



Board of Regents

December 2015

December 11, 2015

8:45 a.m. - 12:00 p.m.

Boardroom, McNamara Alumni Center

BOR - DEC 2015

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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
October 8, 2015**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Thursday, October 8, 2015 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Thomas Devine, Dean Johnson, David McMillan, and Darrin Rosha.

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle and Fred Wood; Vice President Katrice Albert; Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

Student Representatives present: Chase Taylor.

2015-16 COMMITTEE WORK PLAN

Regent Cohen and Executive Director Steeves reviewed the 2015-16 work plan for the Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

HABITS OF HIGHLY EFFECTIVE BOARDS

Regent Cohen invited Executive Director Steeves to present for discussion the habits of highly effective boards, as detailed in the docket.

Steeves explained that the committee would use “The 10 Habits of Highly Effective Boards,” an article written by Richard D. Legon of the Association of Governing Board of Universities and Colleges (AGB), to discuss current performance of the Board of Regents. Steeves summarized each of the 10 habits, noting that they are designed to help governing boards maximize their governance effectiveness.

Each member of the committee shared thoughts on the Board’s performance relative to the habits, highlighting areas where the Board excels and areas where the Board could continue to improve. The committee largely focused its discussion on two habits: “Create a culture of inclusion” and “Cultivate a healthy relationship with the president.”

BOARD POLICY REVIEW PROCESS

Regent Cohen invited Jason Langworthy, Board Associate, Policy & Committees, Office of the Board of Regents (OBR), to present an overview of the Board’s policy review process, as detailed in the docket.

Langworthy outlined the number of current Board policies and the annual policy work plan. He noted that the 92 Board policies are comprehensively reviewed every six years. To accomplish this, Langworthy explained that the policies are broken into six classes of 15 to 16 policies in

each class. The classes seek to balance the review workload across the administration and Board committees.

Langworthy defined the three main types of review and change that Board policies undergo, which include technical change, comprehensive review, and off-cycle change. He identified recent examples for each type of review.

In response to a question from Regent Anderson, Langworthy explained that 29 Board policies are not routed through one of the other standing Board committees and will now be reviewed and recommended to the full Board by the Governance & Policy Committee. He noted that those policies had previously gone directly to the full Board for review.

In response to a question from Regent Devine, Langworthy commented that Board policy includes multiple steps of consultation. The administration informally consults proposed changes with key stakeholders, and most Board policies also require formal consultation with some of the various committees and senates of the University Senate. Langworthy added that a Board Policy Group of representatives from OBR, the Office of the President, the Office of the General Counsel, and the Office of Internal Audit makes a final review of proposed language before the Board considers a policy. In addition, current practice requires Board policies to come for review at one meeting and action at a later meeting. This sequence gives the Board and administration time to respond to any questions or revise the proposed amendments based on input received from the first meeting.

BOARD OF REGENTS POLICY: AMERICAN INDIAN ADVISORY BOARDS

Regent Cohen invited Vice President Albert and Tadd Johnson, Director, Master of Tribal Administration and Governance Program, University of Minnesota Duluth, to present for review proposed amendments to Board of Regents Policy: *American Indian Advisory Boards*, as detailed in the docket.

Albert summarized for the committee the history of the policy, noting that the current policy requires advisory boards on each campus that consult with the chancellors. Albert outlined the proposed amendments:

- Creation of a single, system-wide advisory board.
- Inclusion of representatives from each of the 11 Minnesota tribal nations on the advisory board.
- Inclusion of a representative from each of the University's campuses appointed by the individual campus chancellors.
- Expansion of the scope of the advisory board to identify resources for American Indian undergraduate scholarships and graduate and professional school fellowships, and assisting in the development of strategies for recruitment, retention, and talent development of American Indian faculty and staff.

Albert indicated that the proposed amendments had been consulted with a wide variety of groups within and outside the University. She stated that a unified, system-wide advisory board with clearly defined responsibilities will enable it to make recommendations for the entire University regarding issues of importance to Minnesota's 11 tribal nations.

Johnson reviewed how the Tribal Sovereignty Institute at the Duluth campus was established, noting the shared goal of promoting understanding of tribal sovereignty. He stressed the importance of tribal sovereignty and the need to consult with the tribes when instituting programs that directly impact American Indians.

Johnson also shared concerns expressed by Chief Executive Melanie Benjamin, of the Mille Lacs Band of Ojibwe. He explained that while Benjamin expressed support for the proposed amendments, she views them as creating an interim policy and recommends that over the next year, additional consultation be performed with each of the 11 tribes.

In response to a question from Regent Devine, Albert indicated that part of the amended responsibilities of the advisory board would be to thoughtfully consider how to increase resources for American Indian students, taking into account the waiver program at the Morris campus.

In response to a question from Regent Anderson, Albert confirmed that proposed amendments include a requirement for representation from each of the 11 tribes, which is not included in current policy.

Board of Regent Policy: *American Indian Advisory Boards* will return for action at a future meeting of the committee.

BOARD OF REGENTS POLICY: NAMINGS

Regent Cohen invited Chief of Staff Amy Phenix to present for review proposed amendments to Board of Regents Policy: *Namings*, as detailed in the docket.

Phenix outlined the proposed amendments to the policy, which include:

- Inserting a new section to clarify that significant University assets may not be named in honor of current or former members of the Board of Regents except when those namings are associated with gifts. Gift namings related to current or former members of the Board may not include the title Regent or Regent Emeritus.
- Narrowing Section III. Subd. 1. to remove lectureships, fellowships, professorships, and chairs from the definition of significant University assets.
- Clarifying in Section V. Subd. 2.b. that the naming committee is not a standing committee with set membership, but is instead a group that is assembled to recommend namings to the president based on the specific asset to be named.
- Other technical changes.

In response to a question from Regent Roshia, Executive Director Steeves responded that under the proposed amendments, Regents or Regents Emeriti would not be eligible for honorary namings. He stated that the Board could grant an exception to the policy if it desired, but the administration would have to request that exemption before beginning the naming process.

Board of Regent Policy: *Namings* will return for action at a future meeting of the committee.

The meeting adjourned at 9:30 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
October 8, 2015**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, October 8, 2015 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Thomas Devine, Dean Johnson, Peggy Lucas, and Darrin Rosha.

Staff present: President Eric Kaler; Chancellor Fred Wood, Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice President Michael Berthelsen.

Student Representatives present: Samantha Jensen and Chase Taylor.

SCHEMATIC PLANS

A. Chemistry and Advanced Materials Sciences – Duluth Campus

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for Chemistry and Advanced Materials Sciences – Duluth Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management (CPPM), and Andrea Schokker, Executive Vice Chancellor for Academic Affairs, University of Minnesota Duluth, to present the schematic plans, as detailed in the docket.

Schokker shared that the existing building was not designed for chemistry instruction. The labs are poorly configured and the building cannot support necessary infrastructure upgrades such as fume hood replacement and associated electrical upgrades. She explained that space is also a constraint as basic chemistry is a requirement for many of the science majors that have seen significant enrollment increases.

Smith detailed the design of the new 58,000-square-foot building, which would include laboratory space for chemistry research, chemistry instruction and applied materials science research. She noted the building is three stories, connected by skyway to the rest of campus, and will tie into existing connections for chilled water, steam, and electrical infrastructure.

Regent McMillan asked about enrollment trends in the Swenson College of Science and Engineering. Schokker explained that enrollment has grown to 3,000 students. With the overall increase in STEM enrollment, 5,500 students go through basic chemistry in a given year. Chemistry majors specifically have doubled from 200 to 400 students in the last 10 years.

In response to a question from Student Representative Jensen, Schokker acknowledged that the project would displace parking on campus. She reported that Parking and Transportation Services was considering the impact of the loss and several options related to parking.

The committee voted unanimously to recommend approval of the schematic plans for Chemistry and Advanced Materials Sciences – Duluth Campus.

B. Athletes Village – Twin Cities Campus

A motion was made and seconded to recommend approval of the following actions:

The schematic plans for Athletes Village – Twin Cities Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management, and Beth Goetz, Interim Athletic Director, to present the schematic plans, as detailed in the docket.

Goetz shared that the Athletes Village will provide amenities critical for recruitment and will create a hub for the entire Athletics Department. She added that the Center for Excellence will benefit all 725 student-athletes.

Smith shared that the project design consists of three separate facilities – the Center for Excellence combined with the basketball practice facility, an indoor football practice facility, and a football performance center. She added that the Center would include a full-service dining facility.

Regent Johnson asked what projects or buildings are not included in the current proposal. Smith stated that the linemen facility and skyway connections between the new buildings were not included in the project in order to stay within budget. Wheelock added that there are many funding priorities in Athletics, including a new roof for the Gibson-Nagurski Complex and renovation of the Bierman Field Athletic Building.

In response to a question from Regent Lucas, Goetz clarified that all outdoor sports currently utilize the facilities in Gibson-Nagurski but the addition of a dedicated football performance center will open up additional time for the facility to be used by other sports.

The committee voted unanimously to recommend approval of the schematic plans for Athletes Village – Twin Cities Campus.

CAPITAL BUDGET AMENDMENT

A. Athletes Village (Twin Cities Campus)

A motion was made and seconded to recommend approval of the following action:

On recommendation of the President and the Vice President for University Services, the FY 2015 Capital Budget is amended to include the following project:

- Athletes Village – Twin Cities Campus

- Scope of Project: Construct a new 320,000 square foot Athletes Village adjacent to the Bierman and Gibson-Nagurski buildings, as well as a temporary replacement for throws, on the Minneapolis Campus. The Athletes Village is comprised of three new buildings: Center for Excellence/Basketball Practice Facility, Indoor Football Practice Facility, and a Football Performance Center.
- Master Plan: The project is in compliance with the 2009 Twin Cities Campus Master Plan.
- Cost Estimate: \$166,000,000
- Capital Funding: University debt and private giving

The committee voted unanimously to recommend approval of the capital budget amendment for the Athletes Village – Twin Cities Campus.

B. Seibert Field Hitting Facility (Twin Cities Campus)

A motion was made and seconded to recommend approval of the following action:

On recommendation of the President and the Vice President for University Services, the FY 2015 Capital Budget is amended to include the following project:

- Siebert Field Hitting Facility – Twin Cities Campus
- Scope of Project: The project is located on the west side of the existing Siebert Field complex, on the Twin Cities East Bank campus. The new 4,700 square foot hitting facility includes 3 indoor batting tunnels, an equipment storage area and a unisex bathroom.
- Master Plan: The project is in compliance with the 2009 Twin Cities Campus Master Plan.
- Cost Estimate: \$1,250,000
- Capital Funding: Athletic Foundation Funds and an internal loan to be paid by Intercollegiate Athletics.

In response to a question from Regent Lucas, Goetz indicated that while two significant donations will help to complete the project it will not include a naming opportunity.

The committee voted unanimously to recommend approval of the capital budget amendment for the Siebert Field Hitting Facility – Twin Cities Campus.

C. Glensheen Restoration of Tennis Court Garden Walls (Duluth Campus)

A motion was made and seconded to recommend approval of the following action:

On recommendation of the President and the Vice President for University Services, the FY 2015 Capital Budget is amended to include the following project:

- Glensheen Restoration of Tennis Court Garden Walls – Duluth Campus
- Scope of Project: The project will restore a damaged wall and associated elements at Glensheen as a result of a storm event on May 12-13, 2014. The length of the concrete retaining wall to be restored is approximately 166 feet and is located between the clay tennis court and the formal garden to the south. Additional elements for repair include the integral stairs and handrails at the concrete retaining wall and approximately 256 feet of metal fencing.
- Master Plan: The project is in compliance with the 2005 University of Minnesota Duluth Campus Master Plan.
- Cost Estimate: \$858,000

- Capital Funding: University Risk Management Insurance Property Loss Claim

The committee voted unanimously to recommend approval of the capital budget amendment for the Glensheen Restoration of Tennis Court Garden Walls – Duluth Campus.

PROJECT COMPONENTS OF THE PRESIDENT’S RECOMMENDED SIX-YEAR CAPITAL PLAN AND THE 2016 STATE CAPITAL BUDGET REQUEST

Vice President Wheelock presented for action the Project Components of the President’s Recommended Six-Year Capital Plan (Plan) and 2016 State Capital Budget Request (Capital Request) as detailed in the docket.

Wheelock reviewed components included in the Plan and reminded the committee that the Capital Request projects are listed in priority order. She noted that no changes were made since the committee reviewed the proposed projects in September.

In response to a question from Regent McMillan, Wheelock explained that the projects under consideration and with no cost estimate are projects with significant University interest but no defined proposal. She indicated that all of the projects would require Board approval in the future to move forward.

A motion was made and seconded and the committee voted unanimously to recommend approval of the resolutions related to the President’s Recommended Six-Year Capital Plan and the 2016 State Capital Budget Request.

ENSURING A SAFE UNIVERSITY: PUBLIC SAFETY UPDATE

Vice President Wheelock introduced Matt Clark, Chief of Police, University of Minnesota Police Department, to provide an update on planned initiatives and his vision for enhancing public safety across the University, as detailed in the docket.

Clark provided a brief overview of how the Department of Public Safety (department) is organized and the roles of the department’s 51 sworn officers, employees in the Public Safety Emergency Communication Center, and the Security Monitor Program. Clark shared his initial assessment of the department since assuming his role in July 2015, noting that officers are very engaged with the University community and student organizations. He discussed additional training opportunities around mental health crisis intervention and active threat situations.

Clark shared crime trends and statistics for Minneapolis and the University. He reported that within the city of Minneapolis, the University accounts for 2.1 percent of “Part 1” crimes, with a majority being larceny. (For reporting purposes, criminal offenses are divided into two major groups: Part I offenses and Part II offenses. Part I includes both violent and property crimes.) The neighborhoods around the University account for an additional 6.6 percent of Part 1 crimes, with 91.3 percent occurring throughout the rest of the city. Clark asserted that the University of Minneapolis Twin Cities campus is a relatively safe campus, especially given its urban location. He described the requirements of the Jeanne Clery Act, noting that 18 crime alerts had been sent through September 2015 in accordance with those requirements.

In response to a question from Regent Devine, Clark stated that the department works closely with Housing & Residential Life and the Office of Student Affairs to provide alcohol education to students living in residence halls, and to promote medical amnesty to encourage students to call for help in an emergency. Wheelock added that Housing & Residential Life staff in the dormitories watch for and intervene in emergency situations.

In response to a question from Regent Anderson, Clark stated that one officer is assigned to patrol the St. Paul campus and he hopes to add another in the future.

Regent Lucas asked what generation of cameras is used on campus. Clark shared that University Services has been working to upgrade cameras across campus, with many upgraded within the last year. He is now developing a cost estimate to update the remaining older cameras on campus. Clark noted the quality of the digital image is often critical for identification.

In response to a question from Student Representative Taylor, Clark reported that 10-20 percent of calls are related to mental health issues so he would like to provide additional training for officers on techniques to de-escalate an encounter.

INFORMATION ITEMS

Vice President Wheelock referred committee members to the following information items:

- Final Project Review: Athletes Village (Twin Cities Campus)
- Final Project Review: Bee Discovery and Pollinator Center (Landscape Arboretum)
- Final Project Review: Bee Lab (Twin Cities Campus)
- Final Project Review: Mechanical Engineering Lab Renovations (Twin Cities Campus)

The meeting adjourned at 11:48 a.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee
October 8, 2015**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, October 8, 2015 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Laura Brod, Linda Cohen, Michael Hsu, and Abdul Omari.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Kathryn Brown; and Executive Director Brian Steeves.

Student Representatives present: Morrine Omolo and Cory Schroeder.

SHAPING ACADEMIC DEPARTMENT CULTURE

Regent Simmons invited Vice President Brown, Senior Vice President and Provost Hanson, Professor Daniel Frisbie, Head, Department of Chemical Engineering and Materials Science, College of Science and Engineering, and Professor Monica M. Luciana, Chair, Department of Psychology, College of Liberal Arts, to lead a discussion on how academic department culture is shaped, as detailed in the docket.

Hanson positioned the role of departments within the University, describing them as the core intellectual and organizational structures of the University and the working homes of the faculty, students, and staff. She noted that department heads and chairs are charged with managing department resources, overseeing faculty and staff, and creating culture that is conducive to innovation and employee job satisfaction, while ensuring the advancement of the University's mission.

Frisbie and Luciana each described how they advance the University's mission, work to shape the academic direction and excellence of their departments, and approach filling open faculty positions, as well as the elements necessary to shape a successful department.

Regent Cohen wondered how departments figure out which candidates would be the best fit. Frisbie explained that candidates for faculty positions give two talks to the department. The first talk focuses on their own research, while the second centers on what they want to do as a member of the department. Frisbie commented that the best hires electrify the department and demonstrate a convergence in their work with the other faculty members. Luciana added that search committee members represent elements of all areas of the department and look closely at the rate of productivity of the candidate, how they have leveraged resources, and their appeal to the rest of the faculty.

In response to related comments from Regents Beeson and Simmons, Hanson described how important it is for chairs and heads to listen closely and ensure all voices are heard during the hiring process. She explained that from her own experience, departments with split votes on who to hire often become weaker. She emphasized that hiring the candidate with the best fit with the department sometimes is preferable over the candidate with the strongest credentials.

Brown added that chairs and heads need to maintain intentionality in leading their departments toward common goals.

Regent Brod asked how departments can ensure that faculty members are held accountable. Frisbie indicated that salary is the main tool to ensure accountability. If a faculty member is underperforming, that individual is not given an increase in pay. In addition to salary, Frisbie offered that lab space and other resources could be allocated or reallocated to support performance. He noted that each faculty member undergoes an annual review in the spring that includes a portfolio of his or her work from that year. The allocation from the dean could be used to fund high performers and penalize those who are not performing. He expressed that these are tough choices, but they have to be made and are communicated directly to faculty.

In response to a question from Regent Hsu, Luciana explained that departments and colleges have start-up packages to help to attract faculty members. She noted that in some instances, departments find equipment the new faculty member requires elsewhere on campus. In those cases, the department can work out a shared equipment agreement to lessen start-up costs and avoid duplication. Luciana explained that once the faculty member is established, the department encourages them to apply for grants. Frisbie noted that retaining faculty members is sometimes difficult, and that the University is sometimes unable to match higher salary offers from other institutions. He added that a strong culture and institutional loyalty have both helped retain faculty members in the face of higher offers. He shared that he has worked hard to raise funds to endow chairs, which helps add funding to salaries. Hanson added that the University is also working to make retirement more attractive, which would help free up additional resources for departments.

Student Representative Schroeder expressed concern that all campuses did not have the same access to online journals and resources. Hanson agreed that the campuses have varying access, and explained that the publishers require separate agreements by campus. She noted that since there are separate agreements, it becomes a budgetary question for each campus.

**STRATEGIC IMPERATIVE:
ATTRACTING AND RETAINING FIELD SHAPERS**

Regent Simmons invited Vice President Brown, Senior Vice President and Provost Hanson, Dean Steven Crouch, College of Science and Engineering, and Dean Marilyn Speedie, College of Pharmacy, to lead a discussion on attracting and retaining field shaping faculty members, as detailed in the docket.

Hanson conveyed the importance to the University's strategic objectives and distinctive mission to attract and retain faculty who shape and define scholarship within their fields. She explained the important relationship among the department chairs, heads, and deans. Hanson defined the characteristics of field shapers: outstanding researchers, innovative and dedicated teachers, publically engaged, able to build local, national, and global partnerships, and add to the diversity of the faculty. She reported that compensation and benefits are key, but that the University is often in a weaker position compared to other institutions. Hanson noted that along with an attractive salary, ensuring that faculty members are recognized for their work at both local, national, and international levels helps attract and retain field shapers.

Speedie described the process that her college uses in attracting field shapers. Assistant deans and chairs work together to identify priorities, allocating resources based on those priorities. Given the professional focus for the pharmacy field, Speedie noted that filling gaps in specific content is also considered. She indicated that she has charged chairs with identifying faculty they might want to attempt to recruit from other institutions, but added that this is often difficult since many potential field shapers are well established.

Speedie added that being the third-ranked college of pharmacy helps attract field shapers, drawing them to the strong culture of excellence. Pharmacy hires are often large, with 15-20 graduate students, post-doctoral fellows, and others coming with the faculty member. She noted that eight endowed chairs and support from the provost also contribute to attracting field shapers.

Crouch detailed how a department drives attracting field shapers. His college uses open-rank, multiple-level searches, which helps ensure flexibility and diversity during the hiring process. Crouch noted a preference for hiring less-experienced faculty members to allow the department to shape the individual into the culture. Crouch emphasized that new hires with start-up packages often cost \$1 million, which includes setting up a lab, salary and benefits, along with other resources needed to support those who come with the faculty member.

