

MINUTES
SENATE FINANCE COMMITTEE

November 13, 1987
1:20 - 3:55 p.m.
Regents Room, Morrill Hall

Members present: Mark Brenner, Shirley Clark (Chair), W. Andrew Collins, David Hamilton, Gerald Klement, Geoffrey Maruyama, Richard Mealey, Cleon Melsa, Thomas Scott, Mark Umland, Walter Weyhmann.

Guests: Tim Allison (President, Student Senate), Vice President Roger Benjamin, David Berg (Assistant Vice President), Carol Campbell (Controller and Treasurer), Professor Richard Goldstein, Vice President David Lilly, Roger Paschke (Director of Assets Management).

1. The minutes of the October 23 meeting were approved with an omission corrected. At the end of the first paragraph on page 2 (library space and remodeling needs), should be added Professor Weyhmann's question "Will Repairs and Betterments funds be available for improvement to Walter Library

2. Effects on the University of the October stock market crash. Vice President Lilly.

A. Effects. In Mr. Lilly's view there will have to be major and worldwide adjustments because of the size of the U.S. trade deficit and budget deficit. The University will try to maintain the value of its real investments, but not in the short-term future to grow them. Prior to "Black Monday" their value had doubled in five years. The University's investments ought to be at minimal risk in this period, earning 5% annually above inflation.

Mr. Lilly distributed copies of a one-page summary "University and Foundation: Investment Performance and Asset Valuations" (10/31/87). It showed the University's endowment and reserves to be slightly ahead of where they had been on December 31, 1986.

B. Faculty Retirement Funds. Handout: "Investment Performance for the Basic [Faculty Retirement] Plan" and "Investment Performance for the Optional Retirement Plan."

Mr. Lilly reported that the funds down the most are those with the largest percent in equities. The University is still participating in the stock and bond market, but in a way to protect its gains rather than risk the fund. Mr. Paschke said that the gains of the first 10 months of 1987 in equity funds available for investment were essentially wiped

out in late October. Those faculty close to retirement who had their funds heavily invested in equities may have suffered significantly. An upcoming employee benefits newsletter will reproduce these handout data and include a narrative.

In response to questions, Messrs. Lilly and Paschke said the University's working cash is in very short term instruments and was not affected by the crash; the Permanent University Fund was minimally affected.

Professor Clark thanked these guests. Mr. Lilly invited further questions at any time.

3. 1988 Legislative Request. Vice President Benjamin.

(SFC members had received in advance of the meeting Revision 8 of the Capital Request.) Dr. Benjamin distributed copies of Vice President Kegler's November 9 memo describing modifications to that revision. He described some of the requests:

A. #9: Ferguson Hall Addition- Construction (Capital request). The state has appropriated \$1.6 million contingent upon the University's raising \$1.6 million. We are attempting to stimulate private fund-raising before the legislative session and if we raise our share before February we will ask the Legislature for an additional \$5.4 million. To date, we have raised between \$900,000 and \$950,000. The University is still seeking to achieve the performance laboratory which was included in its original request for Ferguson but which the legislature cut. Costs have risen substantially in the meantime. If the legislature makes the full appropriation, the University will seek to raise an additional \$2 to \$3 million privately.

B. Supercomputer Institute (Specials request.) Now at \$3 million, this request may double to \$6 million if Governor Perpich recommends a more expensive processor than the ETA-10. Vice President Benjamin would welcome these funds provided they were not appropriated in substitution for other high priority items.

C. Library needs. Professor Weyhmann asked whether the repairs and betterment money is available for Walter Library. Dr. Benjamin replied that there is a \$265,000 item, postponed until after July 1, 1988 because the University must (1) attend to Wilson Library's immediate needs and (2) sort out the long-range plans for the libraries.

D. Mr. Umland inquired the status of the NSP study of the University's boiler system and what options are emerging. Dr. Benjamin said the consultants are to inform the administration of the widest range of possibilities. He said he would send the Finance Committee this information when he gets it.

E. Solid and Hazardous Waste Removal (\$1.1 million, O&M request): will not be sought, thanks in part to some excellent cost-cutting work. Dr. Benjamin quickly summarized the other O&M items.

Mr. Klement asked if the University would renew its request for comparable worth adjustments. Mr. Berg answered that it would not, given that the legislature told us clearly last year we were to make those adjustments internally (with no state appropriation) over a reasonable time period. Dr. Benjamin said the unpleasant choice appears to be between trading off faculty salary lines or reducing the numbers of civil service staff.

Mr. Allison asked about the distribution of the Rank Funding Adjustment sought (\$11 million). Dr. Benjamin said RFA is for program improvement. UMD is going to pay its faculty salary increases out of RFA money, but it is a misapprehension to understand that as being RFA's primary purpose. As the Advisory Task Force reported last summer, the University clearly needs these additional resources. Minnesota is slipping below the 50-state median in terms of support for higher education.

Operating new space. Professor Brenner inquired what will be the cost of operating the space we are now requesting. The question is important because of the legislature's policy and consistency in denying funds to operate new net space. Vice President Benjamin replied that the University needs to present its case better. Mr. Berg added that the State Finance Department is using an erroneous formula in its new space-old space comparison.

Vice President Benjamin pointed out that most of the state specials requests apply to St. Paul Campus projects that support the rural economy. The list is drawn from specials requested and not funded in the 1987 session.

Dr. Benjamin said administration is trying to put all the requests for primarily academic enterprises in the O&M request. Professor Hamilton expressed agreement with this principle but added that there are needed items which, because they can't get a high enough priority ranking can get their start only on a specials request (e.g., the Human Genetics Institute). Professor Scott added that new academic initiatives should not be precluded from the Specials list because since the budgeting principle is one of incrementalism, initiatives can hardly get started otherwise.

Dr. Benjamin commented that the administration and the Senate Finance Committee need to be able to judge proposals on the basis of the overall picture instead of assessing each good idea on an ad hoc basis. Prof. Brenner said that all too often SFC sees things out of context. Faculty Development recommendations, for example, have to be prioritized among all needs, not talked about in isolation.

Professor Clark reported a criticism coming from many foundations that the large land grant universities have been attending too much to the needs of big farm industry and neglecting the needs of small, innovative farmers. Dr. Benjamin reported his impression from Agriculture Dean C. Eugene Allen that the University's agriculture program is shifting to emphasize quality over quantity in production.

4. Faculty Development Proposals.

Handout: Summary of recommendations from the Faculty Development

Committee report and Plan for Focus.

Governance system attention to the recommendations is being sorted out among several Senate committees. Professor Clark (SFC Chair) and Professor Brenner (Planning Committee Chair) referred to the need for staff work and the hope that central offices (e.g., Mr. Berg's, ACIS, Academic Affairs) will provide that help to the Faculty Affairs Committee.

Part I. Faculty Salaries. Professor Maruyama told Finance that the FDC had dealt with the salary questions in the ways SCFA had asked it to. He agreed with other SFC members about the urgency of decisions because they will affect the next biennial request (preparation of which will begin in spring, 1988). SCFA has already assigned the questions to subcommittees. Professor Brenner said as soon as the Finance Committee knows SCFA's exact position, SFC should ask for a cost analysis of implementation.

Professor Clark identified the committees that the Faculty Consultative Committee is asking to study each of the recommendations.

5. Decentralization of fringe benefits: assessment to date. Guest: Carol Campbell, Controller and Treasurer, and Professor Richard Goldstein, head of the Department of Mechanical Engineering and member, Senate and Faculty Consultative Committees.

Ms. Campbell reported that her office has to date made one adjustment in implementing the change: that is to compare units' actual fourth quarter costs with the estimates which had to be used initially. Where administration underestimated it has made the adjustments. They continue to monitor. It was not a retrenchment move. It was a move to decentralize the judgments and decisions which have fringe benefit implications. It is logical to put faculty salaries and fringe benefits in the same budget because the first determines the second. If fringe costs rise, central administration will provide for that. Money that has been provided will continue to be provided.

