects, and community-engaged learning courses.



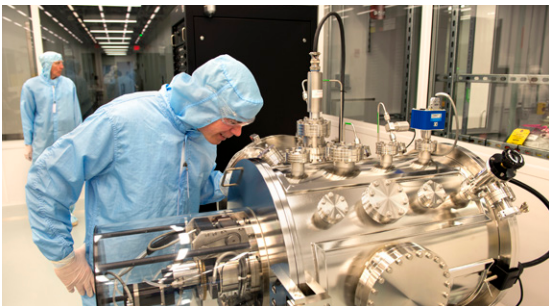
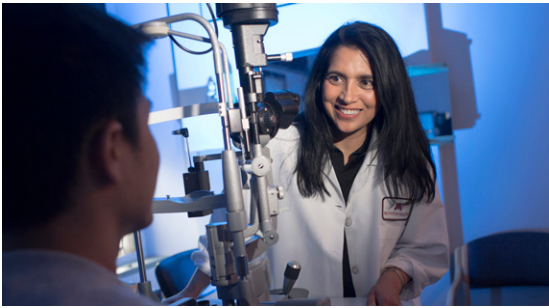
Meanwhile, more than 400 University faculty identify as community-engaged scholars, and we have more than 2,700 public engagement initiatives across the U of M system.

Two campuses—Morris and the Twin Cities—currently hold the prestigious Carnegie Foundation Elective Classification for Community Engagement, while Crookston, Duluth, and Rochester have applications under review.



We work with communities in all 87 Minnesota counties—on agricultural issues, the environment, the educational needs of youth, health care access, business innovation, economic development, and more.

- The U of M's Office for Public Engagement leads a dedicated systemwide effort to integrate public engagement into our research and teaching.
- The Robert J. Jones Urban Research and Outreach-Engagement Center has vital partnerships with North Minneapolis to advance learning, improve quality of life, and find solutions to critical urban-based problems.
- The Center for Urban and Regional Affairs is a national model for university-community engagement to determine key issues and discover new approaches to solving them.



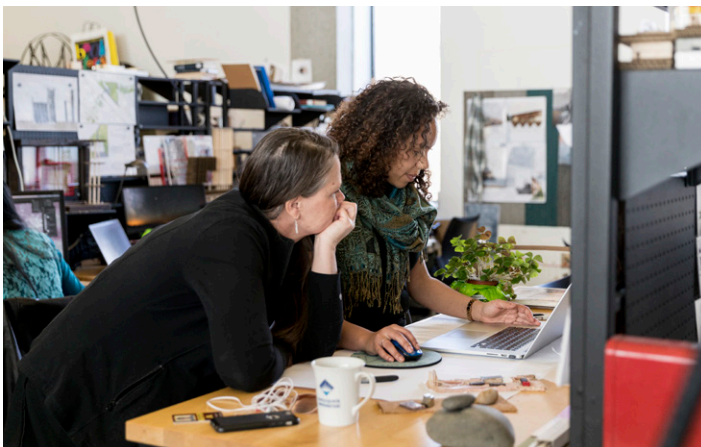
- The Tribal Sovereignty Institute contracts with the Minnesota Department of Transportation to deliver the innovative and award-winning Tribal-State Relations Training. They have trained 6,200 state employees since October of 2013.
- U of M Extension's Regional Sustainable Development Partnerships now have 133 active sustainable development projects across our state.
- The Veterinary Diagnostic Laboratory serves Minnesota's citizens and animal populations by identifying and monitoring emerging diseases, developing new diagnostic methods, and preparing the next generation of veterinary scientists.
- The U of M's Landscape Arboretum has 1,200 acres of gardens and tree collections, prairie and woods, and miles of trails for the tens of thousands of Minnesotans who annually visit to recreate and reflect on nature's best ideas.
- The University of Minnesota has one of the nation's most comprehensive academic health centers. We train 70 percent of Minnesota's new physicians. U of M research produces new treatments to enhance the health and well-being of communities in our state and beyond.
- The Rural Physician Associate Program has placed more than 1,700 students across greater Minnesota to bolster communities' access to health care while offering third-year medical school students real-world experience. The newer Metro Physician Associate Program has done the same in our urban communities, with 70 students placed to date.
- The Mobile Dental Clinic travels our state to serve those areas where dentistry is scarce, while providing hands-on experience to U of M students seeking to become dentists, dental hygienists, and dental therapists.
- The U of M College of Pharmacy educates 70% of Minnesota's pharmacists and has campuses in the Twin Cities and in Duluth.
- The U of M's Veterinary Food Animal Scholars Program accelerates training to meet the shortage of food animal veterinarians and ensure that communities in greater Minnesota have livestock care.
- The U of M's Doctor of Nursing Practice program produces highly trained nurses to practice medicine to alleviate care shortages across Minnesota.
- The Community-University Health Care Center is one of the largest urban clinical training sites, with nearly 300 students and residents serving South Minneapolis communities comprising over a dozen racial and ethnic groups.



**Every dollar invested in the U of M by our state generates \$13.83 in Minnesota's economy.**

We contribute more than \$8.6 billion annually in economic activity to our state. With 27,000+ employees (we're Minnesota's 7th largest employer), a large student population, and research centers and health care services, there is little in the state that we don't have a hand in.