Crouch indicated that retention is often on a case-by-case basis. He noted that preventive action can help retain field shapers. These actions include examining what the market will support, making strategic adjustments to key faculty, and rewarding high performance. For some faculty members, the only viable option is to wish them well in their new position.

In response to a question from Regent Omari, Speedie stated that dual appointments could help attract field shapers. In looking at candidates, there is sometimes an opportunity to work with other areas of the University and see if a joint position can be created. If so, Speedie stressed that both areas have to be fully involved in the hiring process. Crouch added that salary structures between units could vary and this can be problematic. He indicated that joint appointments that are fully funded by one unit help avoid the issue.

Regent Beeson wondered how the University seeks to promote internal candidates. Brown noted that the Office of Human Resources (OHR) provides a structure for units to use that includes flexibility on a case-by-case basis to be responsive to retaining faculty members.

Regent Brod asked about the tools colleges have to drive excellence through the unit. Speedie noted that annual reviews and defining clear performance expectations help ensure that excellence is maintained.

In response to a question from Regent Hsu, Speedie agreed that diversity is an important part of the search process. She noted that OHR has been a partner in helping review applicant pools and seek diverse candidates, but that more must be done to recruit them.

Regent Cohen asked about expectations when a candidate's spouse is also a professor. Speedie noted that it is more difficult if the spouse is looking for a position outside of the same unit. Crouch added that it often becomes necessary for one department to provide resources to another to help cover the cost of a spousal hire. He stressed that the other department needs to fully interview and agree to the hire, otherwise the individual might not be successful, leading to the exit of both employees.

ENHANCING HUMAN RESOURCE WORK ACROSS THE ENTERPRISE

Regent Simmons invited Vice President Brown to discuss enhancing human resources work across the enterprise, as detailed in the docket.

Brown explained that the University has jobs across all levels and all areas, from entry level to senior officers, noting that the challenge is supporting all of those jobs. Brown outlined the scope of human resources, noting the responsibilities of the unit, the Office of Human Resources (OHR), and where OHR partners with the units. Brown walked through OHR's structure, highlighting the dotted-line reporting of unit human resource leads to the vice president for human resources.

Brown provided an overview of the challenges that face OHR, including generational differences that influence how employees expect to perform their work. She noted that transforming culture was a main area of work as OHR works to move from a transactional focus to a strategic focus.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included personnel highlights and faculty and staff activities and awards.

The meeting adjourned at 11:47 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

Year 2015-16

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS****Academic & Student Affairs Committee
October 8, 2015**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, October 8, 2015 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Darrin Rosha, and Patricia Simmons.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; and Executive Director Brian Steeves.

Student Representatives present: Callie Livengood and Cory Schroeder.

UNIVERSITY ENROLLMENT MANAGEMENT

Provost Hanson invited Robert McMaster, Vice Provost and Dean of Undergraduate Education; Lori Carrell, Vice Chancellor for Academic Affairs and Student Development, University of Minnesota Rochester; and Peter Phaiah, Associate Vice Chancellor for Student Affairs, University of Minnesota Crookston, to discuss key areas of recruitment and enrollment and describe select functions and practices, as detailed in the docket.

Phaiah explained that each system campus approaches enrollment management in a unique way because each campus is classified differently and has a slightly different mission. For example, the Twin Cities campus is a research university, Rochester has a health sciences focus, and Crookston is a baccalaureate college with diverse fields of study. He added that collaboration across the system has increased in recent years through a common website with information about all of the campuses and students are offered the option to have their application shared with multiple campuses.

Carrell shared the criteria considered during holistic review of applicants: ACT scores, GPA, transcripts, and the type of courses enrolled in during the senior year. Rochester also considers a STEM GPA. Carrell added that retaining Minnesota students and enrolling those students prepared to succeed in college are important considerations in the review process.

McMaster shared the home location of freshman enrolled on each campus. He noted that Minnesota students are a high percentage at each campus, particularly in Duluth with 87 percent, but cautioned that across the Midwest the number of high school graduates is projected to decline by 5 percent between 2013 and 2022 and other states are trying to recruit Minnesota's top students. He noted that to maintain enrollment, the University would need to retain Minnesota students and also recruit out-of-state students to Minnesota. To that end, the University employs regional recruiters in Illinois and California, and will soon add a recruiter in New York City and Washington, D.C. McMaster added that the University matriculates approximately 10 percent of Minnesota high school graduates.

McMaster also shared enrollment data and four-year graduation rates for students of color. While the four-year graduation rate for students of color has increased at about the same rate as for all students, a significant gap remains between students of color and white students.

In response to a series of questions from Regent Simmons, McMaster asserted that the current ratio of undergraduate to graduate students on the Twin Cities campus is balanced given the University's unique responsibilities to the state in graduate and professional education. He explained that while enrollment is constrained in certain colleges, overall undergraduate enrollment is 30,511 while the goal is closer to 31,000 or 32,000. Carrell and Phaiyah both indicated their campuses are working to increase enrollment.

Regent Anderson asked if the graduation rate for students of color was improving because students are coming to the University better prepared, or because the University is admitting more selectively. McMaster cited increased efforts by admissions staff to recruit high-performing students at high schools with a high population of underrepresented students as a contributing factor for the rate increase.

In response to a question from Regent Rosha, McMaster indicated that while the number of high school graduates in the Midwest is projected to decline between now and 2022, Minnesota is expected to fare better, with an increase from 55,000 to 65,000 graduates over the next decade.

UNIVERSITY TUITION & FINANCIAL AID MANAGEMENT

Provost Hanson introduced Robert McMaster, Vice Provost and Dean of Undergraduate Education; Andrea Schokker, Executive Vice Chancellor for Academic Affairs, University of Minnesota Duluth (UMD); and Bryan Herrmann, Vice Chancellor for Finance and Facilities, University of Minnesota Morris (UMM) to share the University's key strategies and principles regarding tuition and financial aid, as detailed in the docket.

Herrmann shared that the system shares seven common principles for awarding tuition and financial aid, but each campus implements its program differently according to its resources and priorities. Schokker outlined the financial literacy program called Live Like a Student Now, So You Don't Have to Later. She asserted that in contrast to previous generations, many students arrive on campus expecting to live in luxury housing, often have a car, and plan to travel to tropical destinations over spring break. She stressed the importance of helping students understand the implications of credit use and maximizing work-study opportunities.

McMaster explained the different types of financial aid, including gift aid, waivers, employment/work-study, and loans, and outlined the budgeted amounts by category at each campus. He noted that UMM is particularly high in waivers due to its full-tuition waiver for American Indian students. He added that on the Twin Cities campus, waivers are typically used to attract high-performing students.

In response to questions and comments from Regents, McMaster indicated that middle-income students generally have to take out the most student loans. Schokker noted that work-study positions are available at UMD for every qualified student. Herrmann added that UMM limits the number of work-study hours to provide balance for students, noting that staff works with students to connect them to opportunities that will enhance their education.

In response to a question from Regent Cohen, McMaster clarified that with gift aid such as scholarships, the college is still receiving the funds, while no funds are tied to a waiver.

Regent Lucas asked if waivers are given to National Merit Scholars (Scholars). McMaster indicated that Scholars receive gift aid, not waivers. While the University used to have a guaranteed four-year scholarship for Scholars, the program was scaled back during a year of atypically high enrollment. Regent Rosha asked how many Scholars typically enroll at the University and the financial impact of continuing guaranteed scholarships. McMaster stated that the University averages 130 Scholars each year but has enrolled as many as 161 in one

year. Continuing to guarantee a four-year scholarship at the previous rate requires a \$2 million increase in gift aid per year.

CONSENT REPORT

A motion was made and seconded, and the committee unanimously recommended approval of the following, as described in the Consent Report:

- **Request for Approval of New Academic Programs**
 - College of Science and Engineering (Twin Cities campus)—Create graduate minor in Cyber Security
 - Medical School (Twin Cities campus)—Create residency in Interventional Radiology
 - Medical School (Twin Cities campus)—Create fellowship in Pediatric Hospital Medicine
- **Request for Changes to Academic Programs**
 - College of Food, Agricultural and Natural Resource Sciences (Twin Cities campus)—Change name of Ph.D., M.S. and minor in Conservation Biology to Conservation Sciences
 - College of Science and Engineering (Twin Cities campus)—Create subplan for dual M.S./B.Env.E. degrees in Civil Engineering and Geoengineering
 - School of Dentistry (Twin Cities campus)—Create a dual degree program in Dental Hygiene (B.S.) and Dental Therapy (M.S.)

The meeting adjourned at 3:01 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

Year 2015-16

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS****Finance Committee
October 8, 2015**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, October 8, 2015 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Laura Brod, Thomas Devine, Michael Hsu, David McMillan, and Abdul Omari.

Staff present: President Eric Kaler; Chancellor Fred Wood; Vice Presidents Kathryn Brown, Brian Herman, Richard Pfutzenreuter, and Pamela Wheelock; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

Student Representatives present: Max Hall and Nikki Ripp.

**FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED
2015 SIX-YEAR CAPITAL PLAN, 2016 STATE CAPITAL REQUEST,
AND DEBT CAPACITY UPDATE**

Vice President Pfutzenreuter presented for action the financial components of the President's Recommended 2015 Six-Year Capital Plan (Plan) and 2016 state capital request, and an update on the debt capacity of the University, as detailed in the docket.

Pfutzenreuter reminded the committee that the Plan totals \$1.289 billion and includes major capital improvements planned for fiscal years 2016-2021. He noted that the 2016 state capital request totals \$304.3 million in project costs, with the State of Minnesota contributing \$236.2 million and the University responsible for \$68.1 million.

Pfutzenreuter reviewed the University's long-term debt and amortization structure. He outlined the debt assumptions in the Plan by year, noting the University-supported and state-supported portions. Pfutzenreuter reviewed the projected debt issuances over the Plan, including those projects approved in past capital plans. He presented the projected outstanding debt as of June 30, 2015, including current outstanding debt, approved projects, and other related debt issuances for the Ambulatory Care Center, Gateway Foundation, and the Athletes Village. Pfutzenreuter offered an analysis of key credit indicators and ratios, sharing the theoretical projected debt capacity based on Moody's Aa1 credit rating medians, both including and excluding University of Minnesota Foundation (UMF) funds.

Beeson commented that he worries about the projects that are not on the list. He offered that accurate long-range planning is key and will allow the Board to be better stewards of the University's limited resources.

Regent McMillan asked about the negative outlook made by Standard and Poor's. Pfutzenreuter stated that he was quite surprised by it since the University submitted the same information in August for the refinancing of the TCF Bank Stadium debt as when it issued debt last winter. He noted that while the University is unable to appeal a negative outlook, upcoming debt issuances will provide the opportunity to meet directly with Standard and Poor's and work to convince them that the University's outlook is good. Pfutzenreuter cautioned that the proposed

integrated structure with Fairview and University of Minnesota Physicians (UMP) could complicate the University's debt rating.

In response to a question from Regent Hsu, Pfutzenreuter noted that given current projections and the Plan before the committee, the total cumulative projected debt capacity is \$986 million by 2021. He added that the projected debt capacity remains within the median ratios needed to maintain the University's debt rating, and that the debt capacity for the rating agencies also includes capital leases.

Regent Devine shared his understanding that equipment for the new Ambulatory Care Center would be purchased using University debt. Pfutzenreuter stated that new equipment and technology costs are the sole responsibility of Fairview and UMP. In response to a separate question from Devine, Pfutzenreuter agreed that interest rates do influence when the University issues debt. He cautioned that issuing all the debt at one time could put a burden on the unit paying the debt service.

In response to a question from Regent Brod, Pfutzenreuter stated that most projects included in six-year capital plans will get built, but it is likely that a six-year plan takes 12 years to complete in order to secure funding from the state. Brod asked how UMF funds that are already obligated to other uses could be factored into the University's debt capacity. Pfutzenreuter explained that rating agencies view UMF funds as available to pay off University debt if the University were to go out of business, even though some of those funds are contractually restricted. Given that, the rating agencies base the debt capacity on those numbers.

In response to questions from Regent Hsu, President Kaler indicated that four projects shown in the Plan are at zero dollars. He noted that they are at the earliest stages of development, have no financial commitment, and that by including them in the plan, the administration will start to define a scope and gather information to help determine whether they should move forward. Kaler added that some projects come on and fall off the plan multiple times based on other priorities. He offered that the process should be used as an opportunity for Regents to bring up ideas and have the administration develop those within the established process.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the president's recommended 2015 six-year capital plan and 2016 state capital request.

ADMINISTRATIVE COST BENCHMARKING/REALLOCATION PRIMER

Vice President Pfutzenreuter introduced Associate Vice President Tonneson and Lincoln Kallsen, Director, Institutional Analysis, to present an update on administrative cost benchmarking and a reallocation primer, as detailed in the docket.

Kallsen reminded the committee of the original 2012 goals for the cost definition and benchmarking analysis and summarized the three categories used in the analysis. He covered changes to the methodology, which included a restating of the FY 2014 and FY 2013 personnel expenses to reflect the job family study. He added that changes made by the job family study would still influence trends as new hires are made. Kallsen indicated that changes to the methodology mean that the results presented last October cannot be compared to this October.

Kallsen outlined the costs that occur throughout the organization and across all fund groups. He reported the three-year trends for each category as percent of total expenditures and summarized overall trends for personnel, noting that costs for all three categories remain stable at 61 percent of overall spend.

Tonneson summarized the results of the FY 2015 analysis. She reported that total spend remains at \$3.2 billion, up \$41.6 million or 1.3 percent from FY 2014. She indicated that personnel costs increased 1.9 percent overall, less than the general salary plan of 2.5 percent. Tonneson pointed out that non-personnel costs increased less than personnel costs. She stated that the University has reduced subcontract, professional services, and significant supplies spending in the mission category. She identified student aid as having the largest year over year growth of any category, at 2.7 percent. Tonneson offered that as a percent of total spending, all categories were relatively flat, with Student Aid and Mission Support/Facilities both up 0.1 percent, Leadership & Oversight flat, and Mission down 0.1 percent due to the decrease in non-personnel spending. Tonneson gave examples of notable changes in each category.

In response to questions from Regent Devine, Kallsen offered that units would continue to reallocate funds, moving them toward mission. He commented that academic units are reporting that is becoming harder to make those reallocations. Kallsen added that this is compounded by decreases in sponsored funding.

Regent Hsu asked if the total spend was the correct number since it differs from what is widely reported as the total budget for the University. Tonneson explained that the total spend shown in the analysis is \$3.2 billion, but excludes items like internal sales, the Enterprise System Upgrade Program expenses, and others. She added that those exclusions account for the difference and clarified that this analysis only looks at expenditures. Kallsen indicated that funding for Athletics is included in mission support. Hsu noted that having additional Athletics expenditures in mission support could skew the analysis.

In response to a question from Hsu, Kallsen stated that actual spend, not employee headcounts, was used. This allows employees with roles in multiple areas to be shown.

Regent Brod asked where the Regents are shown in this analysis. Kallsen indicated that the analysis does not show individual Regents since Regents are not employees. The cost of the Office of the Board of Regents (OBR) and other support services to the Board can be seen when looking at the job codes of the individual employees. Executive Director Steeves's salary is shown under leadership and oversight, while other Board staff members are under mission support. Tonneson added that other OBR expenses are categorized in the same way.

Brod asked if it was possible to see where funding was being dedicated to regulatory-heavy operations. Tonneson noted that regulatory-heavy areas of the University include the Office of the Vice President for Research, the Academic Health Center, and the Office of the Controller. She stated that little of the funding for regulatory oversight would be in direct mission, with most being in mission support or leadership and oversight. Beeson added that it would be interesting to understand the true cost of compliance.

Tonneson summarized the purpose of reallocation within the operating budget and described the three parts of reallocation. She outlined its methodology and process, offering examples to highlight how the process worked.

Hsu asked if it is possible to save funds that are cut. Tonneson indicated that expenses continue to increase year over year and reallocation has been used to fund those increased expenses. Pfutzenreuter gave an example that if a unit had a budget of \$100 and a salary cost of \$2, the unit would be directed to cut \$2 in expenses and reallocate that within the unit to cover the increased salary cost, keeping the budget at \$100. He asserted that the methodology was created to reallocate to cover increased costs – not to cut and save – but he emphasized that it is possible to cut and save funds.

Beeson wondered how often the University cuts from one unit and redistributes those funds to another unit. Tonneson said it does happen, but did not know how often. She offered that when the Twin Cities campus consolidated colleges, there was significant redistribution. She

agreed that the default under the current process is to keep the reallocation within the department or unit unless leadership determines there is a higher priority elsewhere.

In response to a question from Brod, President Kaler agreed that the goals of the strategic plan should drive reallocation. Kaler pointed to the College of Liberal Arts as an example of reallocation to areas that help support the strategic plan. He noted that there are some areas where it is necessary to move funds into administration.

Regent Omari expressed concern that there may be contradictions when cutting teaching assistant positions, when the goal is to support students. He noted that while the University should not pay students to do nothing, there must be a balance to ensure that graduate students are not being hurt by reallocation.

Hsu indicated that he was not opposed to reallocating funds to administration, but that it must be clearly shown within the analysis and not counted as administrative savings. Tonneson stated that Budget and Finance would provide the Board with a detailed list of FY 2015 savings. Kaler added that they do not track each individual dollar since it is not possible to get to that level of detail. Pfutzenreuter noted that broadly speaking, one could see how each unit reallocates funds across the defined areas.

LEGAL SETTLEMENTS SPENDING PLAN

Regent Beeson invited Vice President Pfutzenreuter, General Counsel Donohue, and Associate Vice President Volna to present for review and action a resolution related to legal settlements and central reserves fund, as detailed in the docket.

Donohue summarized how legal settlements are treated in Board policy. He outlined the current thresholds in place, and described the role of the Litigation Review Committee (LRC). He noted that LRC either directly approves or establishes parameters for settlements; if not directly approved, legal settlements are reported to the LRC when final.

Pfutzenreuter described the central reserves fund under Board policy and its sources of revenue, which includes legal settlements. Pfutzenreuter outlined recent legal settlements that were paid to the University and the spending plan for those settlements.

Volna explained the University's fringe benefit pool and how the health-related settlement interacts with the fringe benefit pool. He detailed the interaction of fringe benefits paid from federal funds and how the settlement funds would provide rebates back to the fringe pool, lowering the fringe rate used by the federal government. Volna indicated that this is an established practice used in situations where federal funds had been overcharged.

Volna outlined the recommended accounting treatment. Since the funds were not transferred to the central reserves fund initially, accounting entries will be processed to correct the original entries made when the settlements were received and deposited. He reported that if approved, the entries will be made in FY 2015 before the books are closed, ensuring that the affected accounts will have corrected balances in the general ledger. Volna noted that this would ensure a complete trail for the auditors and provide transparency.

A motion was made and seconded to recommend approval of the resolution related to legal settlements and central reserves fund.

Regent Hsu asked why the health-related funds need to be allocated to the fringe pool now since this topic was identified in June. Pfutzenreuter responded that the timing is driven by the fringe pool since those funds came into FY 2015 and need to be placed in the fringe pool during FY 2015. Volna added the books eventually have to be closed for auditing. If the allocation were

made after the books are closed, Volna stressed that the accounting would not be submitted to auditing, making him uncomfortable from an accuracy and transparency perspective.

Hsu asked if the entire health settlement has to be sent into the fringe pool or if those funds above what was needed could be allocated elsewhere. Volna responded that he could only speak to the specific funds in this situation, stating that this settlement is attributed to overcharges that were passed on to federal funds. It is a well-settled process to reduce the fringe pool cost and receive less funding from the federal government until the federal government has been made whole. Hsu asked if the fringe rates for next year would be impacted. Pfutzenreuter indicated that for FY 2017, the fringe rate will be lower and yield a lower budget cost for FY 2017. He added that the fringe rate will bounce back in FY 2018.

Regent Devine moved the previous question for the motion on the floor and it was seconded. The Finance Committee voted 5-1 in favor of ending discussion, with Regent Brod voting against.

The Finance Committee voted unanimously to recommend approval of the resolution related to legal settlements and central reserves fund.

GASB 68: GASB'S NEW STANDARDS ON ACCOUNTING AND FINANCIAL REPORTING FOR PENSIONS

OPERATIONAL EXCELLENCE INITIATIVE: TRAVEL

Regent Beeson announced that due to time constraints, the presentations on GASB 68 and the operational excellence travel initiative would be delayed until a future committee meeting.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket:

General Contingency:

- There are no items requiring approval this period.