Professor Weyhmann reiterated the fear others have voiced that the change can have a detrimental effect on department chairs' personnel decisions. A chair may hold down salary increases because of inability to cover the greater fringe benefits. There may be pressure to hire faculty on a temporary basis. It would be preferable to keep personnel decisions separate from fringe benefits decisions. Ms. Campbell commented that since fringe benefits have always been a real cost to the institution it is appropriate for departments to have to take them into account. Professor Weyhmann said that the difference is that formerly fringe costs were averaged out across the entire University.

Professor Goldstein said that while the principle of joining the two costs in the same budget is good, in practice it doesn't work out because of too much unevenness within a department. Mechanical Engineering is a case in point. In 1987-88 the department must pay fringe benefits for considerably more faculty than central administration paid for M.E.'s faculty in 1986-87; the difference means that even if it is eventually reimbursed, the department runs a shortfall over the course of this year of \$130,000 to \$150,000. Fringe was not paid last year for (1) faculty on leave, (2) one-year temporary hires now replaced by regular faculty,

and (3) assistant professors not eligible for the retirement plan during their first two years but now on it.

Ms. Campbell replied that the administration expected some departmental allotments to be over and some to be under. The three reasons given are all reasonable ones the administration would expect to cover. The allocations based on last year's fringe benefits costs were made to each dean. Central will expect each dean to find the overage to cover those which are coming out short. To the extent units are still short, there will be central allocations. Formerly, the central budget was for cost of occupied lines plus a fringe benefit reserve.

Professor Scott was skeptical about there being any genuine benefits in the new arrangement because the incentives will be to hire more cheaply which means temporary or part-time. But Ms. Campbell repeated that the idea is not to retrench or release funds for other purposes and that central hopes units do not make that choice. Professor Maruyama commented it makes department heads accountable for large raises they give.

Answering Professor Melsa's question, Ms. Campbell said, Yes, fringe will come with a completely new position for the unit. Conversely, if salary money is taken back because a position is lost, the fringe will be taken back too.

Professor Goldstein offered the assessment that the system had worked well for a long time without departments having to take fringe benefits as a primary concern. Over two years in the new system, it is predictable that unit administrators will figure out ways to work the new system to their advantage; he would prefer they not have to do that. Ms. Campbell told SFC that given the size of the total fringe benefits budget -- \$54 million --, central administration has to examine how best to manage it. Ms. Campbell affirmed that the change was not an experiment but was intended to be permanent.

Hearsay suggests most colleges are decentralizing fringe to the departments but some are dealing with it as an aggregate. Ms. Campbell said there is continuing monitoring via a computer program that will compare what was allocated with what was paid as shown on the payroll.

Professor Clark observed that SFC probably does not have as much as data as it would like to at this point. She asked the SFC members to be thinking in terms of constructive proposals.

6. Fringe benefit rates on research grants. While the University charges the standard faculty or civil service rate for fringe on all grants, Ms. Campbell said a computer program is available by which each individual could be charged the actual cost of fringe benefits, by employee. This program has been shelved because of the nightmare scenarios it prompted. However, there are intermediate options, such as some set of levels. She requested the Finance Committee to discuss the question this year.

The meeting adjourned at 3:55 p.m.

Respectfully submitted.
Meredith Poppele,
Secretary

November 9, 1987

To: Senate Finance Committee
From: Shirley Clark
Subject: Finance Committee meeting

SENATE FINANCE COMMITTEE MEETING

Friday, November 13, 1987
1:15 - 3:00 p.m.
Regents Room, Morrill Hall

AGENDA

Approx. time

- 1:15 1. Minutes of October 23 meeting (enclosed).
- 1:15 2. Effects on University of the recent stock market fluctuations. Guest: Vice President David Lilly.
- 1:35 3. The 1988 legislative request (on Regents' November 12 docket for information). Guest: Vice President Roger Benjamin.
- O&M request (Documents being sent separately,
 - Capital request (version 8) directly from
 - Specials. Academic Affairs.)
- 2:20 3. Faculty Development Proposals for our attention.
- 2:40 4. Report on decentralization of budgeting for fringe benefits. Guests: Controller Carol Campbell, Professor Richard Goldstein.

Enclosure for information: October 2 memo, V. Rama Murthy to Shirley Clark, on gathering information on ICR fund uses for set-ups and matches.

SCHEDULE I

INVESTMENT PERFORMANCE FOR
THE BASIC PLAN
Of The Faculty Retirement Plan
Periods Ended September 30, 1987

PERFORMANCE¹

<u>PART I</u>	10 MOS.* 12/31/86- 10/31/87	QUARTER ENDED 9/30/87	1 YEAR 9/30/86- 9/30/87	3 YEARS 9/30/84- 9/30/87 (ANNUALIZED)	5 YEARS 9/30/82- 9/30/87 (ANNUALIZED)	10 YEARS 9/30/77- 9/30/87 (ANNUALIZED)
<u>Equity Funds Available</u>						
<u>For Investment</u>						
Stock Index Fund ²	- 2.6%	+ 6.3%	+28.6%	+13.1%	+18.4%	+14.6%
(Variable Annuity-Formerly MM/NWNL Separate Account A)						
Minnesota Mut.-Series Stock Annuity	-	+ 6.3%	-	-	-	-
CREF Annuity	+ 2.6%	+ 7.1%	+42.1%	+30.6%	+27.9%	+18.6%
Vanguard Index Trust Mutual Fund	+ 6.1%	+ 6.5%	+43.2%	+28.9%	+26.1%	+17.7%
Vanguard Windsor II Mutual Fund	+ 1.6%	+ 4.1%	+30.1%	-	-	-
<u>Comparable Stock Indices</u>						
<u>(Not for Investment)</u>						
PIPER Equity Index - Top Quartile ³	NA	+ 6.8%	+41.5%	+28.9%	+25.5%	+18.6%
PIPER Equity Index-Median ³	NA	+ 5.8%	+35.4%	+26.4%	+23.5%	+17.2%
S & P 500 Index	+ 6.2%	+ 6.6%	+43.4%	+29.3%	+26.7%	+18.2%
Dow Jones Industrial Average	+ 7.5%	+ 8.1%	+51.3%	+34.1%	+29.0%	+17.8%
<u>PART II</u>						
<u>Bond Funds Available</u>						
<u>For Investment</u>						
Minnesota Mut.-Series Bond Annuity	NA	- 2.9%	-	-	-	-
Vanguard Investment Grade Portfolio Mutual Fund	- 3.8%	- 5.8%	+14.3%	-	-	-
<u>Comparable Bond Indices</u>						
<u>(Not for Investment)</u>						
Shearson/Lehman Bond Index	+ 0.3%	- 2.9%	- 0.3%	+13.4%	+12.8%	+ 9.7%
PIPER Fixed Inc. Index - Top Quartile ³	NA	- 1.1%	+ 2.6%	+13.8%	+13.0%	+10.2%
PIPER Fixed Income Index - Median Quartile ³	NA	- 2.1%	+ 1.2%	+12.7%	+12.2%	+ 9.4%
<u>PART III</u>						
<u>Money Market Funds Available</u>						
<u>For Investment</u>						
Minnesota Mut.-Series Money Market Annuity				<u>12 MONTH YIELD 9/30/87</u>		
Vanguard Prime Portfolio Money Market Fund				NA		
				+ 6.15%		
<u>Comparable Money Market Indices</u>						
<u>(Not for Investment)</u>						
Donoghue's Money Fund Yield (Taxable)				+ 5.79%		
90 Day Treasury Bills				+ 5.80%		

PART IV
Guaranteed Annuities Available
For Investment

	<u>Current Interest Crediting Rate⁴</u>
Minnesota Mutual/Northwestern	9.50% net on accumulations after 6/30/83
National Life	10.50% net on accumulations from 7/1/80-6/30/83
	9.50% net on accumulations prior to 7/1/80
	8.50% net on accumulations after 12/31/86
	9.00% net on accumulations from 1/1/86 - 12/31/86
TIAA	11.00% net on accumulations from 1/1/85 - 12/31/85
	11.50% net on accumulations from 1/1/82 - 12/31/84
	10.25% net on accumulations from 1/1/79 - 12/31/81
	9.50% net on accumulations prior to 1/1/79

1 Performance is a measure of the change in principal value of the funds listed plus any earned dividends and interest for the periods indicated. "Annualized" is the average annual performance for the years indicated. Performance is net of expenses.