- MnTAP—Minnesota Technical Assistance Program—pairs U of M student interns with Minnesota businesses to implement industry-tailored solutions to save money through reductions in energy and water usage and waste.
- Extension Department for Community Development engages Minnesotans to strengthen the social, civic, economic, and technological capacity of their communities and to expand local businesses.
- MN Cup is Carlson School of Management's startup competition that reaches emerging entrepreneurs—including students—from across the state, connecting them with the resources and support to launch and accelerate the development of their new ventures. In 2023, 21 companies split more than \$400,000 in cash prizes.
- The Minnesota Design Center, at U of M Twin Cities' College of Design, works toward a future where our state and region creatively respond to the technological, environmental, social, and economic disruptions of the 21st century.
- U of M Duluth's Natural Resources Research Institute works with Minnesota businesses to promote entrepreneurship, job creation, economic diversification, and resource stewardship to foster resilient communities.





## BUILDING STRONG CONNECTIONS WITH OUR ALUMNI

Our distinguished intellectual history includes 26 Nobel Prize winners, plus Guggenheim Fellows, Pulitzer Prize winners, MacArthur Fellowships ("genius awards"), and members of the American Academy of Arts and Sciences and the National Academy of Sciences.

Famous University of Minnesota alumni include Nobel Peace Prize-winning agronomist Norman Borlaug; former U.S. Vice Presidents Hubert Humphrey and Walter Mondale; Earl Bakken, inventor of the battery-powered pacemaker and founder of Medtronic; international expert in infectious disease epidemiology, Michael Osterholm; civil rights activist Roy Wilkins; authors Patricia Hampl and Cheryl Strayed; award-winning musicians Maria Schneider and Santino Fontana; and athletics greats Alan Page, Lindsey Whalen, Gable Steveson, Tony Dungy, and Herb Brooks.

Our living alumni total more than 622,000—living in more than 165 countries around the world and 62 percent of them living in Minnesota.

- U of M Crookston has more than 12,000 living alumni, with over 7,000 residing in Minnesota—the majority working in the fields of agriculture, natural resources, and business. Alums include 2013 graduate Wemimo Abbey, co-founder of

Clean Water for Everyone and Esusu, a peer-to-peer social banking venture.

- U of M Duluth living alumni number more than 81,000 (55,000 in Minnesota), from NHL player Brett Hull to 2012 Nobel Prize recipient Brian Kobilka, actor Joel McKinnon Miller, and Duluth mayor Emily Larson.
- U of M Morris living alumni number 17,000 (11,300 in Minnesota), including Lorie Skjerven Gildea, former chief justice of the Minnesota Supreme Court; Ravi Norman, former CEO of Thor Construction, the largest minority-owned business in Minnesota; and Olympic medalist Dennis Koslowski.
- U of M Rochester's first class graduated in 2013. Today, there are more than 1,300 alums (1,000 in Minnesota), like 2022 graduate Ben Romanusk, who says that what makes Rochester special is its culture around education and the passion and curiosity of faculty and students around learning.
- U of M Twin Cities counts more than 516,000 living alumni worldwide (294,000 in Minnesota), including three of Minnesota's current constitutional officers—Lieutenant Governor Peggy Flanagan, Attorney General Keith Ellison, and Secretary of State Steve Simon. More than a third of alumni hold doctorates or master's degrees.





## Rankings and Accolades

**Among U.S. public research universities, the Twin Cities campus ranks:**

- 10th overall (Academic Ranking of World Universities)
- 14th in research expenditures (Top American Research Universities)
- 10th for annual giving (Top American Research Universities)

**Our system campuses are equally excellent.**

- *U.S. News & World Report* named U of M Morris one of the nation's Top 10 public liberal arts colleges in 2023.
- *U.S. News* ranked U of M Crookston third among the Midwest's public regional colleges.
- U of M Duluth leapfrogged 20 institutions in the past two years, ranking No. 21 overall and No. 4 among *U.S. News*' best Midwest regional universities.
- U of M Rochester is accredited with the Twin Cities campus, which was ranked the No. 23 public university in the U.S. by *U.S. News*.

And systemwide, our alumni are generous. In fiscal year 2023, nearly 37,000 of them gave over \$160 million to the University of Minnesota—that's 40 percent of all donors and nearly 47 percent of all gifts.

## Centers and Institutes

The U of M is home to more than 300 centers and institutes whose impact is felt worldwide—from our renowned Institute on the Environment; to the Center for Drug Design, which developed Ziagen, one of the world's most effective HIV/AIDS drugs; to the Center for Infectious Disease Research and Policy; to the National Center for Food Protection and Defense.

U of M centers and institutes serve every corner of our state:

- U of M Crookston's Center for Rural Education in Science and Technology makes STEM education more accessible to underserved, underrepresented schools, home-school groups, and others in northwestern Minnesota.
- U of M Morris's Clifford J. Benson Center for Community Partnerships fosters campus-community collaborations to address needs in small towns.
- U of M Duluth's Center for Regional and Tribal Child Welfare Studies partners with tribes, county agencies, and nonprofits in Minnesota to help improve American Indian child welfare practices and reduce the disparities experienced by families in the child welfare system.
- U of M Rochester's Center for Learning Innovation promotes a learner-centered, technology-enhanced, concept-driven and community-integrated learning environment.



## LIVING IN THE TWIN CITIES

**Our dramatic skyline is the riverfront setting for world-famous Fortune 500 companies and nonprofits. Yet the Twin Cities—Minneapolis and Saint Paul—are remarkable for many reasons.**

**The Twin Cities are a center for art and culture.** Home to the nation's first sculpture garden, several fine arts museums, the nation's third-largest market for dance, two professional orchestras, an internationally renowned opera company, and great jazz clubs. And, of course, we rock—with Prince, Bob Dylan, Hüsker Dü, the Replacements, Lizzo, Atmosphere, Dessa, and others making their musical mark here.