Purchase of Goods and Services \$1,000,000 and Over:

- To Air Charter Services for an estimated \$7,500,000 for air charter services for Athletic team travel for the Department of Intercollegiate Athletics for the period of August 1, 2015, through July 31, 2016, with contract extensions through July 31, 2020. Air charter services will be purchased with funds from department operating budgets. Vendors were selected through a competitive process.
- To Huron Consulting Group for an estimated \$2,432,905 for Click Institutional Research Board (IRB) Solution and Huron's human research protection program (HRPP) Toolkit for the Office of the Vice President for Research for the period October 15, 2015, through October 14, 2020. Funding for this initiative has been allocated through the Office of the Vice President for Research. See attached documentation for basis of vendor selection.
- To Mega Farms for \$5,000,000 for snow removal for the University of Minnesota Minneapolis campus for the Facilities Management Landcare Department for the period of November 1, 2015, through October 31, 2016, with contract extensions through

October 31, 2020. The funds required for this contract will be paid for by the Facilities Management Landcare Department. Vendor was selected through a competitive process.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Pfitzenreuter referred the committee to the Information Items contained in the docket:

- Quarterly Investment Advisory Committee Update

The meeting adjourned at 3:36 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Work Session
October 8, 2015**

A work session of the Board of Regents of the University of Minnesota was held on Thursday, October 8, 2015 at 3:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Kathy Brown and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

Student Representatives present: Callie Livengood.

Chair Johnson introduced Senior Vice President and Provost Karen Hanson and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to provide context for a discussion about enrollment management. Hanson cautioned that there is no one-size-fits-all model when it comes to enrollment strategy for all five campuses, and noted collaboration across the system. She explained the main factors by which the University measures a student's success, which include ACT scores, high school rank, first-year retention, and graduation rates. McMaster reported a shift in the University's range of ACT scores compared to its peers, with an overall upward trend over the past 10 years. He discussed the total size of the undergraduate class at University of Minnesota Twin Cities (UMTC), and stressed the need for careful consideration of the costs and benefits of growth before increasing the total class size.

McMaster described balancing non-resident and international students while maintaining a strong base of resident students. He commented that the student body has requested a more global learning environment, but that Minnesota can be a difficult recruiting location. Hanson reported that far more students leave the state than come in, which suggests that the University may not be doing as well as other reciprocal institutions. McMaster discussed the quality of the incoming freshman and transfer classes and noted that the University continues to admit for success, which can be measured by many factors. He explained that lower enrollment at Minnesota State Colleges and Universities institutions has led to a smaller transfer class at the University.

Hanson reported that many factors are involved when considering diversity of the student body, and noted the importance of engaging with communities during the recruitment process. McMaster emphasized that the goal is to not just recruit but also retain. He reported a rising number of students of color, but added that there is still a large gap between that population and others. He also noted that at 35 percent, the University has one of the highest undergraduate transfer rates in the Big Ten. Despite this high rate, transfer students face barriers such as limited availability of on-campus housing and lower financial aid.

Regent Cohen asked about the high percentage of transfer students, observing that such a high rate might not correspond to admitting for success. McMaster noted the long history

behind the high transfer rate. He suggested that because UMTC is a metropolitan university, and because freshman admittance is low, enrolling in a community college and then transferring is one way to gain access. He argued that this can provide access for students who might not be ready initially for a large campus, either for academic or financial reasons, but emphasized that low admittance numbers can leave many qualified students “on the cutting room floor.” Hanson added that for some, completing a year or two at a local community college while living at home and then transferring is a financial strategy. Cohen suggested that the University may need to reconsider its class size, with over 45,000 applicants per year. Kaler observed that infrastructure limitations have much to do with class-size restrictions.

Regent Beeson agreed that it may be time to reevaluate the transfer student number, given the current demographic climate. He proposed looking for agreement on several key strategies: admitting students for success; maintaining the percentage of resident students; substituting reciprocity students with non-resident/non-reciprocity students; and continuing to have international students. Beeson noted that he would like to see the honors program grow and focus more on underserved populations. He argued that the University is losing talented students to elite schools, and suggested that the University start recruiting earlier and more aggressively.

Regent Devine suggested a common, system-wide application and pool, with an option to place students not admitted to UMTC at other campuses for potential transfer later. He asked for data on such a program and a summary of the financial implications of its implementation. Devine also stressed the need to address on-campus housing, stating that it is unacceptable for students to live in rooms converted from lounges. He wondered whether the University needs more permanent housing to accommodate a growing student body. He also noted studies that find that students of color do better when they are in residence halls, and stressed that the University must consider additional factors if it serious about diversity and retention.

Regent Hsu commented that the University did not create enough housing when it shifted from a commuter to a residential campus. He stressed that the lack of residential facilities is one factor keeping the freshman class size low, since even if a student is admitted there might not be a room. He noted his shock that with more than 40,000 applications annually there is space left in some colleges. Hsu argued for a continued discussion on right-sizing and suggested that if the University is not going to fill its colleges, it needs to shrink and reduce costs. He proposed moving away from ACT scores being the primary measure of suitability, noting that there are other ways to measure a student’s likelihood of success and that focusing on those other measures could increase diversity.

Regent McMillan remarked that he was struck by McMaster’s comment about students on “the cutting room floor.” He agreed that a system-wide, integrated enrollment plan could be one way to solve the challenge of access versus excellence. He expressed hope that this might eliminate students being turned away, by instantly enrolling them at one of the system campuses, but added that this might not be realistic. He asked whether a model for this type of plan existed at a comparable institution.

Regent Brod asked what percentage of high school graduates is eligible for admission based on the University’s current ACT range. She acknowledged expanded recruitment strategies, but asked whether those strategies are aggressive enough in specific student pipelines. She observed an uneven partnership with reciprocal institutions and asked about an enrollment model that eliminates reciprocity. Brod suggested that this might address certain diversity issues while keeping the resident percentage where it is now, and requested data regarding that possibility. She questioned whether the University should make it more difficult to transfer in.

Regent Rosha remarked on the importance of access and excellence, and acknowledged the value added by non-residents and international students. He stressed that the University does not need to look outside the state for talent, adding that it is wrong to suggest that diversity

cannot be achieved by recruiting Minnesota students. Rosha offered that area businesses play a pivotal role in a student's decision to attend and agreed that the University should focus on earlier recruitment. He pointed out the value of study abroad programs for enhancing the diversity of a student's experience. He observed that Minnesota has some of the top ACT scores in the nation as well as high graduation rates, and argued that those two measures demonstrate there are many high-quality resident students. He suggested that the University consider increasing the resident student population to 70 percent.

Hanson remarked that she takes seriously concerns about reliance on ACT scores as a measure of success. She noted that while it is not necessarily a good predictor for all students, it is a good measure for some. She added that given the size of the admissions staff relative to the applicant pool, applications are not scrutinized as closely as they might be at a smaller institution.

McMaster agreed on the need for more undergraduate housing, noting that private housing does not provide the same student experience as a residence hall. He reported on the establishment of a housing endowment that will create scholarships to help low-income and underserved students live on campus, and expressed hope that additional scholarships will be available in the future. McMaster commented on the suggestion to increase recruiting efforts for specific colleges, referencing the College of Food, Agricultural and Natural Resource Sciences (CFANS) as one with room for additional students and noting that its enrollment increased this year. He added that the administration would like to recruit for more STEM programs but is limited by capacity.

McMaster agreed that there are other measures of success beyond ACT scores, but noted that it is one of the best indicators. He cautioned that because the ACT is the measure for national rankings, lowering scores could lead to a drop in the University's position. He commented that UMTC is slightly more diverse than the applicant pool, and that most of the diversity on campus comes from Minnesota students. He stated that the University's reciprocity agreements require that it view resident and reciprocity students the same way.

Hanson noted that CFANS is a good example of a "discovery" college – one with programs many students do not learn about until later in their college careers. She observed that the college could assist in transfer numbers from other institutions.

Regent Omari suggested reexamining the notion of excellence, emphasizing that expanded diversity does not mean lower standards. He commented that the University admits students based on predetermined standards, and suggested shifting the focus to providing the necessary support to ensure each student's success. Omari noted that the closing of the General College may have led to the increase in transfer students. He asked for more data regarding which students stay in Minnesota after graduation and how "return on investment" is measured regarding those students who stay. He also suggested adding 1,000 students and evaluating what would happen to the student body.

Regent Lucas agreed that it might be time to reevaluate the University's reciprocity agreements. She asked how many of the students "on the cutting room floor" applied for the honors program and how the University determines the size of that program. McMaster responded that students do not apply specifically to the honors program; admissions staff identify the students they think would be best for the program and ask them if they are interested. He noted that 10 percent of the incoming freshman class is typically moved into the honors program, though currently that number is closer to 11-12 percent. He noted that the University could certainly reevaluate honors criteria, but cautioned that the honors program should not be so large that it ceases to be special.

Regent Simmons cautioned against using the number of applications as the only indicator of market demand. She observed that the current conversation considers the geographic origin of students as a goal to achieve, versus a tactic to fill a class. She urged the Board to consider

what it means to be a national university, emphasizing the need for goals beyond mere reputation, and stressed the need to understand how changes in reciprocity could affect the institution. Simmons added that she looks forward to establishing a common set of goals and principles with the administration around enrollment management and strategy.

Student Representative Livengood observed that the achievement gap is a problem in higher education, not just K-12. She remarked that initiatives such as the President's Emerging Scholars (PES) program are important but are shrinking, and expressed hope that the University would consider similar creative programs. She offered that the College of Education and Human Development is an interesting example of diversity and alternative standards, since it has a large proportion of students of color, a broader range of ACT scores, and high graduation rates.

Regent Anderson suggested the Board not lose sight of what the University is doing right. He agreed with the need for more residence halls on campus. He would like to see more Greater Minnesota students recruited and admitted, and suggested creating programs to increase system-wide connections, such as guaranteed graduate school admission at UMTC for qualified undergraduates from other system campuses.

Hanson agreed that she would like to identify ways to connect programs across the campuses. She offered that beginning at one of the smaller campuses can help a student prove their suitability for UMTC.

McMaster responded to a number of topics raised by the Board. He mentioned the University of California as a good example of transfers from a community college system to a larger university system, but could not offer a model for transfers within a single system. McMaster reported that when looking at the incoming class, the "best" students as measured by ACT scores and high school rank are those who come from across the nation, followed by reciprocity students, then Minnesota students. He urged balance between quality and access when thinking about eliminating a reciprocity agreement. McMaster pointed out that PES students, who made up 10 percent of the incoming class this year, are admitted with a different set of metrics. Their ACT scores are lower than those of other students but their success is measured in other ways. He also noted a 98 percent retention rate last year. Finally, McMaster remarked that while there is not major progress on recruitment of students from Greater Minnesota, this year's freshman class is up 15 percent on that measure.

President Kaler added his desire to have more structure around campus connections and admission. He also observed that sometimes, regardless of effort, students simply have a desire to leave the state for college.

The meeting adjourned at 4:58 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
October 9, 2015**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 9, 2015 at 8:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillan, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathryn Brown, Brian Herman, Brooks Jackson, Richard Pfitzenreuter, and Pamela Wheelock; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Julie Tonneson, and Michael Volna.

APPROVAL OF MINUTES

A motion was made and seconded, and the Board of Regents voted unanimously to approve the minutes of the following meetings:

- Audit & Compliance Committee – September 10, 2015
- Litigation Review Committee – September 10, 2015
- Academic & Student Affairs Committee – September 10, 2015
- Finance Committee – September 10, 2015
- Faculty & Staff Affairs Committee – September 10, 2015
- Facilities, Planning & Operations Committee – September 10, 2015
- Board of Regents Work Session – September 10, 2015
- Board of Regents – September 11, 2015

REPORT OF THE PRESIDENT

President Kaler reported that the University was recently honored with several national awards. The Twin Cities campus received an award celebrating colleges and universities that prioritize health and student well-being, one of only five institutions to receive the award this year. Kaler added that the campus also received an award recognizing its diversity and inclusion initiatives, emphasizing that this is the fourth consecutive year the University has received this honor. He noted that the Morris campus was also honored for its commitment to energy efficiency and sustainability.

Kaler discussed progress on several key initiatives, including work to improve the University's human research protection program; legislative engagement; and an advertising campaign designed to raise awareness of the University's statewide community impact. He reported on the issue of sexual assault and misconduct, citing a national trend of increased incidents of sexual misconduct on campuses. He emphasized the need to improve the University's culture

and climate around issues of sexual violence and misconduct. Kaler reported on upcoming outreach plans, noting travel to destinations around the state and around the world.

A copy of the Report of the President is on file in the Board Office.

REPORT OF THE CHAIR

Chair Johnson reported that Regents have been engaged in several activities across the system, such as the groundbreaking for the Tate Laboratory renovation project; the University of Minnesota Alumni Association annual awards; the UMD fall fling; and homecoming activities on the Twin Cities campus. He noted that several Regents will be visiting northern Minnesota to tour the Itasca Biological Station and the Crookston campus.

A copy of the Report of the Chair is on file in the Board Office.

CONSENT REPORT

Chair Johnson presented for action the Consent Report as described in the docket materials, including:

- Summary of Gifts through August 31, 2015.
- Appointments to the University of Minnesota Foundation Board of Trustees. The following are appointed for three-year terms, expiring in 2018:
 - The Honorable Linda Cohen
 - Ruth Bachman
 - Mary Brainerd
 - Erik Torgerson

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

UNIVERSITY PROGRESS CARD

Chair Johnson invited President Kaler to present the University progress card for approval. Kaler reminded the Board of the progress card's two categories. Gold measures have been identified as high priorities for the University. They come from well-understood and agreed-upon data sources, enable the setting of quantifiable goals, and can be influenced directly by the University. Maroon measures illustrate trends, rather than set firm goals. They are directional, may change with time, may only need monitoring, and are factors that cannot necessarily be influenced by the University.

Kaler outlined several changes to the progress card since the Board reviewed it in September. The first change was the addition of two maroon measures. One measure would track the success of the institution's inclusivity, specifically whether students of color feel a sense of belonging. A second measure would address serving Minnesota students. He suggested two possible approaches to this measure: tracking the percentage of Minnesota high school graduates enrolling at the University as freshmen, or the percentage of Minnesota high school graduates electing to attend college in Minnesota who enroll at the University as freshmen.

Kaler added that one measure had been moved from the maroon to the gold category, explaining that "Twin Cities freshman average ACT" better matches the gold criteria. A final change establishes a more robust goal for the gold measure "Percent participation employee engagement survey," targeting 72 percent by 2021 instead of 68 percent.

Regent Johnson recognized Regent Beeson for his work on the progress card. Beeson remarked that he would prefer the first measure for tracking Minnesota students, noting that the second option implies that the institution does not have the ability to increase the number of students who come to the University.

Regent Devine commented that he would like to see a measure related to transfer students, observing that the number of transfer students is down slightly from last year. He remarked that by measuring those students the University could better serve the in-state population, since many students are in that category.

Regent Rosha commented that though either approach to measuring Minnesota students could be helpful, he prefers to see the percentage of University students who are Minnesota high school graduates. He observed that the two proposed measures capture the changing demographic of students, but offered that capturing how many students are coming to the University would send a stronger message to the legislature. He cautioned that the University could receive less state funding if it does not accurately capture this metric.

In response to a question from Regent Hsu about the first proposed option for measuring Minnesota students, Kaler explained that the commissioner of education calculates the number of Minnesota high school graduates. He noted that data for the second option would be obtained with assistance from the Minnesota State Colleges and Universities. Hsu remarked that he would prefer the option suggested by Regent Rosha.

Regent Omari thanked the administration for adding a measure on inclusive success and suggested that the measure would be more appropriately placed in the gold category. He commented that the second measure for Minnesota students would be the better since it would provide a better way to track success as compared to other national institutions.

Regent Lucas remarked that she is interested in the second option, but that it seems difficult to measure. She commented that there is no way to identify a Minnesota high school student who rule out all state institutions.

Kaler proposed that he work with the Academic & Student Affairs Committee to develop a measure for tracking Minnesota high school students who attend the University, agreeing that this is an important metric to track.

A motion was made and seconded to approve the progress card, with the understanding that the administration would work with the Academic & Student Affairs Committee to better define the measure of Minnesota students.

Regent Simmons voiced her concern that the medical school ranking measure is only tracked on the metric of research dollars. She stated that other objective ranking methods exist and that she hopes to see continued efforts to better measure the school's success.

In response to a question from Regent Hsu, Regent Simmons explained that the medical school is singled out because it is the primary source for research dollars. She added that this gives the University incredible leverage in the state.

The Board of Regents voted unanimously to approve the progress card.

PRESIDENT'S RECOMMENDED 2015 SIX-YEAR CAPITAL PLAN

Chair Johnson invited Vice President Pfutzenreuter and Assistant Vice President Smith to present the President's Recommended 2015 Six-Year Capital Plan (Plan). Pfutzenreuter

explained that the Plan balances decisions about facility conditions, budget considerations, and academic priorities, and noted the importance of aligning with the strategic plan. Smith outlined the Plan's objectives and highlighted its major projects, explaining that projects may be added. Pfutzenreuter discussed the total budget for the Plan and emphasized that funding is heavily dependent on the legislative request.

Chair Johnson called upon Regent McMillan, Chair of the Facilities, Planning & Operations Committee, to present the recommendation of the committee. McMillan reported that the committee reviewed project components of the Plan and voted unanimously to recommend approval of the resolution. He moved its approval.

Chair Johnson called upon Regent Beeson, Chair of the Finance Committee, to provide the recommendation of the committee. Beeson reported that the committee reviewed the financial components of the Plan and recommends approval of the resolution. He seconded the motion.

Regent Devine commented that the Plan reflects progress on the health sciences and advancements to student spaces and technology.

The Board voted unanimously to approve the Resolution Related to the University's Six-Year Capital Plan as follows:

WHEREAS, preserving the University campuses through stewardship of public investments that have been made over 150 years is a commitment the Board has made to the State; and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the State of Minnesota; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform State communities, fuel the State economy, address State social issues, and improve the State's health; and

WHEREAS, the administration has developed a capital-planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is responsible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's Six-Year Capital Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research, and outreach objectives.

PRESIDENT'S RECOMMENDED 2016 STATE CAPITAL REQUEST

Chair Johnson invited Vice President Pfutzenreuter and Assistant Vice President Smith to remain at the table for a review of the President's Recommended 2016 State Capital Request. Vice President Wheelock joined the group. Pfutzenreuter reviewed the timeline and financial summary of the request. Smith explained that in addition to Higher Education Asset Preservation and Renovation (HEAPR) funds, the request includes three renovation and design projects on the Twin Cities campus, construction of a new building on the Duluth campus, and system-wide investments in the academic and student experience.

Regent Devine thanked the administration for the balance of projects presented in the plan. He applauded outreach efforts by the president and his administration to bring legislators to campus.

In response to a question from Regent Anderson, Wheelock explained that the projects included in the request are in various states of readiness. She noted that, should funding from the legislature be approved, some could be ready to break ground within 12-18 months. She added that if there was significant interest from the legislature and the community, institutional funds could be used to accelerate project start dates.

Regent Rosha remarked that he would like to view the plan in the context of updated system campus plans and system-wide strategic plans. He noted that this would provide better context and hopes it will be a priority moving forward.

Chair Johnson called upon Regent McMillan, Chair of the Facilities, Planning & Operations Committee, to present the recommendation of the committee. McMillan reported that the committee reviewed project components of the Plan and voted unanimously to recommend approval of the resolution. He moved its approval and the motion was seconded.

Regent Brod expressed a desire to investigate alternative sources of funding for projects. Kaler explained that a common way to fund buildings is to carry the depreciation in the budget and use repair and repair-and-replacement funds for building projects, noting that this has been done in the past. He commented that he unsuccessfully proposed an option to the legislature to increase project allocations in the University's annual budget and the University in turn would lower its HEAPR request.

Pfutzenreuter remarked on an upcoming partnership with a private company for one of the University's properties. He observed that these kinds of public-private partnerships are another way to fund projects.

The Board voted unanimously to approve the Resolution Related to the 2016 State Capital Request as follows:

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan in support of the University's strategic priorities; and

WHEREAS, the Board of Regents recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's 2016 State Capital Request to the State of Minnesota in the amount of \$304,350,000 consisting of \$236,234,000 from the State of Minnesota and \$68,116,000 from the University of Minnesota.

UPDATE ON UMTC STRATEGIC PLAN IMPLEMENTATION

Chair Johnson invited Provost Hanson to provide an update on the Twin Cities strategic plan.

Hanson reviewed the vision and goals of the plan, noting that it is a 10-year strategic framework for advancing the quality, impact, and reputation of the University. The aim of the plan is to sustain and advance an institution that fulfills its distinctive responsibilities and addresses critical societal challenges. Hanson highlighted the four main goals of the plan: to support excellence and reject complacency; take on society's grand challenges; recruit, retain, and promote field-shaping faculty and researchers; and build a culture of reciprocal engagement. She emphasized the importance of the budget planning process in aligning investments with unit priorities, institutional mission and goals, and the plan goals.