2 In May 1987, Separate Account A became an index fund managed by Northwestern National Life.

3 Pooled equity and fixed income accounts of banks and insurance companies (Rogers, Casey & Barksdale).

4 Interest crediting rates are net of administrative and investment expenses, which approximate one percent for each plan.

* Performance for the period 12/31/86-10/31/87 is included to indicate effects of recent market decline.

SCHEME II

INVESTMENT PERFORMANCE FOR THE
OPTIONAL RETIREMENT PLAN

Periods Ended September 30, 1987

PERFORMANCE¹

PART I	10 MOS. * QUARTER		1 YEAR	3 YEARS	5 YEARS	10 YEARS
	12/31/86- 10/31/87	ENDED 9/30/87				
<u>Equity Funds Available For Investment</u>						
<u>Minnesota Mutual²</u>						
Series Stock Fund	+ 6.1%	+ 6.3%	-	-	-	-
Series Index Fund	NA	+ 6.6%	-	-	-	-
Series Managed (Balanced) Fund	+ 1.9%	+ 2.1%	-	-	-	-
Series Aggressive Growth Fund	NA	+ 9.7%	-	-	-	-
<u>CREF</u>	+ 2.6%	+ 7.1%	+42.1%	+30.6%	+27.9%	+18.6%
<u>Fidelity Funds</u>						
ContraFund	- 2.1%	+ 6.5%	+45.2%	+26.1%	+21.0%	+16.6%
Value Fund	- 6.8%	+ 6.7%	+23.0%	+20.9%	+21.4%	-
Equity Income Fund	- 1.1%	+ 3.5%	+24.6%	+22.8%	+24.5%	+22.6%
Fidelity Fund	+ 0.3%	+ 7.0%	+36.8%	+26.6%	+24.1%	+18.6%
Freedom Fund	+ 6.6%	+10.9%	+49.3%	+30.0%	-	-
Magellan Fund	+ 0.6%	+ 6.4%	+40.4%	+34.6%	+34.6%	+36.1%
Growth Fund	- 5.3%	+ 8.9%	+34.4%	+26.9%	-	-
Puritan Fund	- 3.6%	+ 2.8%	+19.8%	+23.2%	+23.3%	+17.8%
Trend Fund	- 8.1%	+ 6.9%	+36.3%	+24.5%	+23.1%	+16.3%
Overseas Fund	+11.6%	+ 8.6%	+42.7%	-	-	-
<u>Scudder Funds</u>						
Capital Growth Fund	- 6.0%	+ 7.0%	+38.9%	+28.6%	+22.4%	-
Development Fund	- 9.3%	+ 3.8%	+34.3%	+17.6%	+15.8%	+19.9%
Growth & Income Fund	+ 1.0%	+ 6.5%	+23.9%	+25.2%	+19.2%	+16.0%
International Fund	- 2.7%	+11.1%	+43.9%	+43.1%	+35.7%	+21.5%
<u>T. Rowe Price Funds</u>						
Equity Income Fund	+ 0.8%	+ 4.0%	+28.3%	-	-	-
Growth & Income Fund	- 7.7%	+ 2.7%	+23.4%	+16.8%	-	-
Growth Stock Fund	+ 0.7%	+ 8.4%	+36.1%	+30.2%	+23.3%	+14.7%
International Fund	+ 0.7%	+ 7.0%	+41.6%	+45.3%	+34.8%	-
New Era Fund	+10.6%	+13.3%	+52.9%	+28.4%	+26.2%	+20.6%
New Horizons	-10.8%	+ 4.7%	+29.6%	+14.6%	+16.9%	+18.3%
New America Growth	-11.5%	+ 5.6%	+25.0%	-	-	-
<u>Comparable Equity Indices (Not For Investment)</u>						
S & P 500 Index	+ 6.2%	+ 6.6%	+43.4%	+29.3%	+26.7%	+18.2%
Dow Jones Industrial Average	+ 7.5%	+ 8.1%	+51.3%	+34.1%	+29.0%	+17.8%
PIPER Equity Index-Top Quartile	NA	+ 6.8%	+41.5%	+28.9%	+25.5%	+18.6%
PIPER Equity Index-Median	NA	+ 5.8%	+35.4%	+26.4%	+23.5%	+17.2%

SCHEDULE II

Page 2

PERFORMANCE¹

PART II Bonds Funds Available For Investment	10 MOS. *	QUARTER	1 YEAR	3 YEARS	5 YEARS	10 YEARS
	12/31/86- 10/31/87	ENDED 9/30/87	9/30/86- 9/30/87	9/30/84- 9/30/87 (ANNUALIZED)	9/30/82- 9/30/87 (ANNUALIZED)	9/30/77- 9/30/87 (ANNUALIZED)
Minnesota Mutual-Series Bond	- 0.5%	- 2.9%	-	-	-	-
Minnesota Mutual-Series Mortgage	NA	- 3.3%	-	-	-	-
Fidelity Flexible Bond Fund	- 3.1%	- 3.1%	- 1.5%	+11.5%	+11.0%	+ 8.3%
Fidelity High Income Fund	- 3.2%	- 2.5%	+ 5.8%	+16.3%	+16.9%	-
Fidelity Mortgage Securities	- 0.3%	- 2.7%	+ 0.4%	-	-	-
Scudder Income Fund	- 1.6%	- 3.5%	- 0.2%	+12.6%	+12.8%	+ 8.8%
Scudder Target General (1990)	NA	- 1.0%	+ 3.5%	-	-	-
Scudder Target General (1994)	NA	- 4.5%	+ 2.0%	-	-	-
T. Rowe Price Short-Term Bond Fund	+ 2.3	+ 0.1%	+ 3.2%	+ 9.2%	-	-
T. Rowe Price New Income Fund	NA	- 1.9%	- 0.4%	+10.7%	+11.2%	+ 9.5%
T. Rowe Price High Yield Bond	- 1.2%	- 1.0%	+ 7.8%	-	-	-
<u>Comparable Bond Indices</u> (Not For Investment)						
Shearson/Lehman Bond Index	+ 0.3%	- 2.9%	- 0.3%	+13.4%	+12.8%	+ 9.7%
PIPER Fixed Income Index- Top Quartile	NA	- 1.1%	+ 2.6%	+13.8%	+13.0%	+10.2%
PIPER Fixed Income Index-Median	NA	- 2.1%	+ 1.2%	+12.7%	+12.2%	+ 9.4%

PART III

Money Market Funds Available
For Investment

12 MONTH YIELD 9/30/87

Minnesota Mutual Series Money Market Fund	NA
Fidelity Cash Reserves	+6.06%
Fidelity U. S. Government Reserve	+5.79%
Scudder Cash Investment Trust	+5.77%
Scudder Government Money Fund	+5.13%
T. Rowe Price Prime Reserve Fund	+5.85%
T. Rowe Price U. S. Treasury Money Fund	+5.09%

Comparable Money Market Indices
(Not For Investment)

Donoghue's Money Fund Yield (Taxable)	+5.79%
90 Day Treasury Bills	+5.80%

¹Performance is a measure of the change in principal value of the funds listed plus any earned dividends and interest for the periods indicated. "Annualized" is the average annual performance for the years indicated. Performance is net of expenses.

²Variable Fund D is no longer an eligible alternative. Performance is + 3.4% (10 mos.), + 5.9% (quarter), +39.3% (1 year), +14.3% (3 years), +18.9% (5 years), +14.6% (10 years).

*Performance for the period 12/31/86-10/31/87 is included to indicate effects of recent market decline.

NOTE: Other qualified mutual funds of Fidelity, Scudder and T. Rowe Price are available under the Optional Plan. Interested participants should contact the mutual funds directly for further information.