**We lead the nation in the percentage of residents who volunteer**—more than 45 percent—and we are also among the most civically engaged, based on levels of community and neighborhood involvement and voter turnout.

**Lakes, trails, parks—in the Twin Cities you're never more than six blocks from a park.** There are nine state parks in the metro area and dozens of lakes. Summer here means walking, running, skating, and biking on our many local trails—in winter we ski on those same trails.

**Consistently named among the best-value metro areas in America,** the Twin Cities offer a huge range of communal amenities and housing. With our strong work-life balance, low cost of living, and high rates of health coverage, it's no wonder we often rank so highly in quality of life surveys.

For further reading on Greater MSP: [greatermsp.org](http://greatermsp.org)



## FOSTERING HIGH LEVELS OF STUDENT-ATHLETE SUCCESS

### **We compete and excel at the highest level of collegiate sports.**

- As a charter member of the Big Ten Conference, the University of Minnesota Twin Cities sponsors 22 varsity intercollegiate athletic teams and is represented by more than 625 student-athletes who compete in the Big Ten and the Western Collegiate Hockey Association. Minnesota has claimed 29 national championships in eight different sports and has won 215 regular-season conference titles and 42 conference tournament championships. Minnesota has also produced 198 Academic All-Americans, which ranks as the tenth most all-time among college and universities.
- The U of M Duluth Bulldogs have been a Division I power in both women's and men's hockey for many years. Our women's hockey team has won five national championships (2001, 2002, 2003, 2008, and 2010)—second most of any program. Our men's hockey team has won three recent national titles (2011, 2018, 2019). U of M Duluth also won the Division II national football championship (2008, 2010). And 2023 marked the first time in Northern Sun Intercollegiate Conference history that the same school—U of M Duluth—had men's and women's basketball teams in the DII Elite 8.
- The U of M Crookston Golden Eagles baseball team has made appearances in the Northern Sun Intercollegiate Conference Tournament in five of the last eight seasons. In 2023, the Golden Eagles set a program record with 38 wins and swept the conference "Player of the Year" awards.
- The U of M Morris Cougars compete in 19 different Division III sports, with 129 individual All-Americans and 64 conference titles. The campus also partners with the local community to share fitness, football, and softball facilities with the town and local high school.
- The U of M is home to iconic sports facilities on the Twin Cities campus. Ridder Arena and 3M Arena at Mariucci are the envy of hockey fans everywhere. Huntington Bank Stadium is one of the premier collegiate football stadiums in the country. And our Athletes Village complex provides student-athletes with state-of-the-art academic, leadership, and nutrition support.

Beyond varsity sports, thousands of University of Minnesota students on all of our campuses participate in intramural and club sports—from soccer and volleyball to broomball and dodgeball.



## BUILDING AN INVITING CAMPUS ENVIRONMENT

### **The U of M Twin Cities is in the heart of a buzzing metropolis, yet the campus takes much of its identity from its unique setting.**

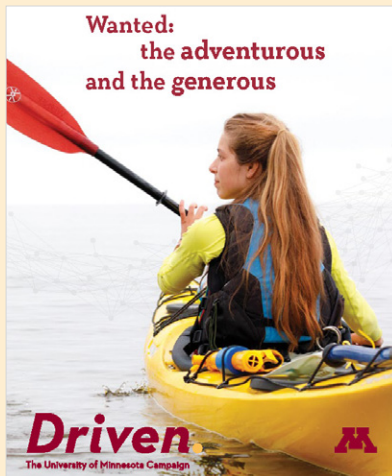
In Minneapolis, the campus sits astride the east and west banks of the Mississippi River; in St. Paul, the campus is adjacent to the Minnesota State Fairgrounds, which draws nearly two million visitors each year.

Since our origins in 1851, we have grown exponentially, and the U of M's footprint now spans Minnesota. The Twin Cities campus alone has 348 buildings and covers more than 14 million square feet. The campuses of Crookston, Duluth, Morris, and Rochester add another 186 buildings and more than 3 million square feet.

Each U of M system campus reflects its neighboring communities and has undertaken its own expansions, renovations, and renewals to offer ideal learning environments for U of M students. We have invested heavily in infrastructure and buildings related to science, health, and technology—areas critical to the well-being of Minnesota and beyond.

- In partnership with the State of Minnesota, U of M Twin Cities built the Biomedical Discovery District, a five-building complex of the most advanced research found anywhere in the country. Within the district, researchers work across disciplines to pursue discoveries that will change the face of health care. As an incubator for new ideas and products, the district bolsters Minnesota's economy and its leadership in bioscience industries.
- The Bell Museum and Planetarium is a model of science and public engagement. In partnership with the State of Minnesota, the U of M created a vibrant facility that enables visitors to experience and explore the natural history of Minnesota.
- At U of M Duluth, the Heikkila Chemistry and Advanced Materials Science Building is 56,000 square feet of dynamic research labs and learning spaces that meet Minnesota's growing needs in STEM fields.
- U of M Crookston's Wellness and Recreation facility fosters student success and development throughout its 36,070 square feet—with a two-court gymnasium, suspended jogging/walking track, fitness/cardio areas, and flexible spaces for learning and group exercise.

- New construction and renovation throughout the U of M system is undertaken with an eye toward sustainability. In fact, a 2023 U of M Twin Cities Climate Action Plan calls for a 35 percent reduction in energy use in existing buildings by 2033, and new buildings must be 80 percent more energy efficient than those constructed in 2003. Through these and other efforts, the University achieved over 8 million kilowatt hours in electricity savings in 2021—enough to avoid 5 million pounds of CO<sub>2</sub> emissions. The overall result is that while the University has been growing—adding square footage to campus—its overall energy usage has actually fallen.