Hanson explained that the first year of implementation has resulted in several specific accomplishments and has helped to shape the plan for sustained progress. She noted quick wins in the main goal areas, identifying collaborations across colleges and departments, and between faculty, students, and staff. Hanson remarked that in year two of implementation, she expects stronger efforts toward campus engagements and greater accountability. She noted that there will be greater alignment with other strategic and operational plans, and increased partnerships with the University of Minnesota Foundation and Alumni Association. Hanson invited Professors Jason Hill and Raymond Duval to discuss the grand challenges course offerings and research strategies.

Hill reported that he and his colleagues in the grand challenges courses present a global problem to their students and ask them to participate in the process of solving the issue. He remarked that it is not enough to simply understand an issue academically. Hill explained that the students in his class come from all over the University, which helps lend diversity to the course and to the solutions. He commented that the students form a strong camaraderie by working together on global issues.

Hill introduced Natalie Vandenburg, a student from his class "Can we feed the world without destroying it?" Vandenburg explained that she transferred into the College of Food, Agricultural and Natural Resource Sciences (CFANS) when she realized that the subjects about which she was passionate could help solve some of the world's problems. She commented that the grand challenges course is unique, and there is much about the state that lends itself to understanding the topic of food sustainability. She expressed a high level of confidence in her professors and those who teach the grand challenges courses.

Duval reported that there has been broad campus engagement around grand challenges research efforts. A team of faculty members who have been working to establish a set of research priorities for the University is leading these efforts. He explained that the team has gathered input and suggestions from the University community and is working to group the priorities into broad categories. Several upcoming forums this fall will help to further clarify the research priorities and foster connections among researchers in different fields.

In response to a question from Chair Johnson, Hill remarked that there has been a direct transfer of knowledge from University research to Minnesota farming communities. He noted that his and other grand challenges courses seek not only to have a global impact, but also affect change closer to home.

Regent Cohen commented that she is blown away by the progress that has been made on the strategic plan. She admitted that the initial grand challenges proposal seemed broad and complex, but is impressed with the implementation efforts and plans for future progress.

Regent Rosha emphasized the importance of the land-grant mission of the University. He remarked that while there should be a balance between global challenges and those of the

state, it seems appropriate to place a greater emphasis on the major issues of the state. He suggested that this focus would help further the University's cause with the legislature.

In response to a question from Regent Hsu, Hanson stated that there was not a specific allocation in the budget for the strategic plan. She explained that money was reallocated from several units during the compact process and that those funds are being aligned with the plan. Hanson remarked that more money would allow them to provide more services and programs around the grand challenges initiatives.

Regent Lucas commented that it was very beneficial and enriching to see a student present to the Board. She expressed a desire to hear from more students in the future.

Regent Anderson commented that collaboration and engagement across the administration, faculty, and students is good for the University and good for the state.

Regent McMillan suggested that the path to more resources could come from connecting grand challenges to state challenges and emphasizing those connections to the legislature.

Regent Beeson offered that the grand challenges initiatives might help to dismiss the myth of the ivory tower.

Regent Brod stated that the plan has many external implications. In response to a question from Regent Brod, Hanson stated that there are many ways to engage the business community and develop partnerships outside the University. She emphasized a new approach to public engagement, and the need for events that draw attention to the connections to the community.

Regent Simmons agreed that the focus on state issues is consistent with the land-grant mission of the institution. She suggested that the upcoming action on M Health is a perfect example of the University connecting its work to the needs of the state. Duval explained that the grand challenge process includes an explicit criterion regarding impact on the state and on the nation.

PRIMER ON MINNESOTA OPEN MEETING LAW

Chair Johnson invited General Counsel Donohue and Deputy General Counsel Tracy Smith to provide the Board with an overview of the Minnesota open meeting law (OML). Donohue explained that OML directs that all meetings of a public governing body be open to the public. He noted that there are a few exceptions to OML. He remarked that while the law does not officially define the term, a "meeting" is considered to be a quorum of the public body or one of its committees. He clarified that chance or social gatherings do not qualify as a meeting.

Donohue discussed the requirement that notice be given of any meetings of the public body, explaining the specific parameters for regular, special, emergency, and closed meetings. He described the situations when a meeting may be closed – such as for labor negotiations, performance evaluations, or attorney-client privileged discussions – adding that some meetings must be closed by law. Donohue explained that failure to adhere to OML could result in disciplinary charges being brought against the offending individual.

In response to a question from Regent Devine, Donohue noted that there is no provision in the law to protect the confidentiality of business or research dealings. He clarified that the data practices act has some specific language about protecting trade secrets.

In response to a question from Regent Hsu, Donohue clarified that any fines or penalties for breaking the law would be issued by a district court and the offending Regent would pay that

fine. He commented that he did not know the statute of limitations for the law but would find out the information.

M HEALTH LETTER OF INTENT

Chair Johnson invited Vice Presidents Jackson and Pfutzenreuter, and University of Minnesota Physicians (UMP) CEO Bobbi Daniels to provide an overview of the M Health letter of intent, and asked Regent Simmons to begin the discussion

Regent Simmons commented that Minnesota needs a strong and effective academic medical program, explaining that the letter of intent will promote the three parts of the University's mission. She stressed that the partnership between the University, UMP, and Fairview Health Services will improve the quality of the health care system, control costs, and better serve the people of the state. She clarified that this is not a new collaboration, but it is a critical step in the partnership. Simmons made a motion to approve the letter of intent. Regent Omari seconded the motion.

Jackson stated that to have a world-class medical school, the University must be part of a world-class health system. He explained that while the current relationship combines the three entities, there is confusion in transactions, which leads to less than optimal patient care. He noted that the University is lagging behind the market and is not as competitive as it could be.

Jackson outlined the vision of the new partnership: to heal, to discover, and to educate for longer, healthier lives. He explained that achieving this vision requires a joint venture, but emphasized that the partnership is not a takeover of any one entity by another. He reported that the new board would be composed half of members from Fairview and half of members appointed by the Board of Regents. Jackson clarified that the letter of intent is non-binding but sets forth key principles to develop a set of definitive agreements. He highlighted the key principles, including those regarding governance and organizational structure, clinical practice and physician leadership, management and operations, and finances. He outlined the next steps in the process to complete the agreements.

Daniels stated that the faculty and UMP physicians are excited to build upon the M Health relationship previously approved by the Board.

Regent Simmons withdrew her initial motion. She made a new motion to approve the resolution related to the letter of intent, not approve the letter itself. Regent Omari withdrew his initial second and seconded Simmons' second motion.

Regent Beeson commended President Kaler for addressing the issue of the partnership and noted its complexity. He remarked that while the partnership is not without risk, it is the best opportunity to create a sustainable model that will help the community, the medical school, and the University. He asked for attention to the long-term goals of the agreement.

Regent McMillan commented that there are many forces impacting the current health care industry. He offered that this partnership will help secure a stronger and more promising future for academic medicine in the state and will improve the quality of economics of health care. He thanked Simmons for her work on the process.

Regent Devine acknowledged the work of Regent Emeritus John Frobenius. He added that the new structure will be transformative for the people of Minnesota, affecting both patient care and research. In response to his question about the impact beyond the Twin Cities campus, Daniels stated that Fairview has a site in Hibbing and so there is an immediate ability to extend the reach of services to the Duluth campus. She also noted the presence of several health systems in Greater Minnesota that deal with specific types of care and services.

Regent Rosha stated support for the resolution, but raised concerns that the current market has forced the University into a competitive role with the rest of the state's providers. He added that the partnership is a strong step in the right direction, despite the challenges created by competition with other providers.

Regent Brod remarked that though there is risk in the partnership, there is greater risk in not doing anything. In response to her question regarding fiduciary responsibility, Pfutzenreuter shared that the administration would undertake financial due diligence. He noted that additional information will be brought to the Finance Committee in February, and that more decisions will need to be made about reporting structures.

In response to a question from Regent Hsu, Jackson stated that there is a search process in place for the system CEO, who will be jointly appointed by the University and Fairview. He noted that the recommendation will go to the new M Health board. He anticipated that the CEO would have a background with demonstrated success in a similar health system. Jackson stated that there will be interim co-chairs of the new board, one appointed by the Board of Regents and one by Fairview. Regent Simmons commented that hiring the right CEO is key to the success of the partnership.

Regent Cohen expressed strong support for the resolution and thanked those who had worked on it. She stated that she does not believe the University can stay with the status quo, and commented that she is comforted that the UMP physicians have voted for the transition.

Kaler commented that the partnership will be an historic event. He expressed his belief that it will change and improve the medical school and the allied health programs, and will move the University forward.

The Board voted unanimously to approve the Resolution Related to University of Minnesota Health Letter of Intent as follows:

WHEREAS, the University of Minnesota ("University"), the University of Minnesota Physicians ("UMP"), and Fairview Health Services ("Fairview") have a mutual goal to form an integrated academic health system, dedicated to high quality patient care, leading edge research, and training of tomorrow's workforce;

WHEREAS, in 2013 the University and Fairview formed an integrated structure to streamline care, reduce confusion in the market, and generate additional revenues for the Medical school;

WHEREAS, the parties goal now is to integrate wholly, ensuring consistent, affordable, high-quality patient care across the system, market leading quality and service, efficiency and growth, creation of new knowledge and translation of that knowledge, a strengthened commitment to training the next generation of health care providers and elevation of the stature of the University's Academic Health Center and the Integrated Academic Health System;

WHEREAS, this integrated system is an important step toward ensuring success of the tripartite mission and becoming a world class Medical School and a world-class health system;

WHEREAS, the integrated academic health system would include Fairview and all its affiliates and subsidiaries and the entirety of UMP;

WHEREAS, the University, UMP, and Fairview have negotiated a set of principles on which to develop a new integrated academic health system and a non-binding letter of intent to begin formal development of definitive agreements by March 31, 2016;

WHEREAS, this letter of intent was approved by the University of Minnesota Physicians board on September 30, 2015 and by the Fairview Health Services board on October 2, 2015;

NOW, THEREFORE, BE IT RESOLVED, that the president and the vice president for health sciences are hereby authorized to sign a non-binding letter of intent and to enter into development of definitive agreements reflecting the Parties' obligations and commitments related to the development and operation of an integrated academic health system;

BE IT FURTHER RESOLVED, that those definitive agreements are subject to approval of the Board of Regents as well as the University of Minnesota Physicians board and the Fairview Health Services board.

COST DRIVERS AT THE UNIVERSITY

Chair Johnson invited Vice President Pfitzenreuter and Associate Vice President Tonneson to present on cost drivers. Pfitzenreuter reported that the major cost drivers at the University are personnel costs, facilities, student aid, and technology infrastructure. He discussed the all-funds budget structure, including sponsored and non-sponsored funds, and explained the reporting and accounting structure. He remarked that though the total budget amount has increased, the percentage devoted to personnel costs has remained relatively steady.

Pfitzenreuter discussed cost pool allocations and noted charges by major pool. He observed that while the Twin Cities campus has been growing in actual square footage, the investment in repair and replacement has not kept pace. He noted that this demonstrates an underinvestment in facilities on campus. Pfitzenreuter discussed the University's annual debt service and how it drives the annual budget. He explained that technology infrastructure is a key driver, with assessment fees that cover one-time expenses as well as ongoing maintenance.

Regent McMillan commented that earlier Board discussions in the annual budget cycle are crucial. He expressed hope that although technology infrastructure costs are a constant, programs such as ESUP and the Job Family Study will eventually provide cost savings.

Regent Beeson noted that it is important to keep in mind the issue of student aid and tuition revenue, especially in the context of enrollment strategy.

Regent Brod remarked that one way to control costs is to identify areas where the University is not excellent and make some tough decisions about those areas. She emphasized the need for more action in addition to discussion. In response to her question about consuming assets, Pfitzenreuter stated the importance of taking down buildings that are no longer serving their purpose. He noted that it is critical to invest more in repair and replacement dollars and not rely so heavily on Higher Education Asset Preservation and Renovation (HEAPR) funds.

In response to a question from Regent Omari about the distribution of resources, Tonneson stated that an individual department may cover its costs from a variety of different sources. She acknowledged many different perspectives from which to approach costs.

Kaler commented that output of the institution is another key element. He noted that although total headcount has increased, many other areas have increased efficiency and productivity. He observed that the University is leveraging its staff more effectively to meet the mission.

REPORT OF THE FINANCE COMMITTEE

Regent Beeson, Chair of the committee, reported that the committee voted unanimously to recommend:

- 1. Approval of the Consent Report for the Finance Committee as presented to the committee and described in the October 8, 2015 committee minutes.
2. Approval of a Resolution Related to Legal Settlements & Central Reserves Fund as follows:

WHEREAS, the Board of Regents has established a board-designated fund called Central Reserves Fund; and

WHEREAS, the majority of resources in Central Reserves Fund are not allocated to any specific unit of the University and the fund includes resources from a variety of sources, including legal settlements; and

WHEREAS, the University of Minnesota periodically receives payments related to legal claims made by the University; and

WHEREAS, during fiscal year 2015 the University received two significant legal settlements (\$9,100,000 related to the West Bank Contamination Settlement and \$12,500,000 from a Health Related Settlement) both of which reflect totals prior to payment of legal costs and were deposited into an unrestricted account in the general ledger of the university but were itemized as part of the central reserves fund during fiscal year 2015 as required by board policy; and

WHEREAS, the allocation of these legal settlement resources was not specifically called out as part of the President's Recommended FY 2016 Operating Budget (Operating Budget) in Attachment 10: Fund Forecast - Centrally Distributed and Attributed Funds.

NOW, THEREFORE, BE IT RESOLVED that the administration is directed to undertake the necessary accounting entries to correct the original entries made when the settlements were received and deposited.

BE IT FURTHER RESOLVED that the following specific allocations relating to legal settlements, not previously called out in the Operating Budget, are approved as follows:

Table with 2 columns: Allocation Item and Amount. Row 1: A. Health Care Settlement (12,500,000.00). Row 2: Allocated to: Settlement Legal Costs (585,904.32). Row 3: Reimbursement to Medical Fringe Pool Account (11,914,095.68). Row 4: Total (12,500,000.00). Row 5: B. West Bank Contamination (9,100,000.00). Row 6: OGC Professional Development (100,000.00). Row 7: Settlement Legal Costs (916,504.00). Row 8: LAW - FY15 Year End Deficit (3,250,000.00).

Future Well Replacement	1,500,000.00
CBS – New Dean Commitment (over 4 years)	960,000.00
PUBHL – Hlth Equity Position Start Up (partial)	473,496.00
UMD – Strategic Enrollment Mgmt Plan	1,900,000.00
	<hr/>
	9,100,000.00

BE IT FURTHER RESOLVED that the attached revise Attachment 10: Fund Forecast - Centrally Allocated and Attributed Funds is approved.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Finance Committee.

Beeson added that the committee also reviewed a report on administrative cost benchmarking and received a primer on reallocation; and received several information items as outlined in the docket materials.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Brod, Chair of the committee, reported that the committee did not meet this month.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee voted unanimously to recommend:

1. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the October 8, 2015 minutes.

A motion was made and seconded and the Board voted unanimously to approve the recommendation of the Academic & Student Affairs Committee.

Cohen reported that the committee also received a presentation on University enrollment management, and discussed tuition and financial aid management.

REPORT OF THE FACILITIES, OPERATIONS & PLANNING COMMITTEE

Regent McMillan, Chair of the committee, reported that the committee voted unanimously to recommend:

1. Approval of Schematic Plans for the following projects as presented to the committee and described in the October 8, 2015 minutes:
 - A. Chemical and Advanced Materials Sciences (Duluth Campus)
 - B. Athletes Village (Twin Cities Campus)
2. Approval of Capital Budget Amendments for the following projects as presented to the committee and described in the October 8, 2015 minutes:
 - A. Athletes Village (Twin Cities Campus)
 - B. Glensheen – Restoration of Tennis Court Garden Walls (Duluth Campus)

C. Siebert Field – Hitting Facility (Twin Cities Campus)

Regent Devine commented on the affirming role of student-athletes and thanked the donors to the Athletes Village project.

Regent Beeson remarked on the great energy around fundraising efforts for this project. He thanked the late Regent David Larson and his widow, Jani Larson, for their support, and acknowledged the work of the athletic department.

Regent Rosha commented on concerns he has heard from the public. Regarding concerns that the facility may separate student-athletes from the general student body, he noted that the University needs a high-caliber facility to advance the athletic program. Regarding concerns about the amount of money spent on the facility, he observed that the investment in athletics will help support the University's mission.

Regent Lucas expressed her support for the commitment to gender equity, but observed that there is still room for advancement. She suggested more support for some of the other Olympic sports.

Regent Johnson thanked Interim Athletics Director Beth Goetz and her staff. Johnson commented that student-athletes support and promote the University, and that this facility gives them the opportunity to be more competitive within the Big Ten and on a national level.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Facilities, Planning & Operations Committee.

McMillan reported that the committee also reviewed an update on campus safety and received several information items as outlined in the docket materials.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

Regent Simmons, Chair of the committee, reported that the committee discussed shaping academic department culture; received a presentation on recruiting and attracting field-shaping faculty; discussed enhancing human resources work across the enterprise; and received several information items as outlined in the docket materials.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee reviewed its annual work plan; discussed habits of highly effective boards; received a presentation on the Board Policy review process; and reviewed proposed amendments to two Board of Regents Policies: *American Indian Advisory Boards* and *Namings*.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Devine, Chair of the committee, reported that the committee did not meet this month.

NEW BUSINESS

Regent Omari noted that three major initiatives were advanced in the meeting, some of which have been in progress for years. He observed that while the Athletes Village is likely to get the most public attention, the strategic plan initiatives and the M Health letter of intent have just as great an impact on Minnesota and the University community. He commented that the Board should celebrate all of the people who are involved in those projects and wished that all were headline-worthy.

The meeting adjourned at 11:52 a.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
October 30, 2015**

A meeting of the Litigation Review Committee of the Board of Regents was held on Friday, October 30, 2015 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Thomas Devine, presiding; Thomas Anderson, Linda Cohen, Michael Hsu, Dean Johnson, and Darrin Rosha. David McMillan participated by phone.

Staff present: President Eric Kaler, Senior Vice President and Provost Karen Hanson, Vice President Brian Herman, General Counsel William Donohue, and Executive Director Brian Steeves.

Others present: Arnie Frischman, Amy Phenix, Brian Slovut, and Tracy Smith.

The meeting convened in public session at 3:05 p.m.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

At 3:07 p.m. a motion was made and seconded that the following resolution be approved:

WHEREAS, based on advice of the General Counsel, the Board of Regents Litigation Review Committee has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in particular matters involving the University of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Friday, October 30, 2015 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Discussion of Litigation (closed meeting)*
 - A. *Claims against MD Anderson Cancer Clinic for licensed use of University intellectual property*
 - B. *Potential appeal of student conduct code decision*
 - C. *Threatened litigation for defamation*

The committee voted unanimously to approve the resolution and the meeting was closed.

After concluding discussion of the item related to the MD Anderson Cancer Clinic, Regent Devine recused himself and left the meeting. Regent Anderson presided for the remainder of the meeting.

