

Performance-Based Funding in Minnesota Higher Education

Performance-based funding is a method of financing an organization’s funding based on achievement of specified goals. This policy brief discusses performance-based funding in higher education. It includes a historical overview of performance-based funding for higher education in Minnesota law and provides some guiding policy questions that legislators may wish to consider, if they are pursuing enactment of performance-based higher education funding in future budgets.

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Introduction to Performance-Based Funding

Performance-based funding is a method of public financing that conditions a percentage of an organization's funding on the achievement of one or more specific metrics (or "outcome goals"). Variations on this type of funding model may also be referred to as "outcomes-based funding" or "incentive funding."

As state budgets have tightened and public demands for oversight of large complex public organizations have increased, performance-based funding is a tool legislatures have increasingly used to ensure those public organizations are accountable to both their missions and statutory directives of the legislature.

While performance-based funding can apply in many contexts, the unique missions and public demands of state higher education systems have resulted in particular interest by legislators and advocates in enacting outcomes-based funding models in the higher education sector.

This publication is organized into two parts: Part 1 provides a legislative history of performance-based funding in Minnesota law; Part 2 provides brief discussion of performance-based funding in other states, and lists some key policy choices that legislators may wish to consider when thinking about, or pursuing enactment of, a performance-based model in future legislation.

A companion House Research Department publication provides additional discussion of performance-based funding issues outside of the higher education context.

Part 1: History of Performance-Based Higher Education Funding in Minnesota Law

Minnesota's history with performance-based funding in public higher education dates at least to 1991.

From 1994 to 2007, Minnesota law allowed for a 1 percent increase in both the instructional and noninstructional base funding for each public postsecondary system, if a set of performance goals established by the system were met. However, this performance goal and associated base increase funding model was never fully implemented. The reasons for this are unclear.

Since 2007, the legislature has conditioned a small percentage of each system's operations and maintenance appropriation on the achievement of specific performance goals that are provided in law. To date, both the University of Minnesota and the Minnesota State Colleges and Universities have met the threshold number of goals required each biennium to qualify for the full appropriation provided in law. Due to economic conditions, performance goals were not included in the fiscal year 2010-2011 budget, but were included in the budgets for fiscal years 2008-2009 and fiscal years 2012-2017.

This section provides additional background on the development of these laws.

1990s: Review and Enactment of Higher Education Funding Formula

The early 1990s were a period of deep legislative review of higher education systems and finance in Minnesota.

As part of its review of the methods for allocating state funds to higher education, the legislature ordered two separate studies of possible funding allocation methods in 1991. Both studies were submitted to the legislature in time for review at the 1993 legislative session.

Higher Education Coordinating Board recommended funding incentives for “innovation, new initiatives, and successful performance.”

In 1991, the state entity then-called the Higher Education Coordinating Board was directed to study and report recommendations to the legislature for:

[L]inking funding of post-secondary education systems to achievement of the system plans and missions ... and to achievement by students of system and institution learner outcomes.¹

The coordinating board approved its final report to the legislature on January 20, 1993. Among its recommendations, the report suggested that:

Minnesota’s funding policies for post-secondary education should include incentives for innovation, new initiatives, and successful performance.²

To develop these policies, the report recommended use of a new document called the “Framework of Principles and Guidelines for Linking Funding for Post-Secondary Education to Outcomes,” which was adopted by the coordinating board as part of its report.

The Task Force on Post-Secondary Funding recommended a new funding formula for higher education that incorporates performance incentives as a key component.

In addition to the report required of the Higher Education Coordinating Board, the 1991 Legislature also established a task force to conduct a more holistic review of the formula used at that time to appropriate funds to Minnesota’s public higher education systems.

While much of the task force’s work is beyond the scope of this publication, a key component of the approach it recommended included the incorporation of performance funding as part of a wider plan to rework the model for funding the higher education systems as a whole. It also adopted a set of statewide “objectives for higher education”:

(1) Promote democratic values

¹ See [Laws 1991, ch. 356](#), art. 3, § 15.