## Driven Fundraising Campaign

On June 30, 2021, the University completed a systemwide campaign, raising \$4.4 billion in private support.

The campaign was among the largest philanthropic endeavors among public universities nationwide.

For further reading on fundraising: [give.umn.edu](https://give.umn.edu)

## Pact 2025

The MPact 2025 Systemwide Strategic Plan reflects the deepened commitment to research, teaching, and service; open access to opportunity; and forward-thinking innovation to advance the University's land-grant mission and impact the world.

The Annual University Performance and Accountability Report publicly demonstrates the University's accountability for progress in reaching its stated goals and objectives and includes progress made in achieving the goals articulated in the University Progress Card.

**MPact:** [president.umn.edu/mpact-2025](https://president.umn.edu/mpact-2025)

**Accountability Report:** [z.umn.edu/accountabilityreport](https://z.umn.edu/accountabilityreport)

**Progress Card:** [z.umn.edu/progresscard](https://z.umn.edu/progresscard)



## THE BOARD OF REGENTS

**When the University of Minnesota was founded in 1851, the government of the University was vested in a Board of 12 Regents.**

Today, the Board of Regents remains a 12-member body elected by a joint convention of the Minnesota legislature. One member is elected from each of Minnesota's eight Congressional districts; four seats are at-large.

**As the University's governing board, Regents articulate a vision for the University and work to ensure the University of Minnesota fulfills its mission of education, research, and outreach for the benefit of the people of Minnesota, the nation, and the world.**



Janie Mayeron, Chair

Douglas Huebsch, Co-Vice Chair

Mike Kenyanya, Co-Vice Chair

Mary Davenport

James Farnsworth

Robyn Gulley

Ruth Johnson

Tadd Johnson

Bo Thao-Urabe

Mary Turner

Kodi Verhalen

Penny Wheeler



# BOARD OF REGENTS DOCKET ITEM SUMMARY

**Board of Regents**

**November 2, 2023**

**AGENDA ITEM:** Academic Affiliation with CentraCare: Financial Plan

**Review**       **Review + Action**       **Action**       **Discussion**

*This is a report required by Board policy.*

**PRESENTERS:** William Sibert, Senior Associate Dean, Medical School, and Chief Financial Officer, University of Minnesota Physicians  
Michael Volna, Associate Vice President & Assistant Chief Financial Officer

### **PURPOSE & KEY POINTS**

The purpose of this item is to review the financial plan for the Academic Affiliation Agreement between the University and CentraCare Health. The affiliation agreement was approved by the Board in October 2023 and is contingent upon approval of the financial plan. The goal of the affiliation is to improve access to quality health care in rural Minnesota. The partnership will include a regional campus of the Medical School in St. Cloud, CentraCare sponsored residencies, and a co-led research institute to focus on rural health challenges.

The financial plan includes the following sections:

- a detailed pro forma for the Medical School regional campus;
- revenue and expense assumptions;
- a funds flow description;
- summary of additional funding mechanisms;
- CentraCare’s financial position; and
- a risk assessment and mitigation approach.

To develop the financial plan, both parties engaged Kaufman Hall to assess the financial needs and funds flow opportunities for the partnership. The financial plan will return for action at the December 2023 meeting of the Finance & Operations Committee.

### **BACKGROUND INFORMATION**

The Academic Affiliation Agreement with CentraCare was approved in October 2023 contingent upon approval of a final financial plan.

After a non-binding Statement of Interest was approved by the Board in February 2023, both organizations began working toward faculty and Liaison Committee on Medical Education (LCME)

approval of a regional campus for the Medical School, seeking the approvals for new residency slots, and working to gain community and philanthropic support for this affiliation.

CentraCare and the University received legislative funding to support this initiative in 2023 – \$5 million for the facility and \$10 million for programmatic support. CentraCare has also conducted a third-party assessment of their philanthropic opportunities, and pending Board approval of the financial plan, together with UMF will launch a \$50 million campaign to support this effort to make rural lives healthier.

The Definitive Agreement will bring together the core capabilities of the Medical School and CentraCare to advance:

- a regional campus of the Medical School based at CentraCare (proposed 24 students per year);
- expanded residency programming in rural physician-shortage areas (for example in mental health, pediatrics, and general surgery);
- a new footprint in clinical research focused on rural health; and
- exploration of new collaborations between CentraCare and University of Minnesota Physicians.

The Medical School and CentraCare have existing relationships with a family medicine residency, clinical care in Orthopedics, and a new rural training track grant.

CentraCare is one of the largest health systems in Minnesota. It includes 8 hospitals (including St. Cloud Hospital) and 30 clinic locations, home care, urgent care, outpatient surgery centers, pharmacy, and senior services across a large geographic area in central Minnesota.

#### **INTERIM PRESIDENT'S RECOMMENDATION**

The Interim President recommends approval of the financial plan for the Academic Affiliation with CentraCare.



