December 14, 2015

Commissioner Myron Frans
Minnesota Management & Budget
400 Centennial Building
658 Cedar Street:
Saint Paul, Minnesota 55155

Dear Commissioner Frans:

I’m writing to request Governor Dayton’s support for the University of Minnesota’s supplemental budget request for the 2016 legislative session. This request is designed to improve Minnesota’s health, economic innovation, and security, and advance key state priorities.

On December 10, 2015, the Board of Regents approved the University’s supplemental budget request. Specifically, the request focuses on four areas:

**Restore support to critical health care training and services statewide - $10.5 million (recurring)**

The University seeks to restore funding lost due to the state’s Department of Human Services’ decision not to award a contract to UCare for Medicaid and other public programs. This decision has created a financial challenge for the University’s Department of Family Medicine and Community Health and School of Dentistry.

UCare was created over 30 years ago by the Medical School’s Department of Family Medicine and Community Health to serve public program patients, a need not being met by other health care insurers at the time. UCare, although now independent of the Medical School, has provided approximately $9.5 million per year to the Department of Family Medicine and Community Health for research, education, and clinical training.

Since 2002, UCare has funded the School of Dentistry’s mobile dental clinic, providing most recently $1 million in FY 2015. The loss of funding due to the state’s decision puts at risk clinical training, education, research, and patient care.

**Protect critical assets and help ensure business continuity by implementing new cyber security technologies – $19 million (one-time)**

Beginning in FY 2017, the University plans to advance a $78 million initiative, Next Generation Network, to upgrade the University’s core information technology network. The current University network transports research, academic, fire/life/safety, and commercial data across the world. The Next Generation Network initiative will create a more secure, stable, and
right-sized network to better meet the needs of students, researchers, and the entire University community. This work will include upgrading equipment, enhancing security features, and improving wireless capabilities.

The $19 million request is for the cyber security portion of this work. In addition to the state funding, the University will invest $59 million for equipment upgrades. Together, these investments will allow the University to meet the current and future needs for an enhanced network while minimizing costs.

**Improve the long-term viability of Minnesota’s mining region through the Mining Innovation Minnesota Initiative – $3.6 million (recurring)**

Recent fluctuations in the global iron and steel markets have negatively impacted Minnesota’s mining region. The University, in coordination with state agencies, the mining industry, and state stakeholders, is in a unique position to provide solutions-based research to advance this sector and region. This work will improve the efficiency of ore processing, develop new technologies to economically extract and produce high-value products, define a portfolio of the mineral and metallic product opportunities for our state, reduce sulfate water contamination, and minimize environmental impacts on our land and water resources.

**Support critical health care training, education, and services statewide - $3.25 million (recurring); $2.5 million (one-time)**

The University requests funding to improve Minnesota’s health and dental care access, address workforce needs, improve care coordination, institute new models of care, and address health disparities.

Although Minnesota is ranked among the healthiest states in the nation, access to health and dental care varies depending on socio-economic and geographic factors. The University has the ability to improve access to quality care and lessen disparities through its research, education, and patient care. The University will use state funding for two important educational and patient care components of our portfolio: the Community University Health Care Clinic and the School of Dentistry’s Rural Dentist Associate Program.

In summary, the University request includes $17.4 million in recurring funds and $21.5 million in one-time investments. I believe this modest supplemental request targets key areas of research and need across Minnesota, and puts the University in a better position to address our state’s grand challenges.
Again, I respectfully request the governor's support of the University of Minnesota's 2016 supplemental budget request. Thank you for your continued support of the University. Please do not hesitate to contact me if you have any questions or would like additional information.

Sincerely,

[Signature]

Eric W. Kaler
President

cc: Rep. Kurt Daudt, Speaker of the House
    Sen. Tom Bakk, Senate Majority Leader
    Rep. Paul Thissen, House Minority Leader
    Sen. David Hann, Senate Minority Leader
    Rep. Bud Nornes, Chair, House Higher Education Committee
    Sen. Terri Bonoff, Chair, Senate Higher Education Committee
    Rep. Gene Pelowski, House Higher Education Committee
    Sen. Jeremy Miller, Senate Higher Education Committee
    Members of the House Higher Education Committee
    Members of the Senate Higher Education Committee