² See *State Funding and State Goals: Linking Post-Secondary System Appropriations to Outcomes, with Coordinating Board Recommendations*, Minnesota Higher Education Coordinating Board, January 20, 1993.

- (2) Ensure quality
- (3) Foster student success
- (4) Maintain access
- (5) Enhance the economy³

To implement a system of performance funding, the task force recommended that the Higher Education Advisory Council (HEAC) specify “broadly defined outcome categories and performance indicators to inform policy and appropriation decisions,” and that each individual system “propose specific measures and normative goals for each of the outcome categories proposed by the HEAC.” It then suggested that the legislature could provide incentive grants to support accomplishment of a specific performance outcome, as part of its biennial appropriations to each system.⁴

The 1994 and 1996 Legislatures adopted the recommendations of the Task Force on Post-Secondary Funding, including its recommendations related to performance funding.

The legislature adopted most of the Task Force on Post-Secondary Funding’s recommendations during the 1994 session. The report recommended an extensive overhaul of the state’s system for allocating funds to public higher education systems.

Performance incentives were included as part of a new formula to calculate base funding for each system. The law allowed a 1 percent increase in a system’s instructional services base funding, and separately a 1 percent increase in a system’s noninstructional services base funding, if the system met certain goals for performance.

Consistent with the recommendations of the task force, the law required that the governing boards of each system, in conjunction with individual campuses within each system, specify the performance categories and indicators to be used in determining whether a system qualified for the increased base funding.⁵

Two years later, the legislature added to the performance funding structure by adopting the statewide objectives recommended by the Task Force on Post-Secondary Funding.⁶

While each system’s governing body retained the authority to determine the performance categories and indicators used to determine an increase in base funding, the 1996 amendments required that the categories and indicators be tied to the objectives. The statewide objectives read as follows:

³ See *Final Report to the Legislature and Governor*, Minnesota Task Force on Post-Secondary Funding, 1993 at 9.

⁴ *Id.* at 22.

⁵ See *Laws 1994, ch. 532*, art. 3, §§ 2 to 4, codified at [Minn. Stat. §§ 135A.031](#), subd. 5; [135A.032](#), subd. 2; and [135A.033](#) (1994).

⁶ See *Laws 1996, ch. 398*, §§ 26 and 27, codified at [Minn. Stat. §§ 135A.033](#); and [135A.053](#) (1996).

135A.053 STATE HIGHER EDUCATION POLICY.

Subdivision 1. **Statewide objectives.** Minnesota's higher education investment is made in pursuit of the following objectives:

- (1) to ensure quality – to provide a level of excellence that is competitive on a national and international level, through high quality teaching, scholarship, and learning in a broad range of arts and sciences, technical education, and professional fields;
- (2) to foster student success – to enable and encourage students to choose institutions and programs that are best suited for their talents and abilities, and to provide an educational climate that supports students in pursuing their goals and aspirations;
- (3) to promote democratic values – to enhance Minnesota's quality of life by developing understanding and appreciation of a free and diverse society;
- (4) to maintain access – to provide an opportunity for all Minnesotans, regardless of personal circumstances, to participate in higher education; and
- (5) to enhance the economy – to assist the state in being competitive in the world market, and to prepare a highly skilled and adaptable workforce that meets Minnesota's opportunities and needs.

Subd. 2. **Performance and accountability.** Higher education systems and campuses are expected to achieve the objectives in subdivision 1 and will be held accountable for doing so. The legislature is increasing the flexibility of the systems and campuses to provide greater responsibility to higher education in deciding how to achieve statewide objectives, and to decentralize authority so that those decisions can be made at the level where the education is delivered. To demonstrate their accountability, the legislature expects each system and campus to measure and report on its performance, using meaningful indicators that are critical to achieving the objectives in subdivision 1, as provided in [section 135A.033](#). Nothing in this section precludes a system or campus from determining its own objectives and performance measures beyond those identified in this section.