UNIVERSITY AND FOUNDATION
Investment Performance and Asset Valuations
October 31, 1987

Major Fund	PERFORMANCE		
	October 1987	12/31/86- 10/31/87	6/30/82- 10/31/87 (Annualized)
University Endowment (GIF)	-17.7%	+ 8.4%	+20.1%
Foundation Endowment	-11.8%	+ 4.4%	+14.1%
Permanent University Fund	- 2.9%	+ 0.7%	+17.2%
Securities Lending Endowment	-22.6%	- 0.2%	----
Long Term Reserves (Group Income Pool)	+ 4.9%	+ 1.8%	+15.6%
S & P 500 Index	-21.8%	+ 6.2%	+21.6%
Dow Jones Industrial Average	-23.1%	+ 7.6%	+23.6%
Shearson/Lehman Govt/Corp Bond Index	+ 3.7%	+ 0.2%	+15.4%

ASSET VALUATIONS

Major Fund	Market Value 10/31/87	Market Value 6/30/87	Market Value 12/31/86	Market Value 6/30/82
University Endowment*	\$ 84,681,817	\$ 96,900,312	\$ 83,868,165	\$ 44,242,467
Foundation Endowment	85,498,333	86,328,538	64,009,927	15,468,935
Permanent University Fund*	81,731,599	83,736,829	80,139,267	45,607,942
Securities Lending Endowment	22,909,118	27,707,788	23,648,820	1,400,000
Long Term Reserves	116,507,192	114,599,857	123,424,533	37,929,161
Short Term Reserves	294,873,128	302,814,081	291,346,165	124,766,404
RUMINCO	15,466,000	16,365,485	14,683,422	7,000,000
University Separate Investments	18,738,300	21,773,512	5,988,339	4,966,055
Foundation Separate Investments	35,614,295	40,066,693	38,620,524	24,900,000

GRAND TOTAL \$746,826,803 \$769,469,866 \$714,943,584 \$306,578,048

* Includes funds invested in Short Term Reserves

UNIVERSITY OF MINNESOTA

Office of the Provost and
Vice President for Academic Affairs
213 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 625-0051

October 2, 1987

To: Professor Shirley Clark, Chair, Senate Finance Committee

From: V. Rama Murthy, Vice Provost and Associate Vice President for
Academic Affairs *VRM*

I promised yesterday to send to the committee details on how the administration is keeping accurate information on ICR funds used for set-ups and matches. In February 1987, I sent a memorandum to all Chancellors, Deans, Directors, and Department Heads, stating that the Graduate School is given the authority in collecting this information and providing any necessary reports. Specifically, I asked the units receiving ICR funds for matches and set-ups to provide the Graduate School the following information.

1. A copy of the individual's C.V.
2. A budget for use of the total set-up funds, including:
 - a. Personnel - R.A., etc.
 - b. Summary salary, where appropriate
 - c. Equipment with major items identified
 - d. Supplies
 - e. Travel
 - f. Computer time costs
 - g. Other, e.g., remodeling

The C.V. will serve the purpose of providing biographical information necessary for a data base and allowing a comparison of new faculty and their needs retrospectively. The budget information is sufficiently detailed to examine trends for different categories of needs as they relate to different departments and colleges. Moreover, the information makes it easy to assess the residual needs requested on any subsequent grant-in-aid applications, a problem that has become more severe over the past year or two. The information will also be useful in making subsequent years' ICR allocations.

Deans would be required to provide this information as soon as possible after the individual accepts an offer and before any grant-in-aid applications by the individual are accepted by the Graduate School.

VRM:ep
c: Provost Roger Benjamin

NOV 09 1987

Benjamin



UNIVERSITY OF MINNESOTA

Office of the Vice President for Institutional Relation
232 Morrill Hall
100 Church Street S.E.
Minneapolis, Minnesota 55455
(612) 624-2855

November 9, 1987

TO: PRESIDENT KELLER
BOARD OF REGENTS
VICE PRESIDENTS
MR. HEWITT, MR. VIKMANIS, MS. MARKELL, MS. MUESING

FROM: STAN KEGLER *JK*

SUBJECT: MODIFICATIONS IN MATERIALS SENT WITH REGENTS DOCKET

At the same time that materials were being duplicated for your Committee of the Whole docket, the President's Cabinet was finalizing its review of those materials.

As a result, three modifications should be brought to your attention:

A. Under item 50 in the capital request list (page 26 in docket materials), the first paragraph should be ignored, and the item should be reduced to \$1,100,000. The chemical storage facility described in the first paragraph will be constructed with "Repairs and Replacement" funds appropriated in the 1987 Session.

B. On the sheet describing the Operations and Maintenance Request items (page 9 of docket materials), the priority order should be adjusted. Item C (Repairs and Replacements) should move to the bottom of the list; we did rather well on this item in the 1987 Session and the need for funding is less pressing than for the other items on the list.

All of the other items move up one step in the list.

C. Under the Legislative Specials list, the attached description should be added as item 4 (at the bottom of page 12 of docket materials). Its omission from your materials was an oversight.

Enclosure

Addendum to State Specials Appropriation Request

4. Veterinary Diagnostic Laboratory \$ 265,000

The Veterinary Diagnostic Laboratory provides essential animal health services to the state's livestock and poultry industries. A primary function of the laboratory is to identify and characterize animal diseases accurately and promptly so that appropriate control and preventive measures can be implemented without delay. As the official laboratory of the Minnesota Board of Animal Health, it supports the state's animal disease control and eradication programs. Prompt recognition of the more than 100 diseases that are transmissible from animals to humans helps to protect the public health. Detection of natural or synthetic toxins in animal tissues decreases the likelihood of entry of these harmful substances into the human food chain. The Laboratory maintains a data base of animal disease incidence throughout the state to give advice for control measures and to aid in establishing research priorities in animal health. It is the first line of defense against devastating exotic diseases such as foot and mouth disease, African swine fever, exotic newcastle disease, and hog cholera which are a constant threat to the livestock and poultry industries. The Laboratory is certified to conduct official tests for diseases as required by other states and foreign nations prior to importation of animals from Minnesota.



University of Minnesota
1988 Legislative Request

Edited and Amended




SBK 11/09/87

1988 CAPITAL REQUEST - RANKING

1988 RANK		PROJECT
1	TC	Boiler-Engineering & Environmental Impact Study
2	TC	Basic Biomed Sci/Biomed Eng Ctr/Biol Sci Addition-Working Drawings
3	TC	St. Paul Anim Sci Phase II-Construction
4	Sys	Rosemount Waste Cleanup, Fire & Life Safety, PCB Removal, Asbestos Treatment & Removal, Outdoor Lighting & Telephones
5	Dul	Campus Center
6	TC	Wilson Lib, Remodeling
7	TC	Electrical Engr Bldg Renovation-Construction
8	H S	Veterinary Diagnostic Lab-Construction
9	TC	Ferguson Hall Addition-Construction
10	Crks	Ag Operations Management Center-Construction
11	TC	Fraser Hall Remodeling-Working Drawings
12	H S	Renovate Vacated Hospital Space (Var.Heart Hosp)-Construction
13	TC	Architecture Renovation & Addition-Construction
14	Was	Rec Sports/Phy Ed Addition-Working Drawings
15	Mor	Student Union, Phase I Renovation-Construction
16	Sys	Landscape Beautification
17	ExpS	Morris Agronomy/Horticulture Research-Construction
18	ExpS	Grand Rapids Machine Storage/Crop Lab-Construction
19	H S	Elec/Mech Upgrade for Hlth Sciences-Util & Serv
20	TC	Earth Sciences Building-Working Drawings
21	TC	Walter Library Planning & Reader Seat Replacement
22	Sys	Upgrade for Physically Handicapped
23	TC	Heating Plant Grid ICES-Util & Serv
24	ExpS	All Stations: Communication, Util, Rd Improv-U&S
25	ResC	Austin Extension of Main Facility-Construction
26	ResC	Austin Machine Shop-Construction
27	Dul	Plant Services Garage/Repair/Storage-Construction
28	ExpS	Rosemount Grain Storage & Handling-Construction
29	ExpS	Excelsior Greenhouse-Construction
30	ExpS	Cloquet Commons & Classroom Addition-Construction
31	ExpS	Cloquet Dining Hall Remod, Phase II-Construction
32	ExpS	Lamberton Machine Shop Service Bldg-Construction
33	ExpS	Cloquet Living Quarters Addition-Construction
34	ExpS	Cloquet Garage & Vehicle Service-Construction
35	ExpS	Becker Fertilizer & Chemical Storage-Construction
36	Dul	Campus Improvements-Util & Serv
37	Dul	UMD Medical School Addition-Construction
38	Was	Campus Center/Food Services-Working Drawings
39	TC	Water Distribution: Mpls-Util & Serv
40	TC	Water Distribution: St. Paul-Util & Serv
41	Was	Parking Lot-Util & Serv
42	ExpS	Cloquet Forest Roads-Util & Serv
43	Sys	Energy Conservation Projects
44	Mor	Replace Sanitary Sewer Lines-Util & Serv

1988 CAPITAL REQUEST - RANKING

1988

RANK	PROJECT
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45	Dul High Pressure Steam Line-Util & Serv
46	Dul Electrical-Util & Serv
47	Was Steam & Water Lines-Util & Serv
48	ResC Austin Remodel Storage Areas as Labs-Construction
49	TC Steam Line: St. Paul-Util & Serv
50	TC St. Paul Campus/Machine Storage

Note: Remainder of the Twin Cities Campus Rec Sports Request (\$12.3 million) remains an open request, depending on the progress made in raising the private funds associated with Phase I-A. Rider from 1987 precludes construction until such funds are available.