# **University of Minnesota Board of Regents CentraCare Rural Health Affiliation Agreement: Financial Plan**

## **Introduction**

On October 13, 2023, the University of Minnesota Board of Regents approved a Definitive Agreement with CentraCare Health to form a Rural Health Affiliation that will work to address the physician workforce needs of rural Minnesota and beyond. Twenty-percent of the US population live in rural areas, and only eleven-percent of physicians practice rurally. In Minnesota, one third of rural physicians plan to retire in the next five years. The need to train their replacements is high, and evidence shows that if medical students are trained in rural settings, they are more likely to practice there. First and foremost, this affiliation forms a new regional campus for the University of Minnesota Medical School (UMMS or Medical School) that will be based at CentraCare Plaza in St. Cloud, Minnesota. The regional campus will provide four year undergraduate medical education to 24 students per year starting in 2025, and increasing to 96 students at maturity in 2028. The first two years of education will take place in a retrofitted building on the CentraCare campus, due to be ready by spring 2025. The second two years of clinical education will take place throughout CentraCare's clinical sites, including the St. Cloud locations, Willmar, Long Prairie, and beyond - exposing students to the rural clinic environment as early as possible in their careers.

The second aspect of the affiliation is an expansion of residencies at CentraCare. Currently, CentraCare has eighteen residents affiliated with the University of Minnesota Medical School in Family Medicine, and we hope to slowly expand residency slots commensurate with our expanded student class. Residency is a vital component of medical education and prepares graduates for their specialties. Rural communities lack specialty physicians mostly in four areas that we will focus on: Psychiatry and Behavioral Health, Family Medicine, General Surgery, and Obstetrics, and Pediatrics. Third and final, the affiliation aims to create a Rural Health Research Institute - not a building, but a research infrastructure that will bring vital opportunities to rural communities. It has long been known that people with access to clinical trials have better outcomes, and this expansion will improve lives.

The following report includes the financial plan outlined in the affiliation agreement and a detailed pro forma for the Medical School regional campus, including revenue and expense assumptions. It then touches briefly on the plans for the residency program and rural health research institute - both in their infancy and without financial investment from the Medical School. Finally, the report walks through the funds flow, fundraising efforts, and CentraCare's financial position before identifying and assessing financial risks to this project.

## **Financial Information**

In April of 2022, the Medical School and CentraCare hired an outside consultant to help analyze what this affiliation could look like and its costs. Using the consultant's projections, both organizations refined the budget to what is presented below. For the regional campus, it was clear from the outset that revenues from tuition would not cover the expense of the program, and it would produce an annual, operational deficit. Both organizations agreed to move forward regardless, with an understanding that the Medical School would provide a reasonable budget for medical education, and CentraCare would cover the operating deficit within parameters outlined in the agreement. This was a collaborative effort with engagement from both organizations through a Steering Committee with equal representation that continues to meet monthly.

Per the agreement, to ensure the financial viability of the program, both organizations agree to 1) be fiscally responsible, 2) provide financial transparency, and 3) have shared accountability for financial performance.

## Financial Plan

In regards to the operations of the CentraCare Regional Campus St. Cloud, UMMS will operate the campus with commensurate funding and expenses as compared to the UMMS Twin Cities and Duluth Campuses as normalized for differences in enrollment where appropriate. Every year, through an Oversight Committee, CentraCare and the Medical School will agree upon an initial budget and CentraCare will provide funding and other resources necessary to cover all funding deficiencies of the campus. Any material changes to the initial budget outside of increases in non-discretionary expenses requires approval by CentraCare CEO and the Dean of the Medical School.

The CentraCare Regional Campus St. Cloud is projected to have an annual funding deficit of approximately \$1.5 million when fully operational. The financial pro-forma is as follows:

(000's)	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Enrollment	-	24	48	72	96	96	96
Tuition	\$ -	\$ 689	\$ 1,842	\$ 3,038	\$ 4,281	\$ 4,409	\$ 4,541
Student Fees	-	6	12	18	25	26	27
<b>Total Revenue</b>	<u>-</u>	<u>695</u>	<u>1,854</u>	<u>3,056</u>	<u>4,306</u>	<u>4,435</u>	<u>4,568</u>
Salaries, wages & benefits	736	1,627	2,483	3,052	3,372	3,472	3,574
Physician precepting time	97	200	309	424	655	675	695
Supplies and general	2	7	19	31	43	44	46
Other general and administrative	5	21	56	92	129	133	137
Building and leases	113	450	464	477	492	506	522
Other expenses	42	167	445	733	1,033	1,064	1,096
<b>Total operating expenses</b>	<u>994</u>	<u>2,471</u>	<u>3,775</u>	<u>4,809</u>	<u>5,724</u>	<u>5,895</u>	<u>6,070</u>
<b>Funding surplus/(deficit)</b>	<u>\$ (994)</u>	<u>\$ (1,776)</u>	<u>\$ (1,921)</u>	<u>\$ (1,753)</u>	<u>\$ (1,418)</u>	<u>\$ (1,460)</u>	<u>\$ (1,502)</u>

## Revenue Assumptions

Our revenue assumptions are likely conservative as we are only modeling out revenues from student tuition and fees. The Medical School uses a “cost of degree” model whereas Medical Students pay 11 semesters during their time in the Medical School, regardless of how long they are actually attending Medical School. It is relatively simple to project tuition and fees because the annual increase is estimated at 3%, students pay the same tuition amount throughout their tenure, and the number of students per year is well understood.

The state has appropriated \$10M to this initiative and the funds can be utilized until June 30, 2027. The funds were earmarked for tuition support, the residency program, rural health research program, a program to target scholarships to students from diverse backgrounds and a scholarship program targeted at students who will practice in rural areas. Because our first students matriculate until FY26, it is going to be difficult to use these funds prior to date by which state funding ends. We

intend to request latitude from the Legislature over the timing and uses of the funding to ensure that the University can fully utilize it to support the students at the new campus.

There will likely be other sources of revenue when the Medical School has matured. These revenues might include philanthropy (see a description of philanthropic plans below in the Fundraising Efforts section), internal and external sales of goods and services and potential educational grants.