The tone of the 1996 amendments, particularly subdivision 2, suggests that the legislature was sensitive to the potential conflicting interests inherent in providing for performance funding that is awarded based on the self-reported success of a system in meeting performance indicators adopted by its own governing body.⁷

2000s: Review and Repeal of Higher Education Funding Formula; Enactment of Performance Goals in Law

In 2005, the legislature returned to a deep review of higher education funding, establishing an advisory task force to review the state's statutory funding model—specifically a portion of the formula that adjusted a system's instructional services base in response to changes in system enrollment.⁸

⁷ As described later in this publication, the statewide objectives were repealed by the legislature in 2007.

⁸ See [Laws 2005, ch. 107](#), art. 2, § 57.

The advisory task force submitted its report January 15, 2006, and recommended a repeal of most components of the statutory formula, including the provisions allowing for a base increase on the basis of performance. The advisory task force's report noted, correctly, that these provisions had never been fully implemented, and that a performance-based base increase was never awarded to either higher education system—despite it being authorized in the law for more than 12 years.⁹

In 2007, the legislature enacted many of the recommendations of the advisory task force and repealed the statutory formula.

That same year, the legislature enacted its first set of specific performance goals as part of the higher education budgeting process. The goals conditioned 1 percent of each system's fiscal year 2009 operations and maintenance appropriation on the achievement of at least three of five stated performance goals. The following year, the law was amended to increase the 1 percent holdback amount to 2 percent of the fiscal year 2009 appropriation, as applied to the University of Minnesota.

Though the holdback amount and specific goals have changed somewhat over time, the legislature has enacted some form of performance-based funding in each of the biennial budget cycles since the 2007 Legislature enacted this model for the fiscal year 2008-2009 biennium, with one exception: partly due to challenging economic conditions, performance-based funding was not included in the budget enacted for fiscal years 2010-2011.

Appendix 1 includes tables that describe the specific goals, holdback amounts, and system performances required since the fiscal year 2008-2009 appropriations were enacted in 2007.

Summary of Performance Goal Results Since Fiscal Year 2008-2009

Minnesota State Colleges and Universities. In aggregate, the performance goals applicable to the Minnesota State Colleges and Universities have conditioned a total of approximately \$72.2 million in appropriations since fiscal year 2009.

Common categories of performance goals applicable to the Minnesota State Colleges and Universities include:

- **Degree completion/academic progress** (included in seven goals)
- **System efficiency and streamlining of costs to benefit students** (five goals)
- **Post-graduate employment in related field** (two goals)

In addition to those categories listed above, the legislature has enacted a number of other goals more narrowly targeted to specific programs or interests. To date, Minnesota State Colleges and

⁹ See *Report from the Task Force to Study the Implementation of Higher Education Funding Policy*, January 15, 2006, at 10.

Universities has achieved a sufficient number of the performance goals in each biennium to qualify for and receive the full appropriation amount provided for by law.

University of Minnesota. In aggregate, the performance goals applicable to the University of Minnesota have conditioned a total of approximately \$65.5 million in appropriations since fiscal year 2009.

Common categories of performance goals applicable to the University of Minnesota include:

- **Research initiatives** (included in seven goals)
- **Graduation rates** (four goals)
- **Racial and socio-economic diversity among student body** (three goals)
- **Science, Technology, Engineering, and Math (STEM) programming** (three goals)
- **Reduction in administrative costs** (two goals)

In addition to those categories listed above, the legislature has enacted a number of other goals more narrowly targeted to specific programs or interests.

To date, the University of Minnesota has achieved a sufficient number of the performance goals in each biennium to qualify for and receive the full appropriation amount provided for by law.

2015: Adoption of Statewide Attainment Goal

As part of the 2015 higher education budget omnibus bill, the legislature adopted a new statewide higher education attainment goal. The statewide goal is for 70 percent of Minnesota residents ages 25 to 44 to hold a postsecondary degree or certificate by 2025.¹⁰

Annual progress reports to the legislature by the Office of Higher Education, in collaboration with the state demographer, are required. The first report is due October 15, 2016.