Capital Request Items
1988 Legislative Session

1. TC Boiler-Engineering & Environmental Impact Study \$ 2,000,000

Due to the age and condition of boilers within the University's Minneapolis Heating Plants, it will be necessary for the University to replace from 1-3 coal fired boilers as quickly as possible. Money is needed to fund a complete engineering and design study for boiler installation. Such design work is highly specialized and must be done by an outside contractor which is familiar with vendor products, installation and pollution control regulations. Industry estimates for such design work indicate a price equal to approximately seven percent (7%) of total project costs. Projected cost for recovery of the two hundred thousand pounds per hour of steam due to presently obsolete boilers is \$28,500,000.

2. TC Basic Biomedical Sciences/Biomedical Engineering \$ 6,225,000
Center/Biol Sci Addition-Working Drawings

In 1987, the University requested funds to develop schematics and working drawings for a basic sciences/biomedical engineering building on the Minneapolis Campus estimated to cost \$80.9 million and a \$22.7 million addition to the existing Biological Sciences Center on the St. Paul Campus.

Currently, the five basic sciences departments are housed in the Jackson/Owre/Millard/Lyon quadrangle. Much of the space dates back to early 1900's and is totally unsuited for modern day research laboratories for academic programs. According to consulting engineers and architects, renovation of this space would not be cost effective and if attempted, the cost would equal or exceed that of new construction. Therefore, the recommended solution is to demolish Botany and Zoology buildings built in 1927 and 1916 respectively and use the site for a new basic sciences/biomedical engineering building.

In order to create cohesiveness in the area of Biological Sciences, it is necessary to bring the Department of Ecology and Behavioral Biology, presently housed in the Zoology building on the Minneapolis Campus, to the St. Paul Campus. To accomplish this consolidation requires building an addition to the Biological Sciences Center as well as some remodeling. In addition to drawing together in one location those units whose primary interest is in molecular, cellular, genetic and plant organisms, it would also vacate the Zoology building which is identified as the site for a new basic sciences facility.

Because of the extensive interaction and collaboration between the medical basic sciences and the biological sciences programs on the St. Paul Campus, the Legislature appropriated \$250,000 and directed the University to develop a comprehensive plan for the Biological Sciences on the Twin Cities Campus.

3. TC St. Paul Animal Science Phase II-Construction \$ 6,283,000

Funds are requested for the construction and renovation of livestock facilities on the St. Paul Campus and at Rosemount. Included in this request is the preparation of working drawings for construction of a laboratory building and renovation of Haecker Hall. Following is the scope of individual program elements:

<u>Planning/Working Drawings</u>	<u>ASF</u>	<u>GSF</u>	<u>\$/GSF</u>
Haecker Hall-New Construction	42,780	71,300	\$110.00
Haecker Hall-Remodeling	24,000	40,000	65.00
TOTAL	66,780	111,300	
<u>New Construction</u>	<u>ASF</u>	<u>GSF</u>	<u>\$/GSF</u>
Beef Feedlot/Rosemount	22,500	27,500	\$ 30.95
Swine Teaching	8,000	8,000	77.55
Arena/Holding Facility	20,000	21,000	57.14
Metabolism Unit	9,700	10,400	43.00
TOTAL	60,200	66,900	
<u>Remodeling</u>	<u>ASF</u>	<u>GSF</u>	<u>\$/GSF</u>
Sheep Teaching	6,650	6,650	\$ 3.92
Dairy Barn/Physiology	13,350	18,550	67.06
TOTAL	20,000	25,200	

4. System Rosemount Waste Cleanup, Fire & Life Safety, \$ 10,950,000
PCB Removal, Asbestos Treatment & Removal & Outdoor Lighting & Telephones

A. As a result of an investigation conducted by the Minnesota Pollution Control Agency(MPCA) in the summer of 1984 and substantial subsequent investigations conducted by the University it has been determined that soil and groundwater contamination problems exist at the Rosemount Research Center (RRC). In accordance with the Response Action Agreement between the University and the MPCA the University has developed a plan for remedial work regarding the contamination problems. This request amount is only a guesstimate pending a consultant's report to implement remedial work regarding the soil and groundwater contamination problems at the RRC.

B. Funds are requested to replace 127 University system transformer installations and two capacitor installations containing polychlorinated biphenyls (PCB's) with non-hazardous equipment. This is a program to remove from all University facilities equipment posing a serious health hazard. This replacement affects critical electrical services and will take many months to accomplish without major service outages.

- C. Funds are requested to continue the program for upgrading University facilities to eliminate fire and life safety deficiencies. Violations of the building and fire codes exist in over ninety-three facilities which include large assembly areas, sleeping rooms, and highrise structures.

Due to the extensive list of buildings in need of correction, the Fire and Life Safety (OSHA) Committee has established a 10-year program. The buildings will be addressed in priority of hazard, starting with the highrise residential, assembly, and office buildings.

	<u>Twin Cities</u>	<u>Coordinates</u>
Star Enclosures	\$ 3,000,000	\$ 750,000
Fire Alarm System	400,000	350,000
Fire Separation Walls	300,000	400,000
Emergency Lighting	700,000	100,000
TOTAL	\$ 4,400,000	\$ 1,600,000

- D. Funds are requested to continue the University's program to take corrective measures to reduce serious health hazards by removal or encapsulation of ceiling, pipe coverings and/or spray-on fire proofing material containing asbestos.
- E. The installation of additional area lighting and accessible, free standing, vandal resistant telephones to be provided by this request are needed to enhance the safety of pedestrian traffic on campus, particularly during the evening and night time hours.

5. Duluth Campus Center \$ 9,750,000

The project is composed of four major inter-related elements: a major underground development of the space immediately in front of the Kirby Student Center; integrated academic space for Math-Geology, for the College of Education and Human Service Professions, and for the Achievement Center; an expansion of the interior concourse system to provide ramped connectors to the two major cross campus concourses; and the development of a centrally located entrance and visitors center. The space assigned to the College of Education and Human Service Professions and Mathematics will be used for flexible areas for large group, small group, and independent learning, and associated space for faculty offices, research laboratories and instructional materials and software development and production. The space assigned to the Achievement Center will focus on academic pursuits such as advisement, assessment, and programming for leadership and orientation. The entrance aspect of the facility will include an information center and a visitor reception area.

6. Twin Cities Wilson Library-Remodeling \$ 2,455,000

Construction funds are requested to remodel areas of Wilson Library to allow expansion into the existing south and east basement corridors by removing office partitions and separating wall and by enclosing the south end of the east basement corridor. New stacks will be installed to accommodate ten years' collection growth. The reserve service desk will be relocated in the

basement lobby and the entry/exit control equipment reconfigured. An estimate of the total project cost is \$1,115,000.

Funds are also requested to replace all reader seating in the basement of Wilson Library. Compact shelving will be installed in Wilson Room S-50.

7. Twin Cities Electrical Engineering Building Renovation-Construction \$ 14,781,000

Funds are requested for renovation of the Electrical Engineering Building and construction of a 400 GSF link between Electrical Engineering and Akerman Hall. Most of the Electrical Engineering Building will be vacated in fall of 1988 by the Department of Electrical Engineering which will move to its new facility. It is planned that Mechanical Engineering and associated programs will move into the refurbished space. Area to be remodeled is 51,350 ASF and 83,600 GSF.