The meeting adjourned at 5:43 p.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Report of the President

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: President Eric W. Kaler

BACKGROUND INFORMATION

It is customary for the President to report on items of interest to the University community at each Board of Regents meeting.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Report of the Chair

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Dean Johnson

BACKGROUND INFORMATION

It is customary for the Chair to report on items of interest to the University community at each Board of Regents meeting.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Receive & File Reports

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Dean Johnson

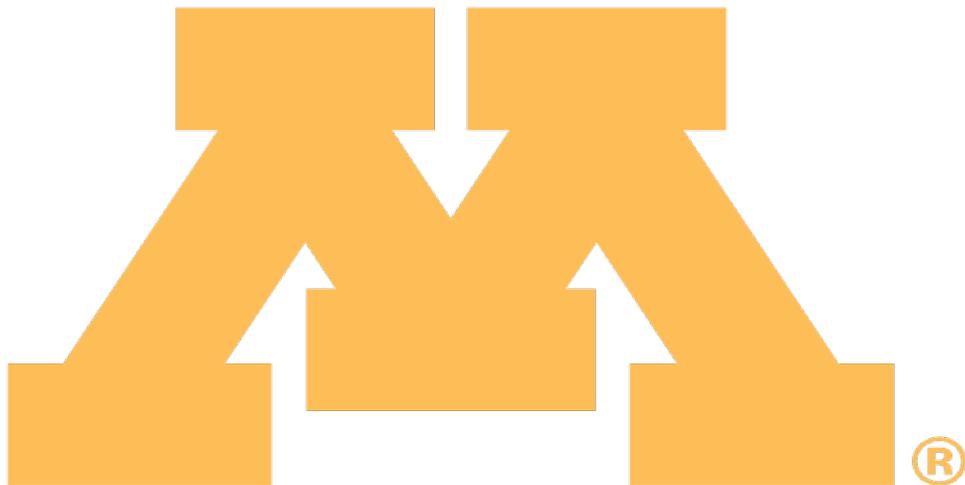
PURPOSE & KEY POINTS

The following items are included for receipt and filing:

- A. Quarterly Report of Grant and Contract Activity
- B. Annual Eastcliff Report



Meeting of the Board of Regents



Quarterly Report of Grant/Contract Activity

Fiscal Year 2016

First Quarter Data: July - September, 2015

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2016 First Quarter: July - September, 2015

Quarter 1 Summary

NIH awards are up 25.1% first quarter FY2016 largely due to \$30.3M awarded to Jim Neaton originally expected FY2015 Q4. Without the Neaton award, *NIH* funding would be down 6.5% for FY2016 Q1 compared with the same period FY2015. *NSF* and *Other Federal* funding are down as is *Private* funding. *State and Local* funding saw a large increase FY2016 Q1 due to two large awards; one to Tucker LeBien from the *State of Minnesota* for \$7.9M and one to Robert Venette from LCCMR for \$5.0M. The average award amount, when adjusted to exclude the \$30M Neaton award, was very similar, \$197K during FY2016 Q1 compared with \$196K in FY2015.

The *School of Public Health's* increase is due to the Neaton award noted above. The increase in *Dentistry, Nursing, Pharmacy & Vet Med* funding is from two large awards; one to John Deen for \$4.4M from USAID and one to Stephanie Rossow for \$1.3M from the Minnesota Board for Animal Health. The increase in funding for *Other Health Science* is due to a large grant awarded to Tucker LeBien from the State of Minnesota for \$7.9M. *College of Biological Sciences* received one large award to Sivaraj Sivaramakrishnan for \$1.4M from *NIH*.

Comparison of FY16 Q1 to FY15 Q1

(Amounts shown in Millions)

by Source		FY15 Q1		FY16 Q1		\$ Change (Amount)	\$ Change (%)
Sponsor Group	Sponsor	Number	Amount	Number	Amount		
Federal	NIH	247	95.8	247	119.9	24.1	25.1%
Federal	NSF	157	50.7	140	41.3	-9.3	-18.4%
Federal	Other Federal	215	48.9	179	46.7	-2.1	-4.4%
Private	Business & Industry	280	22.5	339	16.9	-5.6	-24.9%
Private	Other Private	429	32.7	353	28.9	-3.8	-11.6%
State & Local	State & Local	133	36.5	128	49.3	12.7	34.9%
Total		1461	287.0	1386	303.0	16.0	5.6%

by College/Campus	Number	Amount	Number	Amount	\$ Change (Amount)	\$ Change (%)
Medical School	466	84.3	477	66.7		
College of Science and Engineering	265	58.5	235	53.1	-5.4	-9.3%
Public Health	84	25.8	71	53.7	27.9	108.2%
CFANS	179	22.6	130	23.7	1.2	5.2%
Other	52	22.0	63	17.0	-5.0	-22.7%
CEHD	63	17.8	49	12.3	-5.5	-30.8%
Other Health Sciences	96	16.0	116	27.4	11.4	71.5%
UMC, UMD, UMM, UMR	55	10.1	48	8.7	-1.4	-14.1%
Dentistry, Nursing, Pharmacy & Vet Med	88	9.1	79	15.1	6.0	66.2%
Other TC Provost	47	9.8	42	9.9	0.1	1.0%
CBS	27	6.3	42	9.5	3.2	50.4%
CLA	39	4.7	34	5.9	1.1	23.9%
Total	1461	287.0	1386	303.0	16.0	5.6%

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2016 First Quarter: July - September, 2015

Figure 1: FY16 Q1 Award Dollars by Funding Source
 (in millions)

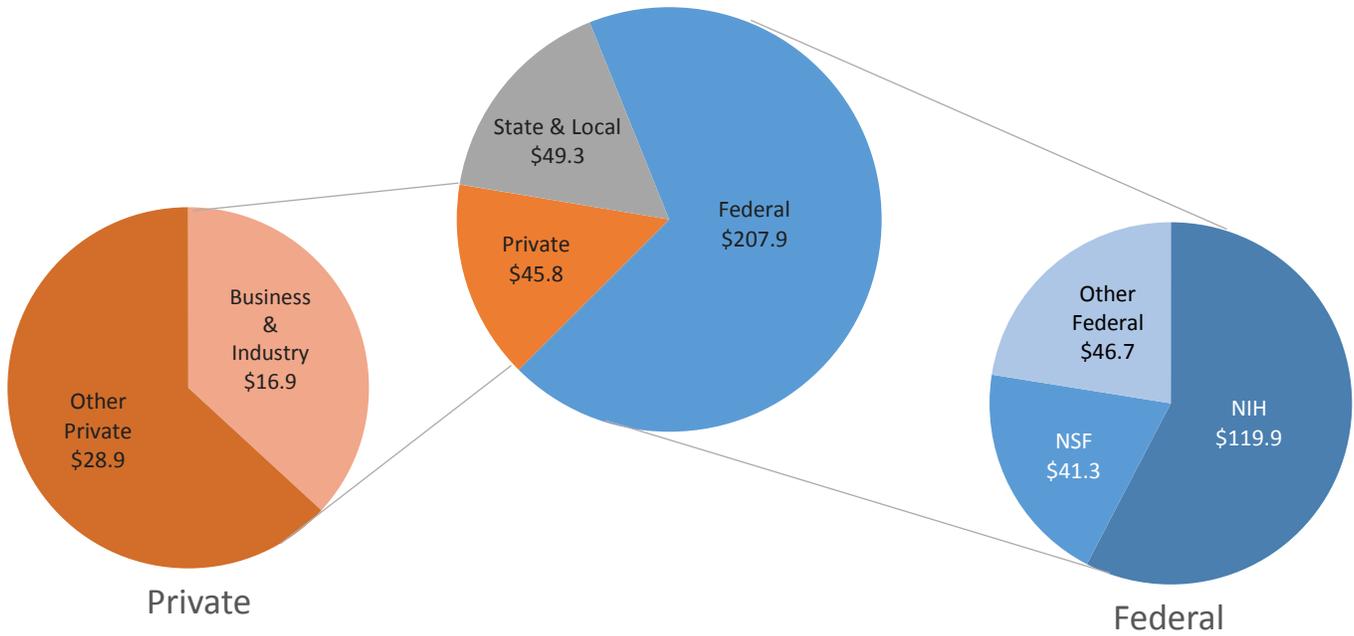
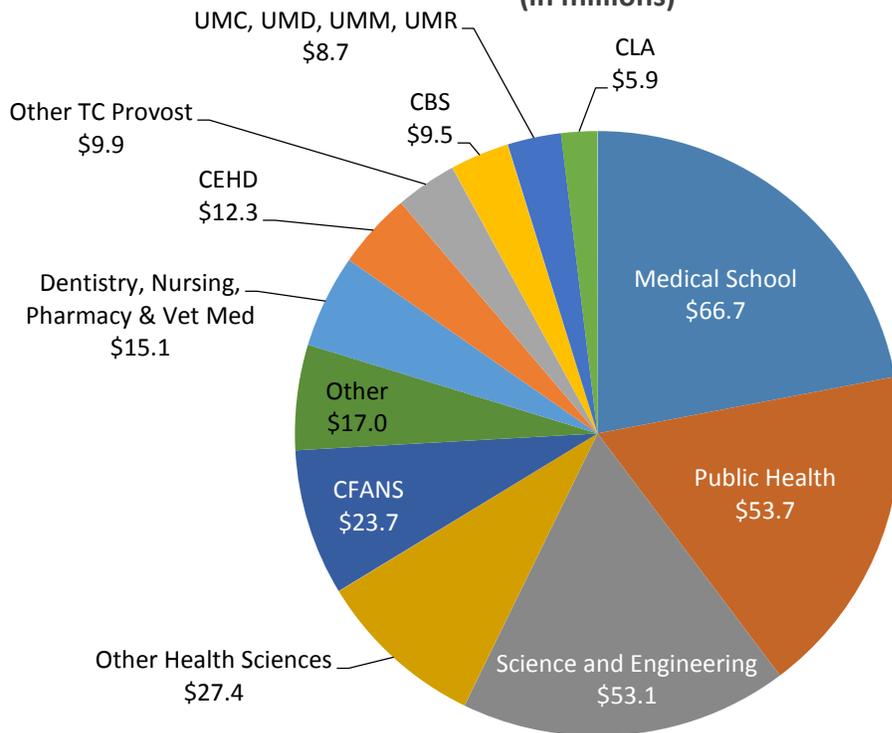
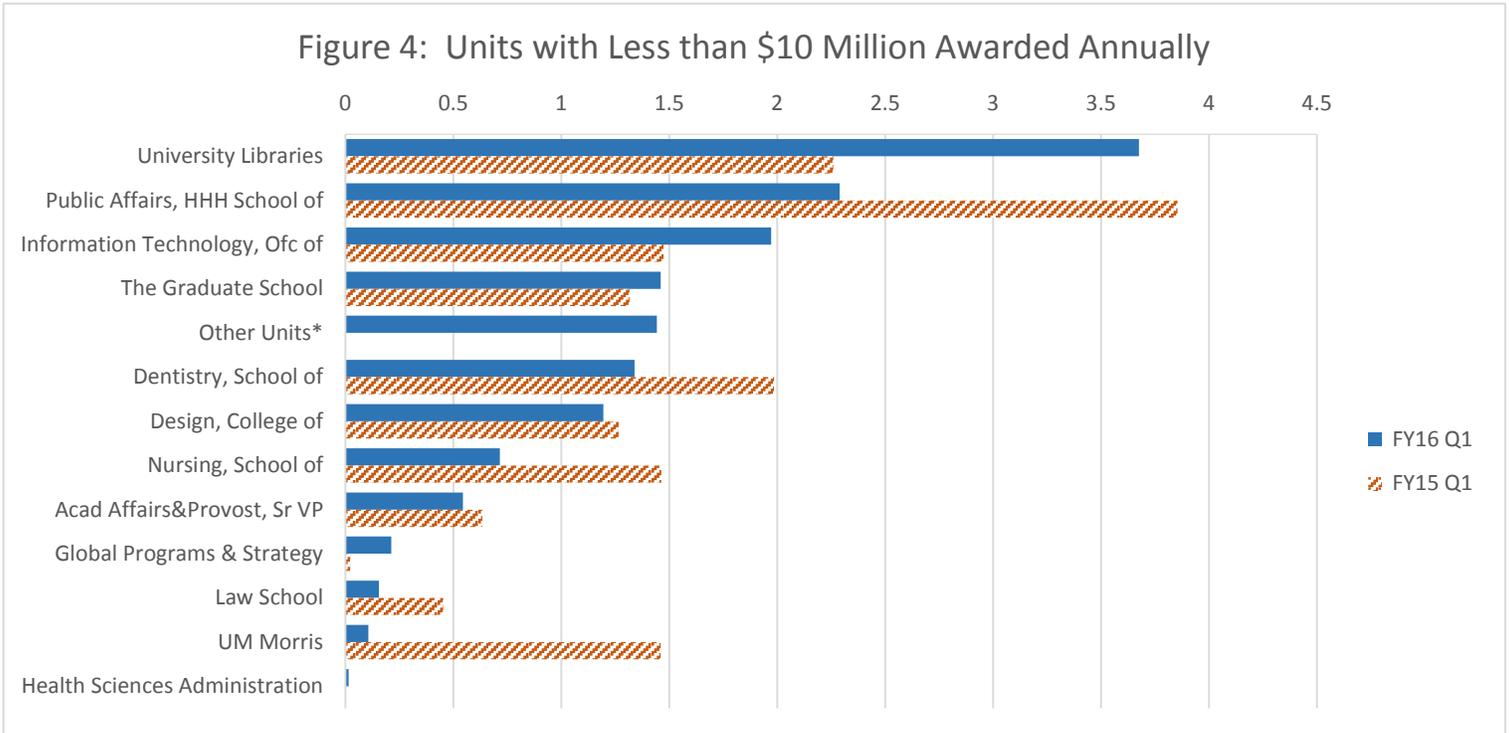
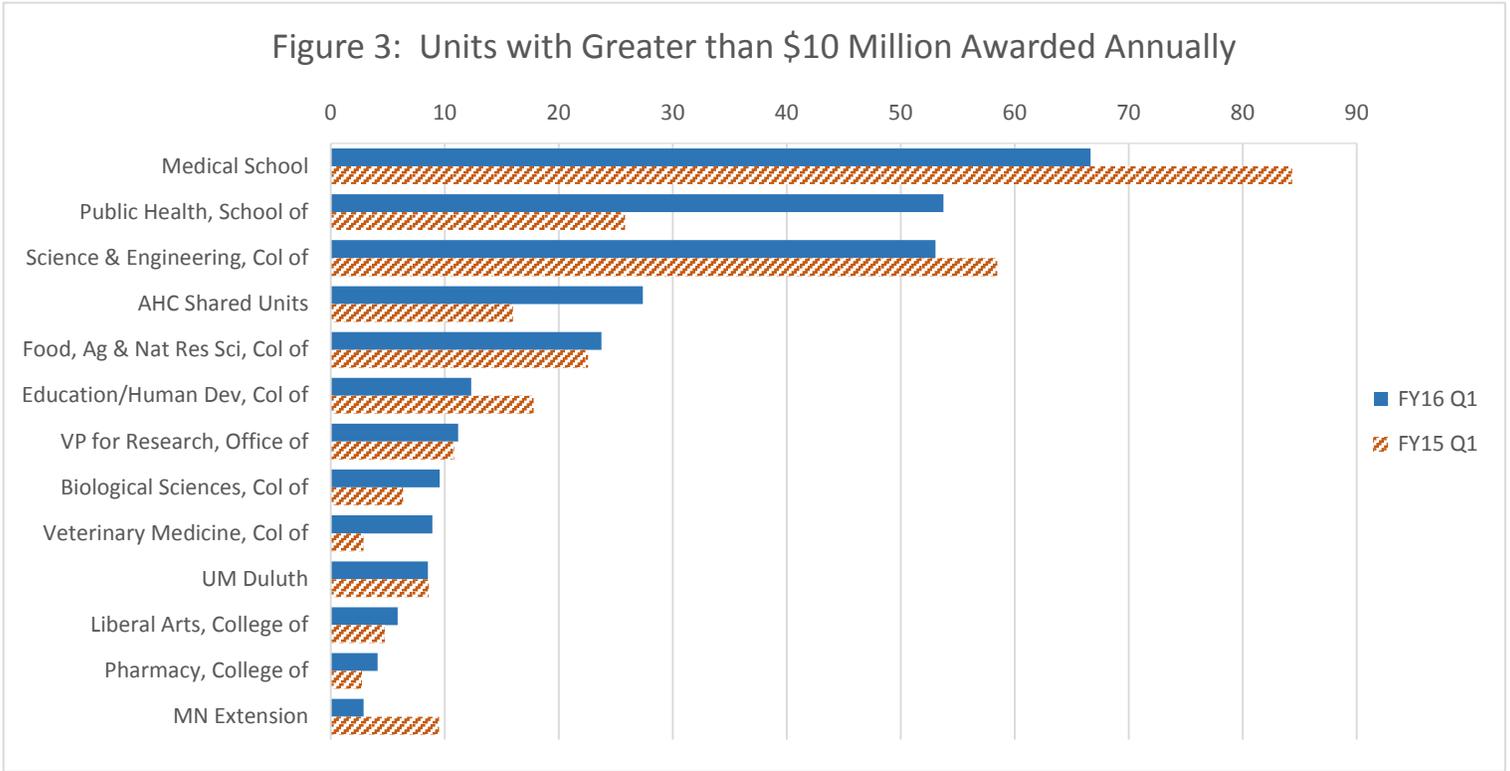


Figure 2: FY16 Q1 Award Dollars by College/Campus
 (in millions)



University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2016 First Quarter: July - September, 2015

Quarter 1 Award Dollars by College/Campus



*Other Units includes: University Health & Safety, College of Continuing Education, UMN-Crookston, Student Affairs-Vice Provost, System Academic Administration-Senior Vice President, Carlson School of Management, UMN-Rochester.

University of Minnesota
Quarterly Report of Grant and Contract Activity
 Fiscal Year 2016 First Quarter: July - September, 2015

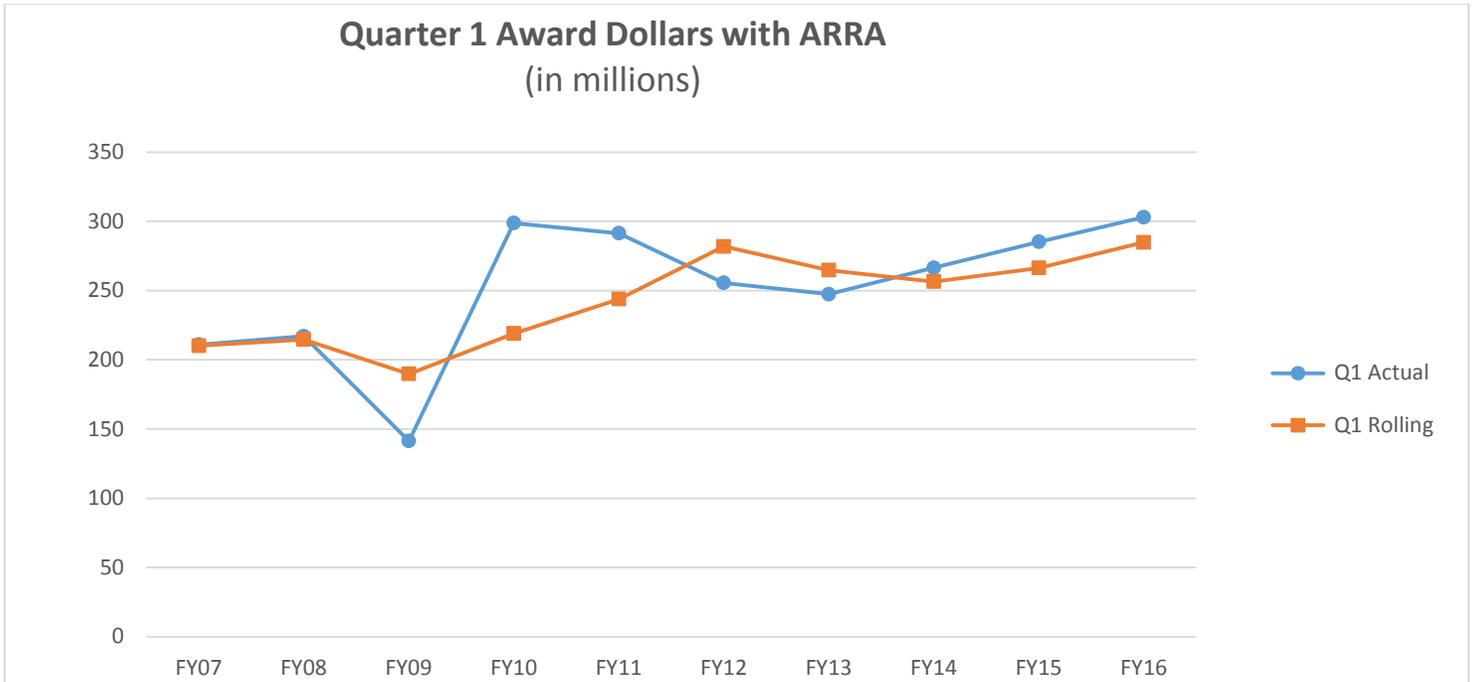


Figure 5: 10-year trend of first quarter award dollars.
 Showing actual amount and rolling 3-year average.
 Includes ARRA awards.