Though not directly tied to performance incentive funding for any particular postsecondary system, the legislation notes that the performance incentive funding for the 2016-2017 biennium is designed to facilitate progress toward achievement of the statewide attainment goal.

¹⁰ See [Laws 2015, ch. 69](#), art. 3, § 6, codified at [Minn. Stat. Supp. 2015, § 135A.012](#). The version of the omnibus budget bill adopted by the Senate included a second attainment goal: to increase the postsecondary attainment rate among 25- to 44-year-olds in all racial/ethnic groups to at least 50 percent by 2025. See [2015 S.F. 5, the 5th engrossment](#), article 10. This attainment goal was not enacted in the final version of the legislation, but the concept was included as part of a direction to the Office of Higher Education to set benchmarks that include standards for attainment across all racial and ethnic groups.

2016: Minnesota State Colleges and Universities Allocation Framework

At its meeting in November 2015, the Board of Trustees of the Minnesota State Colleges and Universities agreed in principle to a modification to the system’s allocation framework for distributing state appropriations to individual campuses. The modified framework is likely to include performance-based incentives for campuses that demonstrate increased student success rates, improve access and diversity, and foster greater collaboration among other campuses in the region and statewide.

The details of the revised framework are not expected to be complete until late 2016. While not directly tied to the performance-based goals enacted by the legislature, legislators interested in performance-based funding models may find it worthwhile to monitor the issue to compare the alignment of the outcome goals adopted by the trustees with the statewide goals and priorities for higher education enacted by the legislature.

Part 2: Policy Considerations in Creating Performance-Based Funding Goals

Many states have enacted funding models for higher education that include financial incentives for performance. According to data collected by the National Conference of State Legislatures (NCSL), at least 32 states have existing systems in place, and at least five states are in the process of studying the issue and moving toward implementation.¹¹

When developing performance outcome goals, there are several key policy questions that, if addressed, can help ensure effective implementation and achievement of the goal. While this publication is intended to focus on performance-based funding for higher education in Minnesota, where appropriate the notes that follow each policy question includes some discussion of implementation examples from other states.

Questions and policy choices that can be helpful in thinking about whether—and how—to establish a set of performance outcome goals include:

- **Who should be involved in developing an outcome goal?**

The performance funding model enacted during the 1990s in Minnesota required each postsecondary system to establish its own performance outcome goals and report on their achievement in order to receive a base adjustment. This “self-policing” model ultimately

¹¹ For a specific list of states with performance-based funding models, see the NCSL document *Performance-Based Funding for Higher Education*, <http://www.ncsl.org/research/education/performance-funding.aspx>. For multistate analysis by advocates for outcomes-based funding, see Martha Snyder, *Driving Better Outcomes: Typology and Principles to Inform Outcomes-Based Funding Models*, HCM Strategists (2015), www.HCMStrategists.com, and Dennis P. Jones, *Outcomes-Based Funding: The Wave of Implementation*, National Center for Higher Education Management Systems, for Complete College America, October 2013.

proved to be unworkable and (according to staff involved at the time) this is among the reasons base increases for performance were never applied.

More recently, adoption of specific outcome goals has been driven by the legislature, with some consultation of administrators at each system.

In developing realistic goals and expectations, system officials can often bring expertise in individual campus missions and needs, while legislators and other state officials often bring a perspective that reflects broader policy goals for each system. The inclusion of both viewpoints (as well as those of other interested stakeholders) can help ensure goals are meaningful and actually achievable.

- **How should the funding mechanism be structured?**

The mechanism for providing an appropriation based on system performance can be structured in a variety of ways, including as an adjustment to a system's base, as a condition on receipt of a standard appropriation, or as a supplemental onetime "bonus."

The model enacted in Minnesota during the 1990s provided for a small increase in base funding, while the model that has been enacted more recently conditions a higher percentage of a one-year appropriation on achieving the established goals, without impacting a system's base. In terms of overall fiscal impact, a base adjustment would allow for increased funding in both the current biennium and into the future, while the one-year appropriation would only increase the amount of funds available in the current fiscal year.