## **Expense Assumptions**

### Salaries, Wages & Benefits/Physician Precepting Time

These categories represent the St. Cloud Regional Campus staffing needs.

*Leadership* - Budgeting for a Regional Campus Assistant Dean for UME to provide oversight of all the three student-facing units in Undergraduate Medical Education (Medical Students).

*Student Affairs* - Student Affairs staff are responsible for the Medical School experience in a number of ways. They help students with Mental Health and Wellbeing, Student Academic Progress, Career and Professional Development and events such as the White Coat Ceremony, Orientation and Graduation. Positions budgeted in Student Affairs are equitable to the Duluth and Twin Cities campuses and include faculty advising, academic advising, learning specialist time, Assessment and Coaching and DEI mentors.

*Curriculum* - The Curriculum Office is responsible for delivery of the redesigned shared curriculum of the U of MN Medical School. They are staffed to achieve the Medical School's educational goals, be able to adapt the curriculum, continuously improve it and to plan for future enhancements and changes. This is where the majority of faculty are budgeted. Faculty are responsible for delivering the foundational knowledge in the beginning years of Medical School, while faculty preceptors mentor and teach students in their clinical clerkships in the later years of Medical School. In addition, there are also facilitators for problem-based learning, clinical skills, large groups and Anatomy educators. Staffing positions include Curriculum Director, a Course Manager for the Foundational portion of Medical Student education and a Curriculum Manager for Clinical Immersions and Transitions, or the clerkship and clinical skills training of the Medical Student Curriculum.

*Admissions* - Our admissions teams recruit, advise, evaluate and select both local and national applicants for admission to the University of Minnesota Medical School. Their main goal is to ensure the reputation of the Medical School through the admission of students from broadly diverse backgrounds who are academically high achieving and show potential for serving the state. To support this work, we have budgeted for Faculty Director time, as well as staff time for recruiting coordination, enrollment and Data Analytics.

*Registrar* - Staff who focus on registration, compliance, off-cycle tracking, site placements, grades, etc.

*Financial Aid Counselor* - Staff who focus on Financial Aid entry and debt counseling for the Medical Students.

### Supplies and General/Other Expenses

Included in this category are expenses that enhance Medical Student Education and Experience. Examples of some of the expenses in these categories are support for Events such as Orientation, Compliance (Basic Life Saving class, Mask Fitting and Background Check), Peer Mentorship, Wellbeing programs and Student Council. Other expenses are more directly mission-related such as Anatomy cadaver charges and Simulation training. Finally, there are ongoing costs of doing business such as computer replacement, supplies and faculty and staff development.

### Other General and Administrative

This category includes the Budget Model charges levied by the University of Minnesota to provide support for University centralized services, such as SPA, Central Finance and HR as well as the President's Office. The budget also includes incremental support for our Finance and HR teams to reimburse for the additional duties added from the St. Cloud campus.

### Building and Leases

CentraCare will repurpose an existing facility adjacent to its ambulatory facility in St. Cloud. The renovation of the facility is expected to cost approximately \$18 million. CentraCare will seek legislative and philanthropic funding and will provide funds for any remaining deficit. In 2023, a \$5 million state capital appropriation was received for the medical education center. There will also be a legislative request of \$12.9M in 2024. Based on this capital financing plan, we are assuming there will not be any annual leasing or facilities costs for the use of the building. However, we have budgeted for furniture and equipment replacement, security costs, OIT and HST technical support, custodial services and biohazard waste removal, parking, maintenance requests and building and grounds maintenance.

The Medical School plans to control expense growth as much as we can so the funding shortfall does not exceed \$1.5M annually. As such, we have forecasted the budgets to the extent that we have experienced them in the recent past. However, some expense increases are outside of the control of the Medical School. Should that happen, CentraCare has agreed to pay for all University adjustments to the budget that are beyond the control of the Medical School, including but not limited to: salary increases, fringe increases, and budget model cost increases. The Oversight Committee will be responsible for budget control and the Dean and CEO of CentraCare will ultimately approve the budgets.

### **Residency Program**

UMMS will continue to serve as the academic sponsor for the residency programs at CentraCare, and CentraCare will be financially responsible for the costs of the Residency Program including the costs of expansion of existing University residency programs to CentraCare rural sites in psychiatry, surgery, obstetrics, and pediatrics. There are some monies allocated to fund the residency program from the state. We will use those funds to increase our residency footprint in the St Cloud area.

## **Rural Health Institute**

In the interest of advancing the research mission of UMMS and increasing research with the purpose of improving the health of rural residents, the organizations agree to 1) leverage the research support infrastructure at UMMS, 2) develop the research infrastructure at CentraCare in a manner that does not conflict with either party's research priorities, and 3) consider the creation of a jointly-directed Rural Health Research Institute as part of the Parties desire to advance medical research in rural Minnesota. For the purposes of shared financial support, unfunded research support costs of the Rural Health Research Institute will be pooled and supported equally by both parties.

The investment into this collaboration would benefit the Medical School not only in the increase in grants attributable to the Blue Ridge Ranking, but by increasing our exposure to research participants in more rural areas of the state. This access to the patient population will be very beneficial to both the University of Minnesota Health Sciences and to the rural population of Minnesota. In addition, the state allocated some funding for investment into the Rural Health Institute.

The Indirect Cost Recovery, not to mention salary support on grants, will help to lessen the financial burden of the Institute over time.

## **Funds Flow**

We expect there will be some changes to the budget provided above, but both parties will be involved in the budgeting process and discussion.