8. Health Sciences Veterinary Diagnostic Lab-Construction \$ 8,069,000

Funds are requested to remodel portions of existing space and construct an addition to the Veterinary Diagnostic Laboratory. In order to adequately meet the space needs of the Diagnostic Laboratory, it is estimated that an addition of 18,806 ASF and 34,192 GSF is required.

9. Twin Cities Ferguson Hall Addition-Construction \$ 1,835,000

Funds are requested to construct a performance lab for the School of Music as an addition to Ferguson Hall. This request represents an increase in the state match from \$1.6 million to \$3.435 million. The total project scope will be 32,752 GSF.

10. Crookston Ag Operations Management Center-Construction \$ 3,600,000

Construction of livestock facilities including an arena and classroom with telecommunications capabilities, in addition to a meat laboratory, offices, feed and equipment storage is planned. The "Center" will bring to one location the swine, sheep, beef and horses used in teaching management and husbandry competencies. The facilities will be used by college personnel plus research and extension staff to service the agricultural community and beyond. Total project scope is approximately 60,000 GSF.

11. Twin Cities Fraser Hall Remodeling-Working Drawings \$ 900,000

Funds are requested for remodeling of Fraser Hall and construction of a 400 GSF link between Fraser and Appleby Halls. The departments of English, Art History, Composition, American Studies, American Indian Studies/Chicano Studies, Humanities, and the Center for Ancient Studies are included in the program. The total project scope is approximately 60,600 ASF and 103,000 GSF. Completion will result in compliance with building codes, access for the physically handicapped and conversion of library stacks to classroom and office space.

12. Health Sciences Renovate Vacated Hospital Space (Variety Club Heart Hospital)-Construction \$ 6,358,000

In 1987 we sought \$1,020,000 to develop schematics and working drawings to remodel portions of vacated space in the Mayo Tower and Variety Club Heart Hospital. The total project involves 52,700 GSF in Mayo and 44,760 GSF in Variety for a total of 97,460 GSF and is projected to cost \$16,970,000. Of this amount, \$2 million has been pledged by the Variety Club of the Northwest. The Legislature appropriated \$891,000 for the preparation of schematics and working drawings. We will delay making final program decisions on allocations of Mayo space until a specific program decisions are completed.

The program plans are ready for Phase I which includes the 44,760 GSF in Variety and approximately 3,000 GSF on the third floor of Mayo which previously housed a coffee shop and portions of the lobby. Planning will continue for Phase II and a program proposal and funding request will be presented to the 1989 Legislature.

TOTAL	\$	8,358,000
Less Variety Pledge	\$	2,000,000
Legislative Request	\$	6,358,000

13. Twin Cities Architecture Renovation & Addition-Construction \$ 13,993,000

Funds are requested for a 63,280 GSF and 36,070 ASF addition to the Architecture Building. The work would include air conditioning, energy code compliance, and refurbishing of the existing space in the Architecture Building, and also correction of building code violations identified in the I.T. Master Facilities Plan.

14. Waseca Rec Sports/Physical Education Addition-Working Drawings \$ 465,000

Funds are requested to plan and develop working drawings for an addition of approximately 50,000 GSF and to remodel 15,000 GSF in the existing Physical Education Building. The existing facility does not meet life safety codes as it has no fire alarm and does not provide handicapped access to the restrooms, lockers or pool area.

15. Morris Student Union, Phase I Renovation-Construction \$ 3,790,000

Schematic and working drawings are required for the proposed Student Center. The Center will consist of both an addition to and a remodeling of Edson Hall. New construction includes study and lounge spaces, student organization offices, a campus information center, a ballroom-banquet facility, and adequate food and vending service spaces. Remodeling includes the existing auditorium and ancillary spaces, as well as other changes required to meet functional, code, and appearance standards. The total project size is 20,000 GSF of new construction and 15,500 GSF of remodeling work.

16. System Landscape Beautification \$ 6,500,000

A range of actions are necessary to improve the landscape environment of the System-wide Campuses of the University. Needed improvements include the following: To lower Washington Avenue and extend the Campus Mall across the avenue to connect to the front lawn of Coffman Memorial Union. Replace existing plant materials that possess low disease resistance and high maintenance requirements with new plant materials that offer greater disease resistance and lower maintenance; replace old, overgrown, and improperly maintained plant material with new stock; recognize well travelled pedestrian routes that damage landscape materials and control movement with plant material and physical improvements; improve high visibility areas that present an unappealing image to the public to create a positive first impression of the quality of the University; implement long range development plan objectives for creating needed open space and complete the landscaping for those open spaces that presently are defined but not developed.

17. Experiment Station-Morris Agronomy/Horticulture Research Construction \$ 146,000

This request is for a 4,400 GSF building that will connect the existing greenhouse/headhouse to the existing Horticulture, Agronomy, and Soils Service Building. This connecting link will provide a covered research soils mixing area, a convenient drive-thru for Horticulture cold storage, and cold storage of Agronomy field equipment. The project will include extensive remodeling and refurbishing of existing facilities.

18. Experiment Station-Grand Rapids Machine Storage/Crop Lab-Construction \$ 362,000

Land has been purchased six miles from the station and will require a building to garage field equipment and provide a crop research area. The facility will store field and irrigation equipment, agricultural chemicals and provide restrooms and proper chemical disposal facilities. Total scope of the project is 10,200 GSF.

19. Health Sciences Electrical/Mechanical Upgrade for Health Sciences-Utilities & Services \$ 6,500,000

Funds are requested for the upgrading and expansion of the two primary Health Sciences air conditioning plants and for the upgrading the electrical systems within the complex. The work proposed includes:

1. The addition of a second 1200 ton chiller in the Dwan Research Center Plant with associated cooling towers, pumps, and related auxiliaries;
2. The installation of three additional 1250 ton chillers, cooling towers, pumps and auxiliaries in The Moos Tower Plant;
3. The installation of primary chilled water mains in Jackson and Diehl Halls;
4. The replacement of electrical system elements which are obsolete or are approaching obsolescence and undertaking related electrical systems upgrade.

20. Twin Cities Earth Sciences Building-Working Drawings \$ 2,975,000

This is a planned new I.T. facility of approximately 150,000 ASF and 272,700 GSF. It is to be assigned to a group of units including the School of Earth Sciences, the Minnesota Geological Survey, the Mineral Resources Research Center, and programs involved in water resources and environmental problems. It will also include clean laboratory space (class 1000) and high-bay laboratory space for the special research needs of several other I.T. units, as well as classroom and student common space for general I.T. use.

21. Twin Cities Walter Library Planning & Reader Seat Replacement \$ 3,375,000

Planning funds are requested for the rehabilitation of Walter Library consistent with contemporary standards of building occupancy and codes. The building contains 267,218 GSF. The following summarizes the major work required:

1. Installation of fire alarm and fire suppression systems.
2. Installation of building and book collection security systems.
3. Installation of air conditioning for protection of the book collection and occupants comfort.
4. Installation of adequate electrical service, stand-by power system, and general illumination.
5. Revisions to doors, windows, walls, and other exterior surfaces to increase the energy efficiency and contain operating costs of the building.
6. Installation of fire separation walls and provision for adequate emergency exits from the building.
7. General patching, painting, repair of ceiling and wall surfaces, carpet and repair of floor surfaces.
8. Rehabilitation of toilet facilities.
9. Replace all reader seating.

Estimated cost of the project is \$24,600,000.

22. System Upgrade for Physically Handicapped \$ 1,600,000

Funds are requested to continue the ongoing University-wide program of upgrading facilities to be made accessible to the physically handicapped. Ramps and elevators are to be installed in older buildings, bathrooms are to be modified, and other modification such as locker rooms, seating, signage, and curb cuts are needed. Ultimately, several million additional dollars will be requested to complete the project in order to comply with state and federal regulations to make buildings and programs accessible.

23. Twin Cities Heating Plant Grid ICES-Utilities & Services \$ 3,000,000

This request involves completing the roof construction in the utility tunnel between the new Southeast Heating Plant and the existing Minneapolis Heating Plant, refurbishing boiler No. 1 in the Southeast Heating Plant to serve as a primary standby boiler, and repairing and reinforcing the Southeast Heating Plant structure. Equipment for the Southeast and Minneapolis Heating Plants and construction of an elevator in the Southeast Heating Plant is also included in this project.