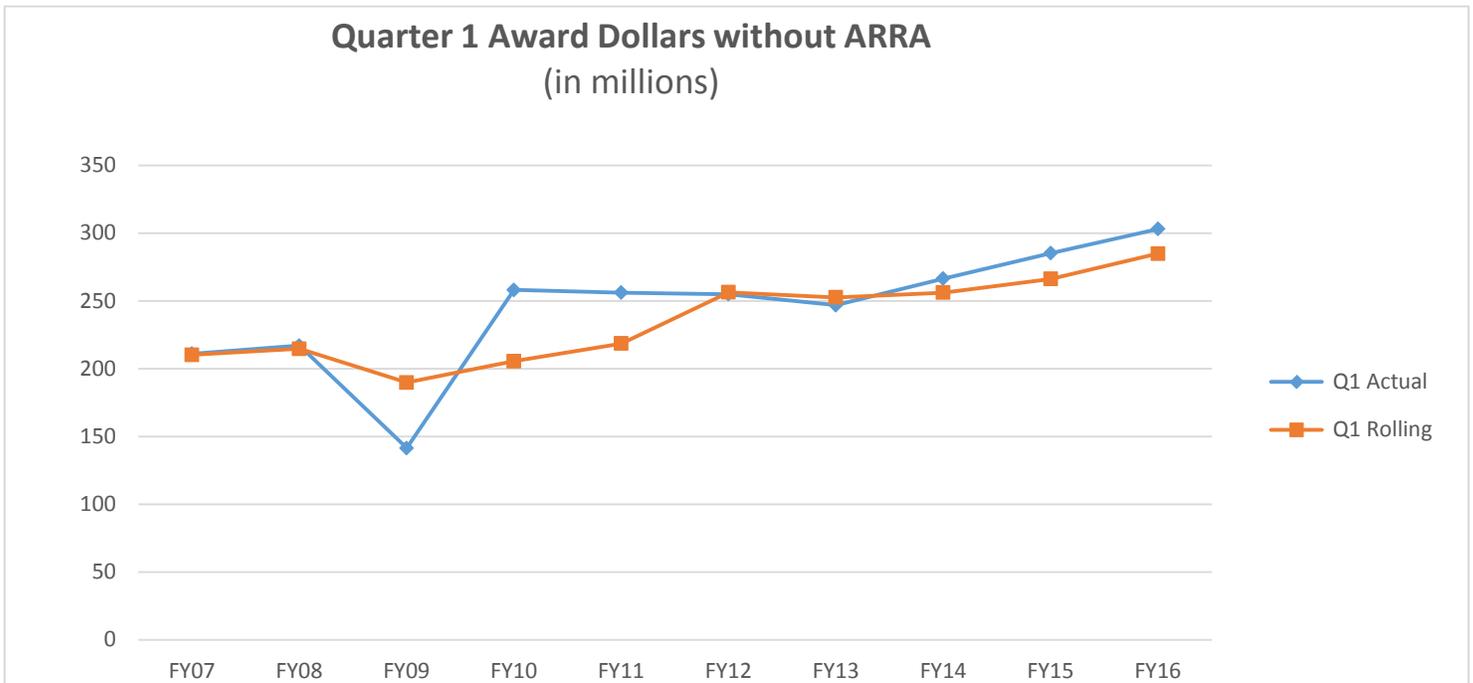


Figure 6: 10-year trend of first quarter award dollars.
 Showing actual amount and rolling 3-year average.
 Excludes ARRA awards.

EASTCLIFF ANNUAL REPORT

July 2014 - June 2015



Residence of the President of the University of Minnesota

**Managed by the Office of the President
and Facilities Management**

**Report reviewed and submitted by:
Eastcliff Advisory Board
December 2015**

BACKGROUND

In 1922, Mr. Edward Brooks, a local lumber baron, and his wife Markell Conley Brooks, commissioned C.H. Johnston Jr., an architect of record for the University of Minnesota, to create a home for his family. The resulting two-story, twenty-room house reflects the family's understated taste as well as the Brooks' lumber heritage. Walnut, ash, cherry, cypress, knotty pine, and bleached oak were used in the construction and detailing; the unusually thick and wide, white clapboard siding was custom cut, and nine fireplaces allowed the Brooks family to burn wood from their lumberyards. Because of its perch atop the eastern cliffs of the Mississippi River, the Brooks family began calling the home Eastcliff – a name still used to this day.

In 1958, the Brooks family graciously donated their majestic home to the University of Minnesota. Today, surrounded by a white wooden fence, Eastcliff occupies approximately two acres and serves as a living laboratory. Faculty in design and architecture assist with renovations and improvements to the home and grounds. Artwork within the residence is on loan from University of Minnesota museum collections and in the gardens, sculpture further accentuates the property.

Since 1961, eight University of Minnesota presidents and their families have resided in Eastcliff. In addition to housing current president, Eric W. Kaler, and his wife, Karen Kaler, Eastcliff serves as a special gathering place for official University functions. Its historic architecture, welcoming public spaces, and manicured grounds provide a comfortable setting for friends of the University – students, faculty, staff, alumni, donors, community leaders, and public officials, as well as dignitaries from around the world. A carriage house, summerhouse, pool, and terraces enrich the property and extend the visitor's experience beyond the main residence.

The Friends of Eastcliff (FOE) and Eastcliff Technical Advisory Committee (ETAC) were created by the Board of Regents in the late 1980s to provide assistance and advice on matters related to the oversight of Eastcliff. In 2014, FOE was repositioned as an advisory board and renamed the Eastcliff Advisory Board (EAB). Both committees report directly to the Board of Regents. The EAB plays a key role in advising the Board of Regents on plans and major expenditures related to Eastcliff, assisting in the solicitation of private resources to support Eastcliff, and bringing internal and external perspectives to conversations about Eastcliff. ETAC bring subject matter expertise to the management of Eastcliff by making recommendations for the improvement, maintenance, operations, and use of the home in accordance with its designation on the National Register of Historic Places and its unique public and private uses. These two committees ensure Eastcliff presents an image worthy of the University's rich history and tradition.

EASTCLIFF ADVISORY BOARD

On February 14, 2014, the Board of Regents voted to reposition the Friends of Eastcliff committee as an advisory board rather than a fundraising committee. Renamed the Eastcliff Advisory Board, it now plays a key role in bringing internal and external perspectives to conversations about Eastcliff, nurturing public support for the home, and ensuring that the Board of Regents has appropriate governance-level oversight of this important University asset.

The Eastcliff Advisory Board (EAB) was created by and is accountable to the Board of Regents. It is chaired by Regent Patricia Simmons.

2014-15 Eastcliff Advisory Board Committee Roster

Chair:

The Honorable Patricia Simmons

Voting Members:

Pamela Wheelock, Vice President for University Services
Richard Pfutzenreuter, Vice President & Chief Financial Officer
Susan Hommes, Director of Planned Giving, University of Minnesota Foundation
Karen Bachman, Citizen Member
Ruth Bachman, Citizen Member
Nancy Lindahl, Citizen Member

Non-Voting Members:

Lyndel King, ETAC Chair and Director, Frederick R. Weisman Art Museum
Brian Steeves, Executive Director and Corporate Secretary, Board of Regents
Cynthia Scott, Associate to the President, Office of the President
Karen Kaler, University Associate
Edward Schneider, Director, Minnesota Landscape Arboretum

Staff:

Stephanie Austin, Office of the Board of Regents

See complete bylaws for the Eastcliff Advisory Board in Appendix A.

EASTCLIFF TECHNICAL ADVISORY COMMITTEE

The Eastcliff Technical Advisory Committee continues to bring subject matter expertise to the management of Eastcliff by making recommendations for the improvement, maintenance, operations, and use of the home in accordance with its designation on the National Register of Historic Places and its unique public and private uses. Changes in the committee's bylaws approved by the Board of Regents on February 14, 2014 delegated responsibility for approval of smaller capital improvements and enhancements.

The Eastcliff Technical Advisory Committee works closely with the Eastcliff Advisory Board to provide advice and recommendations on use of University funds and/or private donations to complete major projects, needed maintenance, or to provide enhancements for the house.

2014-15 Eastcliff Technical Advisory Committee Roster

Chair:

Lyndel King, Director, Frederick R. Weisman Art Museum

Voting Members:

Jim Lutz, Lecturer, IDP Educator Coordinator, Department of Architecture
Joe Favour, Associate Professor, Department of Landscape Architecture
Caren Martin, Assistant Professor, Department of Design, Housing, and Apparel
Mike Berthelsen, Associate Vice President, Facilities Management
Robert Tunell, Associate Director, Facilities Manager
Brian Steeves, Executive Director and Corporate Secretary, Board of Regents

Non-Voting Members:
 Liz Eull, Deputy Chief of Staff, Office of the President
 Karen Kaler, University Associate
 Tom Ritzer, Landscape Architect
 Kevin Ross, Capital Planning and Project Management

Staff:
 Jim Bossert, Eastcliff Facilities Manager

See complete bylaws for the Eastcliff Technical Advisory Committee in Appendix B.

EASTCLIFF ENDOWMENT FUNDS

The University of Minnesota Foundation manages donations to the Eastcliff Endowment Funds, which are designated for ongoing preservation, operations, and enhancement to the house.

In 2014-15, 77 gifts totaling \$12,838.86 were donated and recognized through the Friends of Eastcliff Garden Party, an annual donor recognition event.

Eastcliff Endowment Funds

**Markell Brooks Eastcliff Enhancement Endowment
 Dwight F. Brooks II Eastcliff Enhancement Fund
 July 1, 2014 – June 30, 2015**

Purpose: To be used for enhancements to Eastcliff.	
Beginning Balance 7/1/14	\$952,853.48
Contributions	-
Disbursements	-
Investment Return	\$17,965.76
Ending Balance 6/30/15	\$970,819.24
Available Cash Balance	\$229,585.49
<i>(Accumulated earnings made available from endowment)</i>	

**Eastcliff Legacy Fund
 July 1, 2014 – June 30, 2015**

Purpose: To be used for enhancements to Eastcliff.	
Beginning Balance 7/1/14	\$71,356.98
Contributions	\$12,838.86
Pledge payments	
Disbursements	(\$2,224.00)
Investment Return	\$73.72
Ending Balance 6/30/15	\$82,045.56
Available Cash Balance	\$82,045.56

**Eastcliff Legacy Fund Disbursements
July 1, 2014 – June 30, 2015**

Remittance Sheets	\$280.00
Remittance Envelopes for Brochure	\$260.00
Printing Envelopes for Brochure	\$294.00
Printing of Small Folders	\$1,390.00
Total Disbursements	\$2,224.00

**Eastcliff Endowment Fund
July 1, 2014 – June 30, 2015**

Purpose: To provide support for the ongoing preservation and operation of Eastcliff.

Beginning Balance 7/1/14	\$52,285.81
Contributions	-
Disbursements	-
Investment Return	\$1,571.58
Ending Balance 6/30/15	\$53,857.39
Available Cash Balance	\$3,412.29

OFFICIAL UNIVERSITY ENTERTAINING

One of Eastcliff's primary functions is to serve as a venue for special University events and activities. More than 3,500 guests attended sixty-four events held at Eastcliff in fiscal year 2014-15 including University of Minnesota students, faculty, staff, alumni, and friends as well as community, national, and world leaders.

Eastcliff Events Activity

Number of Events Per Year

2005-2006	164
2006-2007	175
2007-2008	173
2008-2009	166
2009-2010	140
2010-2011	114
2011-2012*	84
2012-2013*	76
2013-2014*	84
2014-2015*	64

Number of Guests Per Year

2005-2006	8,032
2006-2007	7,687
2007-2008	8,891
2008-2009	8,208
2009-2010	6,664
2010-2011	5,959
2011-2012*	3,614
2012-2013*	4,116
2013-2014*	4,214
2014-2015*	3,568

Number of Events Held by Type

	Breakfast	Lunch	Reception	Dinner	Tour	Meeting	Picnic	Other
2005-2006	15	17	48	28	10	25	1	13
2006-2007	16	17	51	36	3	37	1	8
2007-2008	8	23	53	35	6	31	1	8
2008-2009	13	16	52	29	2	41	1	5
2009-2010	7	19	54	22	0	24	1	13
2010-2011	11	14	53	29	4	5	1	0
2011-2012*	7	2	36	24	1	13	0	1
2012-2013*	5	3	31	34	0	1	1	1
2013-2014*	3	16	34	17	0	14	0	0
2014-2015*	4	3	28	18	1	9	0	1

* Beginning July 2011, a new requirement was instituted that all events at Eastcliff be hosted by the president and/or his spouse. As a result, Eastcliff is used more strategically, however its use is highly dependent upon President and Mrs. Kaler's commitments and travel.

CAPITAL AND MAINTENANCE PROJECTS COMPLETED FY 2014 -15

Routine maintenance projects are funded by the University and overseen by Facilities Management (FM). The addition of a full-time property manager in November 2012 has allowed FM to better meet program and facility needs at Eastcliff, systematize facility and grounds operations, and manage maintenance repair projects using FM staff and specialized vendors.

The following maintenance projects were completed at Eastcliff during fiscal year 2014-15:

Maintenance Project Summary

Paint west (river) side of house	\$9,500
Repair port corche banister and rail system	\$12,000
Tuck-point grout on terrace, sidewalks and a window lintel	\$9,500
Replace chiller	\$4,200
Replace two second story window sashes	\$4,100
Clean and acid etch swimming pool	\$2,900
Clean and seal catering kitchen, breakfast nook and small kitchen floors	\$2,100

FACILITIES MANAGEMENT AND PRESIDENT'S OFFICE SUMMARY OF EXPENDITURES

**General Operations and Maintenance Fund
12 Months Ending June 30, 2015
(unaudited)**

	Current Year 2014/15			Prior Year 2013/14		
	Facilities	Events	Total	Facilities	Events	Total
Beginning Balance		\$238,061	\$238,061		\$181,662	\$181,662
REVENUES						
Total Year Allocation	\$259,686	\$68,619	\$328,305	\$258,945	\$87,847	\$346,792
Transfer from Office of the President						
Transfer from Facilities Management				\$54,396		\$54,396
Transfer from the General Contingency Fund						
Transfer from Central Reserves						
Total Resources	\$259,686	\$306,680	\$566,366	\$313,341	\$269,509	\$582,850
EXPENDITURES						
Salaries and Fringe Benefits	\$18,972	\$63,230	\$82,202	\$71,366	\$33,289	\$104,655
Supplies, Expenses, Equipment	\$236,112	\$9,293	\$245,405	\$249,816	\$5,307	\$255,122
Transfer to FM						
Transfer to/(from) the Eastcliff Project Reserve	\$4,602		\$4,602			
Total Expenditures	\$259,686	\$72,523	\$332,209	\$313,341	\$31,447	\$344,789
Ending Balance	\$0	\$234,157	\$234,157*	\$0	\$238,061	\$238,061

* Includes approximately \$40,000 designated to replace the chiller unit, an expenditure approved by the Board of Regents in December 2014.

APPENDIX A



EASTCLIFF ADVISORY BOARD BYLAWS

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University president and family. The Eastcliff Advisory Board (EAB) is created by and accountable to the Board of Regents. Its mission is to advise the Board of Regents on plans and major expenditures related to Eastcliff, assist in the solicitation of private resources to support Eastcliff, and nurture continued public support for the home to ensure that it projects an image worthy of the University's rich history and tradition. It plays an important role in considering both internal and external perspectives regarding spending decisions at Eastcliff and ensuring that the Board of Regents has appropriate governance-level oversight of this important University asset.

Membership

Chair:

- Board of Regents member (selected by the chair of the Board of Regents)

Voting Members:

- Vice President for University Services or designee (1)
- Vice President & Chief Financial Officer or designee (1)
- President, University of Minnesota Foundation or designee (1)
- Members who are not University employees, appointed by the chair of the Board of Regents for two-year terms that run concurrently with the term of the EAB chair (3-6)

Non-Voting Members:

- Chair, Eastcliff Technical Advisory Committee (1)
- Board of Regents Executive Director (1)
- President's designee, Office of the President (1)
- University Associate (President's Spouse) (1)
- Director, Minnesota Landscape Arboretum or designee (1)

Staff:

- Office of the Board of Regents

Responsibilities

1. Master Plans, Capital Improvements, and Significant Expenditures. Review recommendations of the Eastcliff Technical Advisory Committee (ETAC) and advise the Board of Regents on master plans, capital improvements, and significant expenditures that enhance the original integrity and design of Eastcliff and its grounds and promote it as an important institutional and residential University resource. Capital improvements and significant expenditures are defined as physical improvements, equipment, furniture, fixtures, decorations, and/or enhancements exceeding \$25,000 in cost. Emergency approvals of capital improvements and/or significant expenditures may be granted through the process outlined in Board of Regents Policy: *Board Operations and Agenda Guidelines*. Any such emergency approvals will be brought to the next meeting of EAB for information.
2. Use of Funding. Advise the Board of Regents on the appropriate use of funding for projects being recommended for approval. Use of private funds must be consistent with donor intent.
3. Fundraising. Review the University of Minnesota Foundation's (UMF) development plan for Eastcliff and assist in the solicitation of private resources consistent with that plan.
4. Public Support. Nurture continued public support of Eastcliff. Advise on issues of public education, awareness and relations, as well as on matters pertaining to donor appreciation and communications. The term 'Friends of Eastcliff' may be used at the discretion of EAB to recognize individuals and families who have provided financial support for Eastcliff.
5. Annual Report. Review and submit to the Board of Regents an annual report on Eastcliff that includes a summary of the previous fiscal year's financial, maintenance, and operational activity.

Approved by Board of Regents - February 14, 2014

Supersedes: Friends of Eastcliff Committee Bylaws dated November 2008.

APPENDIX B



EASTCLIFF TECHNICAL ADVISORY COMMITTEE BYLAWS

Mission

Eastcliff has a unique role among University of Minnesota buildings in that it serves both as a public facility for events and meetings and as the private residence of the University president and family. The Eastcliff Technical Advisory Committee (ETAC) is created by and accountable to the Board of Regents. Its mission is to bring subject matter expertise to the management of Eastcliff by making recommendations for the improvement, maintenance, operations, and use of the home to ensure that it projects an image worthy of the University's rich history and tradition. In doing so, the committee must balance wise use of University and donor resources with the home's designation on the National Register of Historic Places and appropriately separate, protect, and foster Eastcliff's unique public and private uses.

Membership

Chair:

- Selected by the Chair of the Board of Regents from the voting members of the committee

Voting Members:

- Faculty member designees from the following College of Design disciplines:
- Architecture (1)
- Landscape Architecture (1)
- Interior Design (1)
- Vice President for University Services designees (2)
- Director/designee, Weisman Art Museum (1)
- Board of Regents Executive Director (1)

Non-Voting Members:

- Office of the President designee (1)
- University Associate (President's Spouse) (1)
- Vice President for University Services designees:
- Public Safety (1)
- Capital Planning & Project Management (1)

Staff:

- Facilities Management designee

Responsibilities

1. Master Plans, Capital Improvements, and Significant Expenditures. Develop and recommend master plans, capital improvements, and/or significant expenditures that enhance the original integrity and design of Eastcliff and its grounds and promote it as an important institutional and residential University resource.

Recommendations should be consistent with Eastcliff master plans and follow the University's established capital planning process. Capital improvements and significant expenditures should be maintained on and evaluated against a prioritized list of needs. As annual recommendations are developed and advanced, ETAC should provide estimated project budgets, suggested funding sources, and recommended project delivery methods and timing.

2. Approvals and Recommendations. Except for routine maintenance, repairs, and replacement, ETAC must approve all capital improvements, equipment, furniture, fixtures, decorations, and/or enhancements exceeding \$5,000 but below \$25,000 in cost, consistent with University policies and procurement practices. Expenditures below \$5,000 that could be viewed as personally benefiting the president or family should also be approved in advance by ETAC. Capital improvements and/or significant expenditures exceeding \$25,000 must receive approval of the Board of Regents, which will consider ETAC's recommendations along with advice from the Eastcliff Advisory Board (EAB).

Upon recommendation of the Vice President for University Services, the ETAC chair, in consultation with the chair of the EAB, may act on behalf of the committee when delaying approval poses a significant health, safety, or financial risk to the University. Any such emergency approvals will be brought to the next meeting of ETAC for information.

3. Operations and Maintenance Plan. Review Facilities Management's annual facility operations and maintenance plan and budget for Eastcliff.
4. Quarterly Operating Reports. Review quarterly operating reports supplied by Facilities Management.
5. Operating Policies and Procedures. As requested, advise the Office of the President and Facilities Management on operating policies and procedures including staffing, general maintenance, purchasing, security, and the appropriate level of scheduling and use of Eastcliff.
6. Meeting Procedures. The chair of ETAC will call committee meetings, develop agendas for distribution to committee members in advance of each meeting, and ensure that minutes are kept to preserve a record of committee actions. A quorum consisting of at least four (4) voting members must participate in a vote for action to be taken. Votes may be cast in person or electronically, with a simple majority required for approval.

Approved by Board of Regents - February 14, 2014

Supersedes: Eastcliff Technical Advisory Committee Bylaws dated September 2002.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Consent Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Regent Dean Johnson

PURPOSE & KEY POINTS

To seek Board approval of items in the consent report, as required in Board of Regents Policy: *Reservation and Delegation of Authority*.

Items for consideration:

A. Gifts

The President recommends approval of the Summary Report of Gifts to the University of Minnesota through October 31, 2015 (attached).