At the outset, the budget for the Medical School CentraCare Regional Campus in St. Cloud, based on the current budgets for the Twin Cities and Duluth campuses, will be finalized and approved by both parties.

CentraCare has agreed to provide the funding and other resources necessary to cover the funding deficiencies of the campus. Each year thereafter, the budget will be reviewed and agreed upon by the Oversight Committee and will be forwarded to the CEO of CentraCare, Dr. Ken Holmen and Dean of the Medical School, Dr. Jakub Tolar, for approval. The Oversight Committee will consist of equal members of each organization.

Budgetary approval will be completed in accordance with the University's budget timeline. All revenues and expenses will flow through the University and will be part of the Medical School's overall budget submission. Tuition and fees will be attributed to the Medical School as they are now and we will bill CentraCare for the funding shortfall on a quarterly basis, with a final reconciliation at year end. In addition, all expenses will run through the University and be subject to University policies and procedures.

Given CentraCare's responsibility for any budget shortfall, any new initiatives or changes will be agreed upon by both parties before they are added to the budget. CentraCare has stated that they plan to use philanthropy to cover the annual shortfall.

## **Fundraising Efforts**

The University of Minnesota Foundation (UMF) and the CentraCare Foundation are working on a joint campaign to raise funds in support of the proposed regional campus in St. Cloud. The overall goal is \$50 million, with the effort being led by CentraCare. This goal encompasses support for five key areas: programs and services, facilities, scholarships, residency training and student housing. We estimate that the scholarship portion of this effort will be about \$10 million.

We are working on the legal fundraising agreement with CentraCare, but we anticipate that new scholarship funds will be held at UMF, while the other funds will be primarily dedicated to the start-up costs within CentraCare.

Now that the affiliation agreement has been approved and signed, UMF will begin fundraising for this initiative. CentraCare has had some successful early conversations (contingent on Regents' approval). They have one \$5 million and two \$1 million commitments to date, plus some additional smaller, but meaningful, donations. UMF has had some exploratory conversations with donors that have been well received. In addition, CentraCare already has a \$2.6 million endowment called "Growing Our Own Doctors Fund" that produces about \$400,000 in scholarship funding annually.

UMF staff have a good and collaborative working relationship with the CentraCare Foundation team and are currently developing a joint case statement for the campaign. While we anticipate that most donor conversations and proposals will be conducted by the individual foundations, we will work together in those instances where both foundations have a relationship with a donor/prospect.

## **CentraCare's Financial Position**

CentraCare is a very financially sound health system and so far, has exhibited exemplary efforts towards collaboration in this partnership. The formation of the St Cloud Regional Campus Medical School helps CentraCare to achieve its missions of partnering with their patients and communities to drive improved population health, health equity and affordable outcomes and their commitment to educating the next generation of healthcare professionals with the creation of a nation-leading, rural-focused academic health system.

CentraCare has durable and strengthened financial performances, exceeding pre-pandemic levels, despite increased industry expense and labor challenges. Their net income grew by approximately \$110M year over year. They currently have \$1.6 billion in net assets and only \$537 million in long-term debt. Their cash on hand is 238 days.

**CentraCare  
Financial Summary  
(Dollars in millions)**

	<b>FY23</b>	<b>FY24</b>
Revenues	\$ 1,913	\$1,902
Expenses	\$1,912	\$1,882
Other Operating Gains	\$5	\$83*
Net Operating Margin	\$6	\$104
<b>Net Income</b>	<b>\$114</b>	<b>\$6</b>

Days Cash On Hand	238 Days	232 Days
Current Ratio	1.70 %	1.50 %
Debt	\$537	\$550
<b>Net Assets</b>	<b>\$1,647</b>	<b>\$1,527</b>

\*FY22 included an \$83 million gain on divestiture

CentraCare’s Credit Ratings – CentraCare is rated by Moody’s Investors Services and Fitch Ratings. Moody’s most recent review took place in October 2021 and resulted in their affirming CentraCare’s A2 rating, and outlook as stable. Fitch’s most recent rating review occurred in March 2023 and resulted in their affirming CentraCare’s AA- rating, and outlook as stable. Both of these are considered quality investment ratings.

**Risk Assessment and Mitigation**

To assist with assessing and managing risks, the University decided to utilize Kaufman Hall, a firm recognized for its expertise in the healthcare consulting space, to assist with the plan development. The University has used Kaufman Hall in the past and was satisfied with their performance and level of expertise.

During the development of the plan a number of specific risks related to the financial assumptions were identified. The following list identifies some key risk factors and related mitigations.

1. We are not able to fill our 24 students/class estimates. Acquiring less students into the program than are budgeted would decrease our projected revenues and CentraCare would have to increase the amount of funding that they will have to contribute.

*Mitigation:* There is great interest in rural health care. We receive approximately thirty five hundred applicants per year between the Twin Cities and Duluth Medical School campuses. We currently only matriculate two hundred and thirty students. Acquiring less than 24 students per year at the St. Cloud campus is perceived as very low risk.

2. Staffing levels are insufficient to perform campus operations.

*Mitigation:* This risk is mitigated by the fact we currently operate two other campuses and have vast experience on the necessary staffing level. Even if the estimate is proven inadequate, CentraCare is willing to pivot as needed when the Medical School goes live and will work through staffing levels in real time.

3. What if the joint fundraising effort doesn't achieve its \$50 million fundraising goal?

*Mitigation:* The revenue projections are not dependent on the philanthropic plan. The fundraising effort has already realized commitments of approximately \$10 million and has just begun. CentraCare has strong financials and will be able to cover the shortfall, even without additional philanthropic funding.