A supplemental bonus could be structured to provide onetime funding to a system without an impact on either the institution's base funding or the institution's standard biennial appropriations. While never enacted in Minnesota, this approach has been considered by task forces in the past.¹² Other states have used this model. For example, Utah allocated \$1.5 million in onetime appropriations in fiscal year 2015, based on institutional performance.¹³

- **How much funding should be at risk?**

In recent years, Minnesota has increased its conditional funding holdback amount from 1 percent to 5 percent of the total operations and maintenance appropriation.

Many state models condition funding in the 5 percent to 25 percent range, though some states condition much higher amounts—including Tennessee, which has a highly developed performance funding model that conditions as much as 85 percent of funding on performance outcomes, and North Dakota, which funds its postsecondary institutions

¹² See *Final Report to the Legislature and Governor*, Minnesota Task Force on Post-Secondary Funding, 1993, at 22.

¹³ See 2014 Utah HB 2.

entirely based on a student course completion formula, rather than an enrollment-based formula.

To ensure effective implementation, the amount of funding “at stake” in a performance-based funding model should balance the need to create a meaningful incentive for the affected system to accomplish the stated outcome goal, while also ensuring that the amount of funding at stake accurately reflects the relative importance of the goal in the broader operation of the system. Too little funding at stake could result in a system viewing an outcome goal as not worthwhile, while too much funding at stake could unfairly harm the system’s budget and operations in areas unrelated to the outcome goal.

- **What types of institutions should be covered?**

According to the data compiled by NCSL, of the 32 states with current performance-based funding models, five states include only two-year institutions, five states include only four-year institutions, and 22 states include both two- and four-year institutions in the model.

As discussed above, performance-based funding models in Minnesota have always included both the University of Minnesota, as well as both two- and four-year Minnesota State Colleges and Universities system schools.

- **Is a stated goal consistent with the mission of the system?**

Establishing an outcome goal can be an effective way for the legislature to provide oversight and ensure accountability, and also to help focus (or refocus) the priorities of a higher education system to align with statewide priorities. However, unless the outcome goal reflects an effort to redesign the system’s mission, it is likely to be most effective when the outcome is an extension of the system’s existing mission and priorities. For example, a goal that requires an increase in published research output might be best suited to the University of Minnesota—because academic research is a strong part of the university’s mission. Similarly, a goal that requires better alignment of degree programs with regional workforce needs might be well suited to technical colleges in the Minnesota State Colleges and Universities system.

- **How many goals should be established?**

In recent years, Minnesota has established five performance goals and required the systems to achieve at least three of the goals in order to qualify for funding.

While there is no limit on how many performance goals can be established, states with performance-funding systems that are generally accepted as models tend to have two to five goals in a budget cycle. As the number of goals increases, the complexity of implementation increases as well. This can lead to difficulty for the systems attempting to achieve the goals, as well as for the legislators hoping to see concrete results.

- **When must a stated goal be achieved?**

Some types of outcome goals are achievable quickly, while others require significant planning (and operational change) before results can appear. For example, an outcome goal that requires a significant increase in four-year graduation rates may not be achievable if the goal must be achieved by the end of the following spring semester, but an outcome goal that requires a reduction in administrative costs might be achievable by that time.

In addition to the substantive policy goal, a performance goal is most effective when it states a clear timescale for achievement, and that timescale provides a reasonable opportunity to implement the change in practices necessary to achieve the goal.

- **How will achievement of the goal be measured and are reliable data available?**

Since 2007, each set of legislatively established performance goals in Minnesota has required both the University of Minnesota and the Minnesota State Colleges and Universities system to agree, in advance, with the Office of Higher Education on the specific indicators and definitions that will be used to demonstrate achievement of an established goal. Prior versions of the Minnesota law required each system to establish indicators and definitions on its own.