B. Guidelines Related to Complimentary Tickets

Applicable tax law requires that the University report the value of complimentary tickets provided to directors of the corporation as gross income to individuals. The University is directed to implement the following guidelines related to complimentary tickets provided to Regents:

- The taxable fair market value of tickets provided to Regents will be 80 percent of the ticket's face value plus the non-deductible portion of any scholarship seating fee required to purchase the tickets. The discounted valuation is intended to reasonably reflect the prohibition on resale of complimentary tickets. The University will annually issue to each Regent a Form 1099-MISC reflecting the aggregate fair market value of all tickets provided to the Regent in all cases where such value equals or exceeds \$600. This information will also be reported to the Internal Revenue Service.
- The purchase of certain season athletic tickets requires payment of a scholarship seating fee in addition to the ticket's face value. For purposes of determining taxable fair market value of these tickets, 20 percent of this fee will constitute the non-deductible portion and be added to the value of the ticket. This percentage reflects that when the fee is paid by an individual, that individual may deduct 80 percent of the fee as a charitable contribution, subject to certain limitations.

- Regents may be reimbursed for expenses related to attendance at cultural or home athletic events if a business purpose is documented on their Expense Report. Such documentation will not be used to adjust the amount reported on Form 1099-MISC for tax purposes. The University will not request or track business use of tickets in order to reduce the fair market value of tickets reported for tax purposes.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

**MEETING OF THE BOARD OF REGENTS
GIFTS TO BENEFIT THE UNIVERSITY OF MINNESOTA
SUMMARY REPORT***

December 2015 Regents Meeting

	September		Year-to-Date	
	2015	2014	07/01/15 09/30/15	07/01/14 09/30/14
U of M Gift Receiving	\$ 394,157	\$ 147,021	\$ 511,302	\$ 193,225
4-H Foundation	125,101	536,305	186,767	743,778
Arboretum Foundation	1,560,978	331,777	4,110,718	3,734,373
Univ of MN Foundation	24,408,469	18,804,277	75,077,876	38,190,475
Total Gift Activity	\$ 26,488,705	\$ 19,819,380	\$79,886,663	\$ 42,861,851

*Detail on gifts of \$5,000 and over is attached.

Pledges are recorded when they are received. To avoid double reporting, any receipts which are payments on pledges are excluded from the report amount.

Gifts to benefit the University of Minnesota

Gifts received in September 2015

<u>Donor</u>	<u>Rec'd by</u>	<u>Gift/Pledge</u>	<u>Purpose of gift</u>
<u>\$1 Million and Over</u>			
Anonymous	UMF	Pledge	Intercollegiate Athletics
Hormel Fdn.	UMF	Gift	Hormel Institute
James H. Michael Estate	UMF	Gift	Law School
Michael W. and Judith M. Wright	UMF	Pledge	Intercollegiate Athletics
Stanley S. and Karen H. Hubbard	UMF	Pledge	Intercollegiate Athletics
<u>\$500,000 - \$1,000,000</u>			
Boston Scientific Corp.	UMF	Pledge	College of Science and Engineering, Medical School, School of Public Health
Anonymous	UMF	Gift	Medical School
Schwan's Corporate Giving Foundation	UMF	Pledge	Intercollegiate Athletics, College of Food, Agricultural and Natural Resource Sciences
Kidz1stFund	UMF	Gift	Medical School
Dan F. Huebner Estate	UMF	Gift	College of Education and Human Development
<u>\$250,000 - \$500,000</u>			
Ruth A. Jacobs Estate	UMF	Gift	Medical School
Julie A. Ross Estate	UMF	Gift	Academic Health Center
Anonymous	UMF	Gift	Academic Health Center
Anonymous	UMF	Pledge	Intercollegiate Athletics
McVay Fdn.	UM	Pledge	Minnesota Landscape Arboretum
<u>\$100,000 - \$250,000</u>			
3M Foundation	UMF	Gift	College of Science and Engineering, College of Education and Human Development, Carlson School of Management
Juan Dewey Aruego	UM	Gift	Libraries
Francis J. Sorauf Estate	UMF	Gift	Libraries, College of Liberal Arts
Olaf Bergerson Estate	UMF	Gift	Scholarships
The McKnight Fdn.	UMF	Gift	Center for Urban and Regional Affairs, College of Science and Engineering
Jean Roberts Estate	UMF	Gift	Law School, School of Public Health, College of Science and Engineering

\$100,000 - \$250,000

James A. Johnson	UMF	Pledge	Humphrey School of Public Affairs
Marjeanne A. Sunde Estate	UMF	Gift	Academic Health Center
The Hubbard Broadcasting Fdn.	UMF	Gift/Pledge	Medical School, Eastcliff
Monsanto Co.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Best Buy Co. Inc.	UMF	Pledge	Humphrey School of Public Affairs
Louis F. Lawrence Estate	UMF	Gift	College of Veterinary Medicine
Michael A. Johnson	UMF	Pledge	Intercollegiate Athletics
Robert C. Klas Jr. and Linda S. Klas	UMF	Pledge	Intercollegiate Athletics

\$50,000 - \$100,000

Marilyn M. Bicking Estate	UMF	Gift	College of Veterinary Medicine
Alfred E. France	UMF	Gift	Medical School
Intel Corp.	UMF	Gift	College of Science and Engineering
Bayer Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
James D. Leslie Family Foundation	UMF	Pledge	Scholarships
Kavo Kerr Group	UM	Gift	School of Dentistry
Silicon Valley Community Foundation	UMF	Gift	College of Science and Engineering
Sirius Minerals PLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Michael Berman and Debbie Cowan	UMF	Gift/Pledge	Humphrey School of Public Affairs, College of Liberal Arts
Deborah R. Olson	UMF	Gift	Intercollegiate Athletics
Carol E. Macpherson Memorial Scholarship Fund	UMF	Gift	Scholarships
Jim Smith Foundation	UMF	Pledge	Medical School
Kenneth K. Liao	UMF	Pledge	Medical School
Medtronic Inc.	UMF	Gift	College of Science and Engineering
Total American Services Inc.	UMF	Gift	College of Science and Engineering

\$25,000 - \$50,000

Lawrence Grab and Lisa Peterson	UMF	Gift	School of Public Health
Centro Internacional De Agricultura	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Valent	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
3M Co.	UMF	Gift	Medical School, Weisman Art Museum
Syngenta Crop Protection LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Robert Priseman	UM	Gift	University of Minnesota Duluth
Miles E. Efron Estate	UMF	Gift	Carlson School of Management
Anonymous	UMF	Gift	Unrestricted

\$25,000 - \$50,000

Humor to Fight the Tumor Fdn.	UMF	Gift	Medical School
Nitto Denko Corp.	UMF	Gift	College of Science and Engineering
William S. Marvin Fund-MN Community Fdn.	UMF	Gift	College of Science and Engineering
William B. and Nancy L. Ambrose	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Kellogg's	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Marla S. Spivak	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Takasago International Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
The Karlson Family Fdn.	UMF	Gift	Medical School
Hope in Grace	UMF	Gift	Medical School, Academic Health Center
Yi-Chun Chou	UMF	Pledge	Academic Health Center, Carlson School of Management
Arvid Olson Estate	UMF	Gift	Medical School
The Curtis L. Carlson Family Foundation	UMF	Gift/Pledge	Humphrey School of Public Affairs, College of Design
American Legion Family Brain Sciences Fdn.	UMF	Gift	Medical School
FMC Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Anonymous	UMF	Gift	College of Science and Engineering
Davis Family Dairies, LLC	UMF	Gift	College of Veterinary Medicine
Eldred G. Mugford Estate	UMF	Gift	School of Nursing
F. R. Bigelow Fdn.	UMF	Gift	Midwest Child-Parent Centers
Lam Research Fdn.-Silicon Valley Community Fdn.	UMF	Gift	College of Science and Engineering
Paul and Mary Reyelts Fdn-Signature Fund	UMF	Gift	College of Design
Sarah J. Kuzel-Leslie and Daniel B. Leslie	UMF	Pledge	Medical School
The Saint Paul Foundation	UMF	Gift	College of Education and Human Development
Valspar Corp.	UMF	Gift	College of Science and Engineering
<u>\$10,000 - \$25,000</u>			
A. Marilyn Sime	UMF	Gift	College of Education and Human Development
Saminco Inc.	UM	Gift	College of Design

\$10,000 - \$25,000

Ruth G. and Dale L. Bachman	UMF	Gift/Pledge	Center for Spirituality and Healing, Academic Health Center
Target Corp.	UMF	Gift	College of Science and Engineering, Carlson School of Management, Humphrey School of Public Affairs
Caleb Fund of the Minneapolis Fdn.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Lowe's Inc.	UMF	Gift	Carlson School of Management
Riverview Fund-West Central Initiative	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Sarah Wilson Sweatt Fund of The Mpls Fdn	UMF	Gift	College of Veterinary Medicine
St. Jude Medical Fdn.	UMF	Gift	Medical School
Kevin L. Roberg	UMF	Gift	Medical School
Linda Peterson Perlman and Lawrence Perlman	UM	Gift	University of Minnesota Duluth
Center for Computer-Assisted Legal Instruction	UMF	Gift	Law School
CHS Foundation	UMF	Gift	University of Minnesota Crookston
Robert F. Hartmann	UMF	Gift	College of Science and Engineering
Arne M. Sorenson	UMF	Pledge	Law School
Barbara L. Forster	UMF	Gift	Academic Health Center, Weisman Art Museum
Catholic Rural Life	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
David H. Johnson and Mary F. Phillipp	UMF	Pledge	University of Minnesota Duluth
James J. Bender	UMF	Pledge	Law School
Jean and Mark Schroepfer Fund-St. Paul Fdn.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Jeannine M. Rivet	UM	Gift	Minnesota Landscape Arboretum
John J. Goldfine	UMF	Gift	University of Minnesota Duluth
Nathan E. and Elaine L. Ballou	UMF	Gift	University of Minnesota Duluth
Pickard Chilton Architects Inc.	UMF	Gift	College of Design
Srinath Chinnakotla	UMF	Pledge	Medical School
Shorewood Yacht Club	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences, College of Liberal Arts
Carolyn L. Havig Estate	UM	Gift	Minnesota Landscape Arboretum
Chen and Yao Family Charitable Fund-Vanguard Charitable	UMF	Gift	Medical School
Land O'Lakes Inc. Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Cabot Corp.	UMF	Gift	College of Science and Engineering

\$10,000 - \$25,000

Mozo-Grau	UMF	Gift	School of Dentistry
Stand Up 2 Ataxia	UMF	Gift	Medical School
Laurence F. and Jean Y. LeJeune	UMF	Gift	Academic Health Center, Medical School, College of Veterinary Medicine
Mike and Linda Fiterman Family Foundation	UMF	Gift	Scholarships, College of Liberal Arts
Craig R. Dahl	UMF	Gift	Intercollegiate Athletics
Elizabeth A. Huey	UMF	Gift	College of Education and Human Development
Donald E. Ryks	UM	Gift	Minnesota Landscape Arboretum
BASF Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Marguerite Henry Family Trust	UMF	Gift	College of Education and Human Development
Caroline M. Gilbert	UMF	Gift	Parent HELP Center
Chad and Chantece Guilbeau	UMF	Pledge	Academic Health Center
Daniel A. Saltzman	UMF	Pledge	Medical School
Dorothy E. Downey	UMF	Gift	School of Public Health
Eric P. Schwartz and Catherine Graham	UMF	Pledge	Humphrey School of Public Affairs
Grain Millers Inc.	UMF	Gift	Carlson School of Management
Hoeft Family Fund-Mpls. Fdn.	UM	Gift	Minnesota Landscape Arboretum
Lori Morrow	UMF	Gift	Medical School
Neugent Family Charitable Fund - Fidelity Charitable	UMF	Gift	Carlson School of Management
Northern Canola Growers Association	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Patrick L. and Phuong K. Bajari	UMF	Gift	College of Liberal Arts
Rahr Foundation	UM	Gift	Minnesota Landscape Arboretum
Transportation Club of Minneapolis and St. Paul	UMF	Pledge	Academic Health Center
US Bank National Association	UMF	Gift	Carlson School of Management

\$5,000 - \$10,000

Regis Foundation for Breast Cancer Research	UMF	Gift	Academic Health Center
North Central Cheese Industries Assn.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Syvilla M. Turbis Estate	UMF	Gift	Medical School, Academic Health Center
American Veterinary Medical Foundation	UMF	Gift	College of Veterinary Medicine
Muriel M. Orcutt Estate	UMF	Gift	Libraries

\$5,000 - \$10,000

David L. Cole	UM	Gift	Minnesota Landscape Arboretum
Renata R. Winsor	UM	Gift	Minnesota Landscape Arboretum
General Mills Fdn.	UMF	Gift/Pledge	Various Units
Dow International Finance S.a.r.l	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Philip O. Isaacson	UM	Gift	Minnesota Landscape Arboretum
Welsh and Colliers International	UMF	Pledge	Carlson School of Management
Michael P. Russelle	UM	Gift	Minnesota Landscape Arboretum
Richard and Patty DeLano	UMF	Gift	University of Minnesota Duluth
Harvey A. Bartz	UMF	Gift	Academic Health Center
Accenture LLP	UMF	Gift	Carlson School of Management
Patrick E. Bowe	UM	Gift	Minnesota Landscape Arboretum
Marilyn A. Storm Estate	UM	Gift	Minnesota Landscape Arboretum
Cynthia M. Page	UM	Gift	Minnesota Landscape Arboretum
Rainbow TreeCare Scientific Advancements Inc.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Hong-Ming Soo	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Knopf Family Fdn.	UM	Gift	Minnesota Landscape Arboretum
Patricia R. Thayer	UMF	Gift	Carlson School of Management
Research and Diagnostic Systems Inc.	UMF	Gift	Medical School
The Mosaic Company	UMF	Gift	Intercollegiate Athletics
Keith Rachey	UMF	Gift	Intercollegiate Athletics
TCF National Bank	UMF	Gift	Academic Health Center, Academic Affairs
West Central Distribution	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Bradley S. Baumgard	UMF	Gift	Intercollegiate Athletics
A. Peter Hilger	UMF	Gift	College of Continuing Education
John E. and Nancy E. Lindahl	UMF	Gift	Intercollegiate Athletics
Thomas A. Rose	UMF	Pledge	College of Liberal Arts
Richard J. and Elizabeth B. Kleber	UMF	Gift	Medical School
Hill's Pet Nutrition Inc.	UMF	Gift	College of Veterinary Medicine
Intel Fdn.	UMF	Pledge	College of Science and Engineering
Advantage PCA Services	UMF	Gift	University of Minnesota Duluth
Amy C. Morey	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ashland Inc.	UMF	Gift	College of Science and Engineering
Bonita M. Kozub-Frels	UMF	Gift	College of Liberal Arts
Charles F. Alexander III Estate	UMF	Gift	Medical School
Dan A. Gunderson	UMF	Gift	College of Science and Engineering
David and Valerie Pace	UMF	Gift	4H Foundation
Dorsey and Whitney LLP	UMF	Gift	Humphrey School of Public Affairs

\$5,000 - \$10,000

Edward H. Coe Jr.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Goldstein Gift Fund-Fidelity Investment Charitable Gift Fund	UMF	Gift	College of Liberal Arts
Heidi R. Hubbard	UMF	Gift	Academic Health Center
Ion Corp.	UMF	Gift	Intercollegiate Athletics
J. A. Wedum Fdn.	UM	Gift	Minnesota Landscape Arboretum
Janet E. Klis	UMF	Gift	Intercollegiate Athletics
John N. and Mary Kay Dunne	UMF	Gift	Libraries
Kaplan Strangis and Kaplan PA	UMF	Gift	Law School
Karen M. Grabow and Keith M. Halperin	UMF	Gift	College of Liberal Arts
Kelly Ekerholm	UM	Gift	Minnesota Landscape Arboretum
Laborers District Council of MN/ND AFL- CIO	UMF	Gift	Humphrey School of Public Affairs
Lake Shore Cryotronics Inc.	UMF	Gift	College of Science and Engineering
Lori D. Jones	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Mark Johnson and Laura Johnson Family Fdn.	UMF	Gift	Medical School
Meyer Scherer and Rockcastle Ltd.	UMF	Gift	College of Design
Minnehaha Creek Watershed District	UM	Gift	Minnesota Landscape Arboretum
Rajinder K. Dawra	UMF	Pledge	Medical School
Richard and Gail Baldwin	UMF	Gift	Intercollegiate Athletics
Robert C. Hansen	UMF	Gift	University of Minnesota Morris
Satinder K. Singh	UMF	Pledge	College of Biological Sciences
Schwan's Consumer Brands Inc.	UMF	Gift	Carlson School of Management
Scott C. Bullock	UMF	Gift	Medical School
Sofia M. and Jan J. Laskowski	UMF	Gift	College of Science and Engineering
Stephen and Lauren Vogt	UMF	Gift	University of Minnesota Duluth
Stuart and Katherine Nielsen	UMF	Gift	College of Liberal Arts
Susan E. Jackson	UMF	Gift	University of Minnesota Morris
Susan P. Rani	UMF	Gift	College of Liberal Arts
Thomas B. Mowbray	UMF	Pledge	University of Minnesota Duluth
William Henderson	UMF	Gift	College of Liberal Arts

**MEETING OF THE BOARD OF REGENTS
GIFTS TO BENEFIT THE UNIVERSITY OF MINNESOTA
SUMMARY REPORT***

December 2015 Regents Meeting

	October		Year-to-Date	
	2015	2014	07/01/15 10/31/15	07/01/14 10/31/14
U of M Gift Receiving	\$ 661,796	\$ 60,627	\$ 1,173,098	\$ 253,852
4-H Foundation	33,770	73,473	220,537	817,252
Arboretum Foundation	303,375	335,690	4,414,093	4,070,063
Univ of MN Foundation	23,012,416	81,404,525	98,090,292	119,595,000
Total Gift Activity	\$ 24,011,357	\$ 81,874,315	\$ 103,898,020	\$ 124,736,167

*Detail on gifts of \$5,000 and over is attached.

Pledges are recorded when they are received. To avoid double reporting, any receipts which are payments on pledges are excluded from the report amount.