24. Experiment Station All Stations: Communication, Utilities, Road Improvements-Utilities & Services \$ 1,106,000

This request is an aggregation of capital improvement needs for the six Branch Experiment Stations located at Rosemount, Waseca, Lamberton, Morris, Crookston, Grand Rapids and the Experimental Farm at Becker. In addition, other facilities included are the Cloquet Forestry Center at Cloquet, Lake Itasca Forestry and Biological Station at Lake Itasca, the Horticultural Research Center at Excelsior, the Arboretum at Chanhassen, and the Hormel Institute at Austin. All of these units require expenditures beyond the normal repair and maintenance to continue meeting the health and safety needs or regulations of today's public and employees' at these facilities.

25. Research Center Austin Extension of Main Facility-Construction \$ 145,000

Funds are requested for a 20 foot extension (3,240 GSF) of the original laboratory building on the west side, to provide reading, stack, conference, and office areas.

26. Research Center Austin Machine Shop-Construction \$ 165,000

Funds are requested to build a 2,015 GSF extension to the existing garage. The addition will include a properly ventilated metal and woodworking shop, relocated from temporary basement space, which will have spray painting and sand blasting facilities.

27. Duluth Plant Services Garage/Repair/Storage-Construction \$ 350,000

The addition will consist of 8,330 GSF and 7,400 ASF of unheated storage space with required height of 17'. Within the new T shaped addition will be a loft to store small equipment. Under the loft there will be 1,428 ASF of space for Plant Services personnel. It will encompass two men's and women's bathroom and shower facilities with lounge space.

28. Experiment Station Rosemount Grain Storage & Handling-Construction \$ 150,000

Funds are requested to install in the Feed Center: one 8' x 8' - 28 ton capacity storage bin, four 4' x 4' - 8 ton capacity storage bins, elevator leg with turn head and spouting to storage bins, screw conveyers and spouting from storage bins.

29. Experiment Station Excelsior Greenhouse-Construction \$ 356,000

Remove existing greenhouse and guest house which forms one end of the greenhouse. Replace greenhouse on same site using existing headhouse. Utilities required will include new gas fired infrared heating system and extension of existing electrical and water systems from the headhouse. Because the proposed facility will require over 50% less energy for heating, the existing natural gas line into the headhouse is judged to have more than adequate capacity. Standby electrical service is present and fully functional in the current facility and will be maintained. Total scope of project is 7,900 GSF.

30. Experiment Station Cloquet Commons & Classroom Addition-Construction \$ 367,000

This project entails construction of a 4,000 GSF addition which includes a full basement. This unit would be used both as a classroom and general meeting room.

31. Experiment Station Cloquet Dining Hall Remodeling, Phase II-Construction \$ 100,000

Remodeling is planned for energy conservation as previously requested in Phase II in the kitchen remodeling appropriation of 1978. Area to be remodeled is 1,000 GSF.

32. Experiment Station Lamberton Machine Shop Service Building-Construction \$ 196,000

The present shop is housed in a quonset building which needs to be replaced with an insulated metal building which will provide a heated area for servicing the station's vehicles and research equipment. The new facility will have overhead doors large enough to accommodate the equipment which currently must be serviced outdoors due to the small door in the end of the quonset. An annex will house a woodworking area, washroom and small office. Total scope of project is 6,000 GSF.

33. Experiment Station Cloquet Living Quarters Addition-Construction \$ 87,000

This project entails demolition of a cabin built in 1910 and construction of a 516 GSF addition to accommodate two bedrooms and an efficiency kitchen to provide more short-term housing for staff and students.

34. Experiment Station Cloquet Garage & Vehicle Service-Construction \$ 90,000

The garage will replace three existing double garages that are beyond economical repair. Area to be constructed is 2,240 GSF.

35. Experiment Station Becker Fertilizer & Chemical Storage-
Construction \$ 148,000

Funds are requested to construct a 4,000 GSF building with washrooms and a crop sample preparation room and an area for chemicals and fertilizer. This plan includes a concrete slab to wash chemical application equipment and properly dispose of contaminated wash water.

36. Duluth Campus Improvements-Utilities & Services \$ 948,000

Funds are requested to construct a storm sewer to relieve drainage problems prevailing in the area near and around Parking Lot F; to repair and resurface pavement on Oakland Avenue, East University Circle and West University Circle; to repair curbs and repair and adjust drainage appurtenances where necessary; to provide additional campus-wide exterior lighting along existing and developing pedestrian areas; and to repair and modify existing sidewalks and enlarge the network of sidewalks throughout the campus.

37. Duluth UMD Medical School Addition-Construction \$ 2,864,000

Funds are requested to construct an addition to the UMD Medical School Building. Since completion of the building in 1979, the School of Medicine has grown, especially in the area of research. In order to adequately satisfy unmet space needs and accommodate projected growth in research funding, it is estimated that an additional 10,000 ASF and 16,000 GSF is needed to house research laboratories and related support functions.

38. Waseca Campus Center/Food Services-Working Drawings \$ 250,000

Funds are requested for planning money to renovate and build an addition to the main building for a Campus Center/Food Service area. The addition would be attached to the existing Student Activities link. New area to be constructed is 20,000 GSF and area to be remodeled (kitchen) is 7,000 GSF.

39. Twin Cities Water Distribution: Minneapolis-
Utilities & Services \$ 432,000

A 12" water main will be constructed on the east bank campus in Pillsbury Drive. A 16" water main will also be constructed from the vicinity of the northeast corner of the Civil/Mineral Engineering Building to the southeast corner of the Field House, then northeast to University Avenue Southeast. This request is for Phase III of a five-phase program. The estimated cost of the two remaining phases based on 1987 pricing is \$922,000.

40. Twin Cities Water Distribution: St. Paul-Utilities & Services \$ 362,000

This request is for Phase II of a three-phase program. The estimated cost of the third phase based on 1987 pricing is \$140,000. A 12" water main will be constructed along Eckles Avenue from Carter Avenue to Commonwealth Avenue, along Commonwealth to Boyd Avenue, and then along Boyd Avenue to the Animal Science Building to complete a loop. A 12" main will also be constructed along Buford Avenue from Gortner Avenue to the west end of Learning Resources to complete another loop.

41. Waseca Parking Lot-Utilities & Services \$ 89,000

Funds are requested to hardsurface an unimproved parking lot. The existing lot becomes unusable during the spring thaw and after heavy rains. The lot has a capacity of 200 cars and is located at the new main entrance to the campus.

42. Experiment Station Cloquet Forest Roads-Utilities & Services \$ 45,000

Funds are requested for the construction and improvement of forest roads within the 3,400 acre Cloquet Forest. Construction will include 1.3 miles of new limited access forest roads, a parking area for users of the public tour route and the relocation of a limited access road to the Camp 8 virgin red pine stand. Reconstruction of 1.6 miles (83-100 ft. stations) of forest road and replacement of 5 culverts is also planned as well as the upgrading of 3.1 miles of forest road.

43. System Energy Conservation Projects \$ 263,000

Funds are requested to modify ventilation and heating system controls, replace motors with high efficiency units, and replace inefficient lighting fixtures. These improvements will result in conserving energy and it is estimated that savings will return the investment in two years.

44. Morris Replace Sanitary Sewer Lines-Utilities & Services \$ 91,000

It is necessary to replace two old sanitary sewer lines which require repeated cleaning for adequate flow of sewage.

45. Duluth High Pressure Steam Line-Utilities & Services \$ 304,000

The following improvements would be made to the steam distribution system: 1) Convert existing low-pressure steam line to a high-pressure line north from the steam vault adjacent to the Chemistry Building, through the concourse pipe space to a vault adjacent to Bohannon Hall. A reducing station, necessary valving, and minor building and heating modifications would be included. 2) Addition of a 8" high-pressure main in the Medical School Building.

46. Duluth Electrical-Utilities & Services \$ 567,000

The request is for funds to set up planning and necessary construction and non-construction costs related to updating the UMD Campus communications network system to keep up with increasing demands created by the growing electronics revolution.