4. What if CentraCare faces financial challenges and can't cover the funding shortfall? - If CentraCare starts to lose money, will they challenge our affiliation agreement?

*Mitigation:* CentraCare is a market dominant regional system and has an expansive ambulatory network. They lead the region with a large service area - the entirety of which is economically growing - and are committed to this regional campus. Their current financial position is extremely strong; however, we cannot predict the future and will address negative economic circumstances as they arise collaboratively as partners. If the shortfall cannot be resolved by CentraCare, UMMS will be required to cover the unfunded amount as part of its operating budget. The projected deficits are considered not significant in relation to UMMS' annual operating budget and reserves.





MEDICAL SCHOOL | UNIVERSITY OF MINNESOTA

# Academic Affiliation with CentraCare Financial Plan

Michael Volna, Associate Vice President & Assistant CFO

William Sibert, Senior Associate Dean, Medical School, and Chief Financial Officer,  
University of Minnesota Physicians

November 2, 2023

# At a glance



**\$357M**  
NIH Funding

**#8**  
NIH funding  
among public schools



**932**  
MD Students

**56**  
MD/PhD Students

**402**  
Grad Students



**3,370**  
Faculty (full-time, adjunct, affiliated)

**2,500**  
Staff



**#2**  
Primary Care Education by  
U.S. News & World Report



**3,300**  
Providers

**100**  
Specialties



**1,002**  
Residents and Fellows



**10** Hospitals    **60** Clinics

**1.2M**  
patient visits in 2022  
(Patients from all of MN's 87 counties)

**135** years  
*& Forward*  
of caring for minnesotans

# Purpose of the Affiliation Agreement

- To address the physician workforce needs of rural Minnesota and beyond:
  - Establish a new regional campus for the Medical School with CentraCare in St. Cloud, Minnesota.
  - Provide four-year undergraduate medical education to 24 students per year starting in 2025, with 96 students at maturity in 2028.
  - Expansion of residencies at CentraCare facilities.



# Financial Plan projections

- Engaged with Kaufman Hall
- Conservative Projections
  - Only tuition income
  - No philanthropy
  - No reallocation of the \$10M legislative funding
- \$1.5M loss annually once fully operational



# Financial Plan

(000's)	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
Enrollment	-	24	48	72	96	96	96
Tuition	\$ -	\$ 689	\$ 1,842	\$ 3,038	\$ 4,281	\$ 4,409	\$ 4,541
Student Fees	-	6	12	18	25	26	27
<b>Total Revenue</b>	<u>-</u>	<u>695</u>	<u>1,854</u>	<u>3,056</u>	<u>4,306</u>	<u>4,435</u>	<u>4,568</u>
Salaries, wages & benefits	736	1,627	2,483	3,052	3,372	3,472	3,574
Physician precepting time	97	200	309	424	655	675	695
Supplies and general	2	7	19	31	43	44	46
Other general and administrative	5	21	56	92	129	133	137
Building and leases	113	450	464	477	492	506	522
Other expenses	42	167	445	733	1,033	1,064	1,096
<b>Total operating expenses</b>	<u>994</u>	<u>2,471</u>	<u>3,775</u>	<u>4,809</u>	<u>5,724</u>	<u>5,895</u>	<u>6,070</u>
<b>Funding surplus/(deficit)</b>	<u>\$ (994)</u>	<u>\$ (1,776)</u>	<u>\$ (1,921)</u>	<u>\$ (1,753)</u>	<u>\$ (1,418)</u>	<u>\$ (1,460)</u>	<u>\$ (1,502)</u>



# Key Financial Assumptions

- Enrollment
  - 24 students added per year; total planned enrollment 96 students
- Faculty
  - 5.25 academic full-time equivalents (aFTE) year one and two
  - 6.75 academic full-time equivalents (aFTE) year three and four
  - Anticipate that most will be adjuncts
- Staff
  - 10.20 FTE
- CentraCare sustains commitment to cover budgeted deficits



# CentraCare Financial Summary

*Dollars in millions*

	FY23	FY22
Revenues	\$ 1,913	\$1,902
Expenses	\$1,912	\$1,882
Other Operating Gains	\$5	\$83*
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Current Ratio	1.70 %	1.50 %
Debt	\$537	\$550
<b>Net Assets</b>	<b>\$1,647</b>	<b>\$1,527</b>



# CentraCare Financial Highlights

- Positive net operating income in FY22 and FY23 when its peers have seen substantial negative
- Net income grew by approximately \$110 million YOY
- \$1.6 billion in net assets
- Long term debt is \$537 million
- Days cash on hand is 238 days
- Moody's rating: A2/stable
- Fitch rating: AA-/stable





# Philanthropic Plan

- CentraCare Foundation / University of Minnesota Foundation joint campaign - goal of \$50 million.
- \$10 million earmarked for scholarships and/or student support.
- May offset some of the start-up costs in the early years and new initiatives in later years.
- Fundraising will help reduce amount of funding shortage to be covered by CentraCare.



# Risks

- Enrollment projections not met
- Staffing levels insufficient for campus' needs
- Fundraising goals aren't met
- CentraCare is financially unable to sustain their funding commitments



# This is a Financially Sustainable Plan

- Strong collaborative relationship by both entities to make this work
- Vital for CentraCare to realize its strategic plan
- CentraCare is a very financially sound health system
- The financial projections are conservative
- Joint Philanthropic Plan to acquire donations to cover all budgeted deficits
- UM Medical School has operationalized this model at Twin Cities and Duluth campuses