Establishing a clear and consistent set of indicators and definitions at the time a performance goal is created can improve the integrity of a goal and help reduce confusion in implementation; it also ensures that the systems measure their own progress using agreed-upon data, and that the data have been subject to external review and scrutiny.

Achievement of some performance goals are easier to measure than others. For example, a performance goal that relates to employment rates of graduates may require reliance on self-reported data from alumni—which is notoriously difficult to collect and track. A performance goal related to enrollment or graduation rates, on the other hand, may rely on data that the institution already has available to it in a useful form.

Appendix 1: Performance Metrics in Higher Education Appropriations (2007 to 2015)

Minnesota State Colleges and Universities: 2015

Laws 2015, chapter 69, article 1, section 4, subdivision 3

Holdback amount: 5 percent of fiscal year 2017 appropriation (approx. \$31.8 million in fiscal year 2017)

Performance required for full appropriation: 3 of 5 goals (67 percent of holdback available upon meeting two goals; 33 percent of holdback available upon meeting one goal)

Performance Goal	Achieved?
<p>4% increase in degrees awarded</p> <p>“Increase by at least four percent in fiscal year 2015, compared to fiscal year 2008, degrees, diplomas, and certificates conferred and provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education on the separate changes in the number of degrees, diplomas, and certificates conferred...”</p>	--
<p>5% increase in related-employment rate</p> <p>“Increase by at least five percent the fiscal year 2015-related employment rate for 2014 graduates, compared to the 2011 rate for 2010 graduates...”</p>	--
<p>\$22 million reallocation of costs to benefit direct mission and student programs</p> <p>“For fiscal year 2016, reallocate \$22,000,000 of costs. The Board of Trustees is requested to redirect those funds to invest in direct mission activities, stem growth in tuition and student fees, and to programs that benefit students...”</p>	--
<p>10% reduction in developmental course enrollment</p> <p>“Decrease by at least ten percent the fiscal year 2015 headcount of students enrolled in developmental courses compared to fiscal year 2013 headcount of students enrolled in developmental courses...”</p>	--
<p>5% increase in credit load for degree completion</p> <p>“Increase by at least five percent the fiscal year 2015 degrees awarded to students who took no more than 128 credits for a baccalaureate degree and 68 credits for associate in arts, associate of science, or associate in fine arts degrees, as compared to the rate for 2011 graduates...”</p>	--

Minnesota State Colleges and Universities: 2013

Laws 2013, chapter 99, article 1, section 4, subdivision 3

Holdback amount: 5 percent of fiscal year 2015 appropriation (approx. \$28.4 million in fiscal year 2015)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>4% increase in degrees awarded</p> <p>“Increase by at least four percent in fiscal year 2013, compared to fiscal year 2010, graduates or degrees, diplomas, and certificates conferred...”</p>	Yes
<p>1% increase in persistence and completion rate</p> <p>“Increase by at least one percent the fall 2013 persistence and completion rate for fall 2012 entering students compared to the fall 2010 rate for fall 2009 entering students...”</p>	No
<p>4% increase in related-employment rate</p> <p>“Increase by at least four percent the fiscal year 2013 related employment rate for 2012 graduates compared to the 2011 rate for 2010 graduates...”</p>	Yes
<p>1% reduction in instructional costs; open resources data</p> <p>“By 2014, MnSCU must collect data on the number of Open Educational Resources (OER) tools and services offered and formulate a plan to actualize a one percent reduction in expenses directly related to the cost of instruction incurred by students...”</p>	Yes
<p>Expense realignment</p> <p>“Reallocate \$22,000,000 that became available through expense realignment in fiscal year 2014.”</p>	Yes