47. Waseca Steam & Water Lines-Utilities & Services \$ 177,000

Funds are requested to replace approximately 300 feet of steam and hot water lines serving the Physical Education Building. These lines are corroded and have developed leaks along the entire length of the line.

48. Research Center Austin Remodel Storage Areas as Labs-
Construction \$ 110,000

Funds are requested to enclose and air condition a 1,150 GSF former storage area in the center of the original building.

49. Twin Cities Steam Line: St. Paul-Utilities & Services \$ 115,000

As a part of the Teaching Greenhouse/Headhouse project funded by the 1984 Legislature it was necessary to divert program dollars to install a 6" high pressure steam line to provide adequate heat to the added and existing facilities in this area of the campus. Funds for this request will be used to reimburse the program dollars diverted from the Teaching Greenhouse/Headhouse project.

50. Twin Cities St. Paul Campus/Machine Storage \$ 1,110,000

Funds are also requested to construct three buildings totaling approximately 40,000 GSF to house experimental and maintenance field equipment used on research installations. This expensive equipment is currently stored outside.

Note: Remainder of the Twin Cities Campus Rec Sports Request (\$12.3 million) remains an open request, depending on the progress made in raising the private funds associated with Phase I-A. Rider from 1987 precludes construction until such funds are available.

Operations and Maintenance Items - 1988 Legislature

All of these items have had prior review in 1986 by the Board of Regents in preparation for the 1987 Legislature. The dollar figures noted were derived by subtracting the 1987 legislative appropriation from our second year request.

(a.)	Fuel & Utilities		\$ 4,000,000
	Base allocation	\$ 1,900,000	
	Replace reallocation	2,100,000	
b.	Solid & Hazardous Waste Removal		1,100,000
* (c.)	Rank Funding Adjustment		11,000,000
			<i>Total was 17 million w 500 million last year</i>
(d.)	Operating Cost of New Space		3,100,000
e.	Indirect Cost Recovery Offset		7,000,000
* (f.)	Professional Colleges Tuition Offset		3,600,000
	<i>Colleges of Med Schools (T.C. + Duluth) Pharm, Dent, Vet Med, Public Health</i>		
g.	Fellowships, Health Sciences		600,000
h.	Repairs & Replacements		<u>5,000,000</u>
			\$ 35,400,000

Specials Requests - 1988 Legislature - Summary

1. Supercomputer Institute \$ 3,000,000

This amount will allow the University Supercomputer Institute to proceed with present development plans, including the acquisition of the ETA-10. *For processor.*

Note: The question remains open as to whether these funds will be sought by the University, Research Equipment, Inc., or the State office of Economic Development.

2. Minnesota Extension \$ 375,000

- a. Water Quality Education \$ 125,000

We request one specialist in water quality to give leadership to a statewide educational response in addressing this serious need. In addition, 2 cluster area specialists (shared funding University 65%, county clusters 35%) are requested to establish immediate educational response programs and personal consultation to the two strategic areas experiencing immediate need. Without these appropriations, the research being developed and Extension's priority response plan would have very limited impact. No other state agency is as available or capable of providing this significant need on a statewide basis.

- b. Community and Economic Development \$ 250,000

One additional state specialist in small business development is needed to handle current requests for specified workshops from the Department of Applied Economics. These demands are anticipated to increase dramatically as county field staff implement Project Future. MES also requests funding for four cluster agent specialists in development to service targeted clusters where problems have already been identified and assistance requested by local community leaders.

One state specialist position is requested to design and advise the Project Future plans of enabling local decision makers to better assess the current conditions and make informed decisions.

If rural communities are to survive, structures and processes must be put into place that not only involve citizens in decision making, but harness local initiative to carry out developmental programs. Minnesota Extension Service will have a greater impact if these additional appropriations are received.

3. Agricultural Research \$ 500,000
- a. Agricultural Product Utilization Technologies \$ 250,000

Current supplies of many agricultural products exceed demand. Some alternative uses, especially food uses, for many agricultural products may only replace current uses with no net gain to the agricultural enterprise as total world food demands are relatively inelastic.

However, new uses for commodities produced in Minnesota and for which Minnesota farmers have a comparative production advantage could enhance the profitability of Minnesota agriculture. A particular emphasis must be placed on industrial and non-food products as well as on new food and feed uses.

New product development requires the concerted and coordinated efforts of both the public and the private sector. This collaboration has been enhanced by the University of Minnesota's emphasis on increasing its patents on new technologies and its licenses and proprietary agreements with private sector firms. The 1987 legislation to form the Greater Minnesota Corporation should also provide a considerable stimulus to public-private partnerships to enhance economic development.

A recurring annual appropriation increase of \$250,000 is requested to conduct research and assist technology transfer with the following objectives:

To define and characterize fundamental physical, chemical and biological properties and structures of agricultural commodities.

To understand the mechanisms to control or modify biological, chemical, and physical properties of components in agricultural commodities.

To demonstrate functional feasibility for the use of commodities or their components in new or improved applications.

To provide assistance in technology transfer.

- b. Alternative Crops and Products \$ 125,000

The long-term profitability of farming in Minnesota is affected by technological change, quantity and quality of farm resources, prices of farm inputs and products, policies of financial institutions and government farm programs. New and alternative crops and technologies, marketing strategies and institutional arrangements for financing need to be investigated and variously integrated as farming system options.

A recurring annual appropriation increase of \$125,000 is requested to support the Center for Alternative Crops and Products in conducting research on the development and/or adaptation of new crops for food and feed uses and for the specialty needs of industry and non-food uses.

To identify and support research on minor crops and animal products that have potential for expanding the alternatives available for farm income or meeting on-farm needs such as for livestock feed.

To define market opportunities and product requirements for minor crops and animal products that are sold off the farm and where there is no current industry information available.

To conduct research on the harvesting, further processing, storage and packaging that is necessary to test the feasibility of minor product needs and opportunities for introduction into the commercial sector.

- c. Computer-Assisted Dairy Health and Production Management \$ 125,000

This research initiative has the goal of improving the efficiency and viability of Minnesota's family dairy farms. The goal will be attained by enhancing animal health so that productivity gains are obtained without a significantly increased investment of labor or capital. Faculty of the College of Veterinary Medicine have assumed a leadership role, in collaboration with faculty in Animal Science in the College of Agriculture, in employing computers to obtain health-related information that impacts on efficient dairy production.

The Agricultural Experiment Station and the College of Veterinary Medicine have recently reallocated some resources to the development of DairyChamp and related research. Additional support is required to accelerate and refine the research:

A recurring annual appropriation increase of \$125,000 is requested to support Computer-Assisted Dairy Herd Health and Production Management research having the following objectives:

To develop and refine a microcomputer software system for use on the farm and/or veterinary clinic.

To collect data from Minnesota dairy production units, maintain a database, and employ statistical procedures to identify key factors that reduce the efficiency of production.

To develop conceptual models of dairy production systems pertinent to Minnesota. This would include research to identify least-cost alternatives to improve production efficiencies.

Addendum to State Specials Appropriation Request

4. Veterinary Diagnostic Laboratory § 265,000

The Veterinary Diagnostic Laboratory provides essential animal health services to the state's livestock and poultry industries. A primary function of the laboratory is to identify and characterize animal diseases accurately and promptly so that appropriate control and preventive measures can be implemented without delay. As the official laboratory of the Minnesota Board of Animal Health, it supports the state's animal disease control and eradication programs. Prompt recognition of the more than 100 diseases that are transmissible from animals to humans helps to protect the public health. Detection of natural or synthetic toxins in animal tissues decreases the likelihood of entry of these harmful substances into the human food chain. The Laboratory maintains a data base of animal disease incidence throughout the state to give advice for control measures and to aid in establishing research priorities in animal health. It is the first line of defense against devastating exotic diseases such as foot and mouth disease, African swine fever, exotic newcastle disease, and hog cholera which are a constant threat to the livestock and poultry industries. The Laboratory is certified to conduct official tests for diseases as required by other states and foreign nations prior to importation of animals from Minnesota.

Other Matters - 1988 Legislature

1. Remission of Sales and Use Tax
2. Change in Language Associated with Tuition Banding
3. Amendment to Facilitate Sale of Salt Springs Lands