Minnesota State Colleges and Universities: 2011

Laws 2011, First Special Session chapter 5, article 1, section 4, subdivision 3

Holdback amount: 1 percent of fiscal year 2013 appropriation (approx. \$5.1 million in fiscal year 2013)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>7% increase in degrees awarded “Increase by at least seven percent, compared to fiscal year 2009, graduates or degrees, diplomas and certificates conferred...”</p>	Yes
<p>10% increase in students of color “Increase by at least ten percent, compared to fiscal year 2010, the number of students of color...”</p>	Yes
<p>15% increase in online or blended courses “Increase by at least fifteen percent, compared to fiscal year 2010, the full year equivalent enrollment of students taking online or blended courses or the number of online and blended sections...”</p>	Yes
<p>1% increase in persistence and completion rate “Increase by at least one percent the fall 2011 persistence and completion rate for fall 2010 entering students compared to the fall 2010 rate for fall 2009 entering students...”</p>	No
<p>2% reduction in total energy consumption “Decrease by at least two percent, compared to calendar year 2009, total energy consumption per square foot...”</p>	Yes

Minnesota State Colleges and Universities: 2007

Laws 2007, chapter 144, article 1, section 4, subdivision 2

Holdback amount: 1 percent of the appropriation (approx. \$6.7 million in fiscal year 2008 and \$6.9 million in fiscal year 2009)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>3% increase in STEM enrollment “Increase by at least three percent, compared to fiscal year 2005, the number of students who take college level courses in science, technology, engineering, and math...”</p>	Yes
<p>2% increase in enrollment at Centers of Excellence programs “Increase by at least two percent, compared to fiscal year 2005, enrollment in courses at the four existing center of excellence programs...”</p>	Yes
<p>700-student increase in electronic medical record technology trainees “Increase by at least 700, compared to fiscal year 2007, the number of students trained on the use of electronic medical record technology...”</p>	Yes
<p>10% increase in online course enrollment and offerings “Increase by at least ten percent, compared to fiscal year 2007, the number of students taking online courses or the number of online courses offered...”</p>	Yes
<p>10% increase in institutional, faculty, and staff awards for excellence and efficiency “Expand by at least ten percent, compared to calendar year 2006, the use of ‘awards of excellence’ or other initiatives that reward member institutions, faculty, administrators, or staff for innovations designed to advance excellence and efficiency...”</p>	Yes

University of Minnesota: 2015

Laws 2015, chapter 69, article 1, section 5, subdivision 2

Holdback amount: 5 percent of the fiscal year 2017 appropriation (approx. \$27.96 million in fiscal year 2017)

Performance required for full appropriation: 3 of 5 goals (67 percent of holdback available upon meeting two goals; 33 percent of holdback available upon meeting one goal)

Performance Goal	Achieved?
<p>1% increase in undergraduate graduation rates for students of color</p> <p>“Increase by at least one percent the four-year, five-year, or six-year undergraduate graduation rates, averaged over three years, for students of color systemwide at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014;...”</p>	--
<p>2% increase in STEM degrees</p> <p>“Increase by at least two percent the total number of undergraduate STEM degrees, averaged over three years, conferred systemwide by the University of Minnesota reported in fiscal year 2016 over fiscal year 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers...”</p>	--
<p>1% increase in four-year undergraduate graduation rates</p> <p>“Increase by at least one percent the four-year undergraduate graduation rate at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers...”</p>	--
<p>\$15 million reallocation of administrative costs to benefit direct mission and student programs</p> <p>“For fiscal year 2016, reallocate \$15,000,000 of administrative costs. The Board of Regents is requested to redirect those funds to invest in direct mission activities, stem growth in cost of attendance, and to programs that benefit students...”</p>	--
<p>3% increase in licensing disclosures</p> <p>“Increase licensing disclosures by three percent for fiscal year 2016 over fiscal year 2015.”</p>	--

University of Minnesota: 2013

Laws 2013, chapter 99, article 1, section 5, subdivision 2

Holdback amount: 5 percent of the fiscal year 2015 appropriation (approx. \$26.5 million in fiscal year 2015)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>1% increase in undergraduate graduation rates for low-income students</p> <p>“Increase by at least one percent the Twin Cities campus undergraduate four-year, five-year, or six-year graduation rates averaged over three years, for low-income students reported in fall 2014 over fall 2012. The average rate for fall 2012 is calculated with the fall 2010, 2011, and 2012 graduation rates...”</p>	Yes
<p>3% increase in STEM degrees</p> <p>“Increase by at least three percent the total number of undergraduate STEM degrees, averaged over three years, conferred by the University of Minnesota Twin Cities campus reported in fiscal year 2014 over fiscal year 2012. The averaged number for fall 2012 is calculated with the fall 2010, 2011, and 2012 number...”</p>	Yes
<p>1% increase in all graduation rates</p> <p>Increase by at least one percent the four-year, five-year, or six-year graduation rates, averaged over three years, at the University of Minnesota reported in fall 2014 over fall 2012. The average rate for fall 2012 is calculated with the fall 2010, 2011, and 2012 graduation rates...”</p>	Yes
<p>\$15 million reduction in administrative costs</p> <p>“For fiscal year 2014, decrease administrative costs by \$15,000,000...”</p>	Yes
<p>3% increase in invention disclosures</p> <p>“Increase invention disclosures by three percent for fiscal year 2014 over fiscal year 2013 (net of student disclosures).”</p>	Yes

University of Minnesota: 2011

Laws 2011, First Special Session chapter 5, article 1, section 5, subdivision 2

Holdback amount: 1 percent of the fiscal year 2013 appropriation (approx. \$4.8 million in fiscal year 2013)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>Increase institutional financial aid</p> <p>“Increase the amount of institutional financial aid so that it is greater in fiscal year 2012 than in fiscal year 2010, excluding federal stimulus funding. Institutional financial aid includes funds from the University of Minnesota Foundation and the Minnesota Medical Foundation...”</p>	Yes
<p>At least 13,500 degrees in fiscal year 2012</p> <p>“Produce at least 13,500 total degrees on all campuses in fiscal year 2012...”</p>	Yes
<p>Increase graduation rates</p> <p>“Increase the undergraduate four- and six-year graduation rates on the Twin Cities campus for 2011-2012, as reported in the federal completions survey, over the numbers for 2009-2010, as reported in the federal completion survey...”</p>	Yes
<p>Maintain or increase research and development expenditures reported to National Science Foundation</p> <p>“Produce total research and development expenditures, as reported to the National Science Foundation (NSF) for the University of Minnesota system so that the amount in the 2012 NSF report is not less than the amount in the 2010 NSF report...”</p>	Yes
<p>Maintain or increase sponsored funding from business and industry</p> <p>“Produce sponsored funding from business and industry so that funding in fiscal year 2012, as reported to the Board of Regents in December of that year, is not less than funding in fiscal year 2010.”</p>	Yes

University of Minnesota: 2007

Laws 2007, chapter 144, article 1, section 5, subdivision 2 (later amended by Laws 2008, chapter 298)

Holdback amount: 1 percent of the appropriation, amended in 2008 to “2 percent of the appropriation in the second year” (approx. \$6.3 million in fiscal year 2008 and \$6.2 million in fiscal year 2009)

Performance required for full appropriation: 3 of 5 goals

Performance Goal	Achieved?
<p>Increase financial aid for students with demonstrated need “Increase financial support to pay the cost of attendance for students demonstrating financial need...”</p>	Yes
<p>Maintain or improve research and development expenditures reported to National Science Foundation “Maintain or improve the University of Minnesota’s rank in its national share of total research and development expenditures reported to the National Science Foundation over the 2007 ranking...”</p>	No
<p>5% increase in STEM degrees “Increase by at least five percent, compared to fiscal year 2007, the number of degrees awarded in science, technology, engineering, mathematics, and health sciences disciplines...”</p>	Yes
<p>5% increase in financial support for renewable energy research “Increase by at least five percent, compared to fiscal year 2007, the amount of financial support from key funding sources for renewable energy research...”</p>	Yes
<p>Increase and improve research activities to benefit business and industry “Increase and improve interaction and research activity beneficial to business and industry.”</p>	Yes

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