Gifts to benefit the University of Minnesota

Gifts received in October 2015

<u>Donor</u>	<u>Rec'd by</u>	<u>Gift/Pledge</u>	<u>Purpose of gift</u>
<u>\$1 Million and Over</u>			
Richard and Beverly Fink	UMF	Pledge	College of Liberal Arts
Laurence O. Pilgeram Estate	UMF	Gift	Medical School
Shakopee Mdewakanton Sioux Community	UMF	Pledge	School of Public Health, College of Pharmacy, College of Food, Agricultural and Natural Resource Sciences
<u>\$500,000 - \$1,000,000</u>			
Thomas F. Grose Estate	UMF	Gift	Carlson School of Management
James A. and Mary G. Lawrence	UMF	Gift	Carlson School of Management, College of Liberal Arts
James Ford Bell Trust	UM	Gift	Libraries
Lawrence Family Fdn.	UMF	Gift	Carlson School of Management
<u>\$250,000 - \$500,000</u>			
Robert B. Henton Residuary Trust	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Frank J. Dixon Jr. Estate	UMF	Gift	Medical School
M. A. Mortenson Co.	UMF	Gift/Pledge	Scholarships, Intercollegiate Athletics
<u>\$100,000 - \$250,000</u>			
Medica	UMF	Gift	Business & Community Economic Development, Medical School, School of Public Health
Julie A. Ross Estate	UMF	Gift	Medical School
The McKnight Fdn.	UMF	Gift	Carlson School of Management, College of Food, Agricultural and Natural Resource Sciences
3M Co.	UMF	Gift	Carlson School of Management, School of Public Health, College of Science and Engineering
Douglas C. Mohl Estate	UMF	Gift	Medical School
John Fesler Charities	UMF	Gift	Minnesota Landscape Arboretum, Carlson School of Management, College of Food, Agricultural and Natural Resource Sciences
Shirley I. Decker	UMF	Gift	College of Liberal Arts
Anonymous	UMF	Gift	College of Veterinary Medicine
Joan Aldous Estate	UMF	Gift	College of Liberal Arts

\$100,000 - \$250,000

Millicent Atkins Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Childrens Cancer Research Fund	UMF	Gift/Pledge	Medical School
Geisler Family Fdn.	UMF	Gift	Carlson School of Management
Polly Reuling	UMF	Gift	College of Liberal Arts
The Mulhollem Cravens Fdn.	UMF	Gift	College of Liberal Arts

\$50,000 - \$100,000

Arnold S. Leonard Cancer Research Fund	UMF	Gift	Medical School
Katherine R. Lillehei Charitable Lead Unitrust	UMF	Gift	Medical School, School of Nursing
John M. Barry and Toni L. Eigner-Barry	UMF	Gift	Medical School
Cargill Inc.	UMF	Gift	Humphrey School of Public Affairs, Medical School, College of Biological Sciences
BASF Corp.	UMF	Gift	College of Science and Engineering, College of Food, Agricultural and Natural Resource Sciences
Buuck Family Fdn.	UMF/UM	Gift	Scholarships, Minnesota Landscape Arboretum
Infineum USA LP	UMF	Gift	College of Science and Engineering
Two Blades Fdn.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Starke and Virginia Hathaway Trust	UMF	Gift	College of Liberal Arts
Luella S. Shaw Estate	UM	Gift	Minnesota Landscape Arboretum
Medtronic Inc.	UMF	Gift	Humphrey School of Public Affairs
Daniel R. and Lady Bess Fishback	UMF	Gift	University of Minnesota Duluth
Daniel L. McFadden	UM	Gift	Weisman Art Museum
Dorsey and Whitney LLP	UMF	Pledge	Humphrey School of Public Affairs
FMC Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ganoe Charitable Fdn.-National Philanthropic Trust	UMF	Gift	Medical School
George and Barbara Barany	UMF	Gift	College of Science and Engineering
Hormel Foods Corp. Charitable Trust	UMF	Gift	Hormel Institute
Julia W. Dayton Revocable Trust	UMF	Gift	College of Design
MeadWestvaco	UMF	Gift	College of Science and Engineering
Richard D. Koats	UMF	Gift	Medical School
RTP Co.	UMF	Gift	College of Science and Engineering
Toray Industries Inc.	UMF	Gift	College of Science and Engineering
George W. Taylor Charitable Trust	UMF	Gift	College of Science and Engineering
George Family Fdn.	UMF	Gift	Center for Spirituality and Healing

\$25,000 - \$50,000

Gus and Ann Chafoulias Donor Advised Fund	UMF	Gift	Intercollegiate Athletics
Gary L. Grammens	UMF	Gift	Academic Health Center
Anonymous	UMF	Gift	Medical School, Carlson School of Management
Cook Medical LLC	UMF	Gift	Medical School
Newman's Own Fdn.	UMF	Gift	Carlson School of Management
Eddy Fdn. Charitable Trust U/W	UMF	Gift	University of Minnesota Duluth
Advanced Circulatory Systems Inc.	UMF	Gift	Medical School
Richard M. Schulze Family Fdn.	UMF	Gift	Bell Museum of Natural History
Sirius Minerals PLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Paul A. H. Pankow	UMF	Gift	College of Science and Engineering
Katharine E. Dumas	UMF	Gift	University of Minnesota Duluth
Anonymous	UM	Pledge	Minnesota Landscape Arboretum
USDA	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
ERJ Dining LLC	UM	Gift	Academic Health Center
H. William and Judy Walter	UMF	Gift	Carlson School of Management
Kenneth E. and Alix H. Behm	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Gordon R. Johnson Endowed Fund-Mpls. Fdn.	UMF	Gift	Intercollegiate Athletics, Medical School
ExxonMobil Fdn.	UMF	Pledge	College of Science and Engineering
Juel E. anderson	UMF	Pledge	Intercollegiate Athletics
Brian J Kelley Fund for Hope Inc.	UMF	Gift	Medical School
Cabot Corp.	UMF	Gift	College of Science and Engineering
Carol and Frank Trestman Philanthropic Fund	UMF	Gift	Carlson School of Management
Fidelity Charitable Fund			
Donald and Marie Roberts Charitable Fdn.	UMF	Gift	College of Veterinary Medicine
Eric J. Skonnord	UMF	Pledge	Intercollegiate Athletics
Henkel Corp.	UMF	Gift	College of Science and Engineering
Janice I. DeGross	UMF	Pledge	Carlson School of Management
Kathryn A. Sikkink and Douglas A. Johnson	UMF	Gift	College of Liberal Arts
Kimberly-Clark Corp.	UMF	Gift	College of Science and Engineering
Lisa M. Damon	UMF	Pledge	Global Programs and Strategy Alliance
Mary Moon Fdn. Inc.	UMF	Gift	Academic Health Center
Michele L. Van Emmerik	UMF	Pledge	University of Minnesota Duluth
Minnesota Pork Board	UMF	Gift	College of Veterinary Medicine

\$25,000 - \$50,000

Robert E. Wilkens	UMF	Gift	Medical School
Total American Services Inc.	UMF	Gift	College of Science and Engineering
W. D. Radichel Fdn.	UMF	Pledge	College of Liberal Arts
Yellow Tree LLC	UMF	Pledge	Intercollegiate Athletics

\$10,000 - \$25,000

Alice Warren Gaarden Fund-Mpls Fdn.	UMF	Gift	College of Science and Engineering
Claire Vogel Estate	UM	Gift	Minnesota Landscape Arboretum
Gladys E. Ernst Estate	UMF	Gift	University of Minnesota Morris
Jacqueline S. Mithun	UMF	Gift	College of Education and Human Development, Law School
Terry L. and Virginia M. Tranter	UMF	Gift	Carlson School of Management
Phillips 66 Co.	UMF	Gift	College of Science and Engineering
ExxonMobil Corp.	UMF	Gift	College of Science and Engineering, Carlson School of Management
Charlson Meadows - Life Science Fdn.	UMF	Pledge	Center for Spirituality and Healing
Eli Lilly and Co.	UMF	Gift	College of Veterinary Medicine
Land O'Lakes Inc.	UMF	Gift	Intercollegiate Athletics, Carlson School of Management
Midwest Food Processors Assoc.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ralph D. Ebbott	UMF	Gift	Academic Health Center
American Bar Assoc.	UMF	Gift	Central Services and Agency Accounts
Teambackers	UMF	Gift	University of Minnesota Crookston
Pioneer Hi-Bred International Inc.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
MN Chapter CPCU Society Scholarship Fdn.	UMF	Gift	Carlson School of Management
Arvid Olson Estate	UMF	Gift	Medical School
Syvilla M. Turbis Estate	UMF	Gift	Academic Health Center, Medical School
AMVAC Chemical Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Monica J. Shilling	UM	Gift	University of Minnesota Duluth
West Central Distribution LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Astrup Family Fdn.	UMF	Gift	College of Pharmacy
Bentson Fdn.	UMF	Gift	Scholarships
Bernhard Hering and Nicole Kirchof	UMF	Pledge	Medical School
Gary's Gift	UMF	Gift	Academic Health Center
J. Jay Mooreland II	UMF	Gift	Academic Health Center
Ranjit and Florence S. John	UMF	Pledge	Medical School
Robert R. and Barbara L. de la Vega	UMF	Gift	Scholarships

\$10,000 - \$25,000

The Joe Weider Fdn.	UMF	Pledge	College of Liberal Arts
The Luther Family Fdn.	UMF	Gift	Medical School
Agriculture and Agri-Food Canada	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
John W. Mooty Fdn. Trust	UMF	Gift	College of Education and Human Development
Michael and Anne Hall	UM	Gift	Libraries
The Saint Paul Fdn.	UMF	Gift	Academic Health Center, Medical School
Voya Fdn.	UMF	Pledge	College of Science and Engineering
Erik J. Rasmussen	UMF	Gift	College of Science and Engineering
William R. Laney	UMF	Gift	Intercollegiate Athletics
Blythe Brenden-Mann Fdn.	UMF	Gift	Academic Health Center
ResQCOR LLC	UMF	Gift	Medical School
The Bergquist Co.	UMF	Gift	College of Science and Engineering
Michael J. and Tamara R. Hoffman	UMF	Gift	Carlson School of Management
Boeing Shared Services Group	UMF	Gift	College of Science and Engineering
Charlotte D. Braun	UMF	Pledge	Medical School
J. Frank Schmidt Family Charitable Fdn.	UMF/UM	Gift	College of Food, Agricultural and Natural Resource Sciences, Minnesota Landscape Arboretum
Mohring Family Trust-Renaissance Charitable Fdn.	UMF	Gift	College of Liberal Arts
Ladies Auxiliary V F W	UMF	Gift	Hormel Institute
Jon and Susan Campbell	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Xcel Energy Fdn.	UMF	Gift/Pledge	College of Veterinary Medicine, Intercollegiate Athletics
Valent	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Robert H. Bruininks and Susan A. Hagstrum	UMF	Pledge	Bell Museum of Natural History
SKL Family Fdn.	UMF	Gift	University of Minnesota Extension
Richard P. Burke	UMF	Gift	Intercollegiate Athletics
Mary and James Lawrence Fund - Mpls. Fdn.	UMF	Gift	College of Liberal Arts
Yvonne P. Oaks Estate	UMF	Gift	Medical School
Edith H. Lynum Trust	UMF	Gift	Medical School
Fluid Fertilizer Fdn.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Matthew and Colleen Ginter	UMF	Gift	Carlson School of Management
Boston Scientific Corp.	UMF	Gift	Medical School
Wendell Maddox	UMF	Gift	Intercollegiate Athletics

\$10,000 - \$25,000

Amy Pucel	UMF	Gift	College of Education and Human Development
Andrew Cecere	UMF	Gift	Carlson School of Management
Barry Holden	UMF	Gift	College of Liberal Arts
Biothera	UMF	Gift	Medical School
Burley Foods LLC	UMF	Gift	Intercollegiate Athletics
Christopher Barnes	UMF	Gift	Medical School
Edward Bergauer	UMF	Gift	College of Education and Human Development
Edward J. Holmbeck	UMF	Gift	College of Science and Engineering
Jean M. Noel	UMF	Gift	Hormel Institute
Jennie-O Turkey Store Inc.	UM	Gift	4H Foundation
Kenneth and Helyne Treister	UMF	Gift	Medical School
Lawrence H. Smith	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Lawrence R. Jacobs and Julie A. Schumacher	UMF	Gift	Humphrey School of Public Affairs
MN Golf Course Superintendents Assn. Inc.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
National Resident Matching Program	UMF	Gift	Medical School
Richard M. Kruger	UMF	Gift	College of Science and Engineering
Samuel and Sylvia Kaplan Fund-Mpls. Fdn.	UMF	Gift	Humphrey School of Public Affairs
Seiberlich Family Fdn.	UMF	Gift	Medical School
The Wallin Fdn.	UMF	Gift	Medical School
Thomas H. Swain	UMF	Pledge	Humphrey School of Public Affairs
UnitedHealth Group Inc.	UM	Gift	Minnesota Landscape Arboretum
Wanzek Family Fdn.	UMF	Gift	Medical School

\$5,000 - \$10,000

Lea J. Korri Estate	UMF	Gift	College of Education and Human Development
Peter and Iris Kiedrowski	UMF	Gift	Humphrey School of Public Affairs
IBM International Fdn.	UMF	Pledge	Various Colleges
Abram B. Stavitsky Estate	UMF	Gift	Scholarships
Felix M. and Ann S. Phillips	UM	Gift	Weisman Art Museum
Pipestone Applied Research LLC	UMF	Gift	College of Veterinary Medicine
Dow AgroSciences LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Benjamin F. Nelson Estate	UMF	Gift	Medical School
Emerson Charitable Trust	UMF	Gift	Carlson School of Management, College of Science and Engineering
H. Richard Coleman	UM	Gift	College of Science and Engineering
Driscoll's	UMF	Gift	College of Science and Engineering

\$5,000 - \$10,000

KBJR Inc.	UMF	Gift	University of Minnesota Duluth
The Caravan Trust	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Stryker Orthopaedics	UMF	Gift	Medical School
Michael C. Nowakowski	UMF	Gift	Intercollegiate Athletics
Herbert Laube and Lydia Roth-Laube	UMF	Pledge	Center for Spirituality and Healing
Omicron Kappa Upsilon	UMF	Gift	School of Dentistry
Prologis Management LLC	UMF	Gift	Carlson School of Management
June E. Skjervold	UM	Gift	Minnesota Landscape Arboretum
Monsanto Co.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Steven and Teryl Hamm	UMF	Gift	University of Minnesota Duluth
Dakota Aggregates LLC	UMF	Gift	College of Science and Engineering
Mary Anne Ebert	UMF	Gift	College of Liberal Arts, University of Minnesota Duluth
Gary A. Wellner Estate	UMF	Gift	Academic Health Center
Jim and Carole Hynes Fam Fdn.-American Endow Fdn.	UMF	Gift	Global Programs and Strategy Alliance
3M Fdn.	UMF	Pledge	Various Colleges
Joy A. DeGruccio	UMF	Gift	University of Minnesota Duluth
James Treglawny Estate	UMF	Gift	Libraries
Amy H. Gales	UMF	Pledge	Carlson School of Management
BioLegend, Inc.	UMF	Gift	Medical School
Helena Chemical Co.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Martinson Clinic Fdn.	UMF	Gift	School of Public Health
Tankenoff Families Fdn.	UMF	Gift	Medical School
F. D. Conrad and J. McIntyre Conrad Fund- Mpls Fdn.	UMF	Gift	School of Nursing
AbbVie Inc.	UMF	Gift	College of Pharmacy
John K. Lamoreaux Jr.	UMF	Gift	Intercollegiate Athletics
Judith A. Dove	UMF	Gift	Medical School
James H. and Mary B. Hammill	UMF	Gift	Various Colleges
Herve Gindre	UMF	Gift	Medical School
Securian Fdn.	UMF	Pledge	University of Minnesota Duluth
Lino A. and Nancy A. Rauzi	UMF	Gift	University of Minnesota Duluth
Adam R. Sellheim Memorial	UMF	Gift	University of Minnesota Duluth
Advantage PCA Services	UMF	Gift	University of Minnesota Duluth
Anonymous	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Armenco LLC	UMF	Gift	College of Liberal Arts
Barbara J. Gullickson	UM	Gift	Minnesota Landscape Arboretum
Bayer CropScience LP	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

\$5,000 - \$10,000

Best Buy Purchasing LLC	UMF	Gift	Scholarships
C. Angus and Margaret V. B. Wurtele	UMF	Gift	Weisman Art Museum
C. H. Robinson Worldwide Inc.	UMF	Gift	Carlson School of Management
Charles H. Moser	UMF	Gift	Medical School
David and Rosemary Emmons	UMF	Gift	College of Veterinary Medicine
David W. and Kara E. Walter	UMF	Gift	Carlson School of Management
Dennis J. Vaske	UMF	Pledge	University of Minnesota Duluth
Eldon A. Tessman	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Fred A. and Mavis E. Donath	UMF	Gift	College of Science and Engineering
Free to Breathe	UMF	Gift	Medical School
Gail L. Harrison	UMF	Pledge	Humphrey School of Public Affairs
GeoDigm Corp.	UMF	Gift	School of Dentistry
Hammel Green and Abrahamson Inc.	UMF	Gift	College of Design
Howard T. Heun Estate	UMF	Gift	Humphrey School of Public Affairs
International Ingredient Corp.	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Jan J. Laskowski	UMF	Gift	College of Science and Engineering
Joann and Dennis L. Johnson	UMF	Gift	Intercollegiate Athletics
John F. and Dorothy H. Magee Fdn.	UMF	Gift	College of Science and Engineering
Joseph R. and Lauren A. Allen	UMF	Pledge	College of Liberal Arts
Kaija Kiser	UMF	Gift	Medical School
Kiyoshi Nakasaka	UMF	Gift	Humphrey School of Public Affairs
M. and M. Sapers Fund	UMF	Gift	College of Design
Macaran A. Baird	UMF	Gift	Medical School
Martin Fund-American Center for Philanthropy	UMF	Gift	Academic Health Center
Mary K. and Richard T. Ostlund	UMF	Gift	Medical School
McGough Construction Co. Inc.	UMF	Gift	Scholarships
Minnesota Pipe Trades Assoc.	UMF	Gift	Humphrey School of Public Affairs
National Wild Turkey Federation Inc.	UM	Gift	4H Foundation
North Central States Regional Council of Carpenters	UMF	Gift	Humphrey School of Public Affairs
Patrick O. Regan	UMF	Gift	University of Minnesota Duluth
Paul R. Stembler	UMF	Gift	Humphrey School of Public Affairs
Phillip and Gail Minerich	UMF	Gift	Hormel Institute
Randall J. Koopman	UMF	Gift	University of Minnesota Morris
Rebecca A. Urbanski and Scott L. Junkert	UMF	Gift	College of Veterinary Medicine
Robert L. and Pamela W. Senkler	UMF	Gift	University of Minnesota Duluth
Sharon L. and Carl A. Borine	UMF	Gift	College of Liberal Arts
Theron E. Odlaug	UMF	Gift	University of Minnesota Duluth
Van Sloun Fdn.	UM	Gift	Minnesota Landscape Arboretum
William J. McGinnis	UMF	Gift	Law School



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Report of the Faculty Consultative Committee

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Colin Campbell, Associate Professor, Medical School; Chair, Faculty Consultative Committee

PURPOSE & KEY POINTS

The purpose of this presentation is to update the Board on the goals and accomplishments of the Faculty Consultative Committee.

BACKGROUND INFORMATION

The chair of the Faculty Consultative Committee provides regular updates to the Board throughout the year. The last update occurred in June 2015.

FACULTY CONSULTATIVE COMMITTEE REPORT
TO THE UNIVERSITY OF MINNESOTA BOARD OF REGENTS
11 December, 2015

Chair Johnson, Vice Chair McMillan, Members of the Board and President Kaler:

On behalf of my colleagues on the Faculty Consultative Committee, it is my pleasure to present to the Board or Regents our committee's fall semester report. My objective is to relate some of the topics that we've discussed, and to give you a sense of the major themes that have occupied our thoughts most recently.

As has become standard practice, the FCC held a one and a half day retreat prior to the start of fall term classes. In addition to providing us an opportunity to meet our new colleagues and to review the charge of the FCC, we devoted considerable time developing the major themes of the upcoming year's agenda (outlined below). We were also fortunate to be able to meet with several senior administrators and staff members, notably including Provost Hanson, Vice President Brian Herman, and Ann Aronson and Chuck Tombarge from University Relations. President Kaler was able to briefly join us for a dynamic and engaging conversation. As continues to be the case our ability to convene this event—and indeed to do our work throughout the term—was facilitated by the expert assistance of senate staff Ms. Renee Dempsey.

Equity and Diversity

I remind the Board members that this topic was the first item addressed in each of the reports my predecessor Professor Rebecca Ropers-Huilman presented to you last year. It is therefore noteworthy that it remains at the top of the FCC agenda for this year. Indeed, since our decision to place this issue at the top of our agenda for the upcoming year, events on campus, and outside it have focused even greater attention of this extremely important topic. Our conversations reflect important dialogues taking place nationally. As faculty we are engaging in these important issues and care deeply about how they impact our university. My colleagues and I remain convinced that the University of Minnesota must continue to place a primary emphasis in this area. Demographic changes are occurring across our country and our state and our University must do more to increase the diversity on our campus—at all levels—if we are to achieve our mission of advancing learning and the search for truth and knowledge. The challenges that face us are considerable, however, we are energetically committed to addressing them. Vice Chair Desai and I have initiated an ongoing series of meetings with Vice President Katrice Alberts, and are also working with the Provost and the President in this matter. In addition to supporting ongoing efforts, we are working to develop ways to more effectively engage the faculty and senior administrators in the work of the Office for Equity and Diversity. As an institution we have set lofty objectives, and it will require a long-term commitment and shared devotion on the part of all elements of our university community. We look forward to working with administration, students, staff and the Board as we move forward.

Shared Governance

Unsurprisingly, members of the FCC strongly believe in the value of shared governance. We believe that the mission of the University of Minnesota is best served when the faculty engage in meaningful, and timely consultation with the administration and the Board of Regents. As is stated in the constitution of the faculty senate *'shall also have general advisory responsibilities for matters related to the University budget. The authority of the Faculty Senate shall include but not be limited to primary responsibility for educational and research policies, providing advice to the president concerning the University's budget, accreditation, designation and granting of University honors, policies concerning faculty appointment and tenure, and matters within the jurisdiction of the Faculty Affairs and Judicial Committees.'* Having had the opportunity to recently visit with faculty colleagues from the other

institutions at this year's CIC Faculty Governance Leadership Conference, I am happy to report that our institution is widely admired for its devotion to shared governance. Nevertheless, we on the FCC see room for further improvements and are working toward this objective. As examples of the fruit this effort has thus far borne, I would highlight the decision to include a faculty representative on the Oversight Committee for External Review of issues related to Sexual Harassment in the Department of Intercollegiate Athletics, and the President's decision to name a faculty member to serve on his Senior Leadership Group. We hope and anticipate that moving forward additional steps will be taken to more deeply consult with faculty by the administration and the Board of Regents. We are keen to play our part in more effectively achieving our shared mission, and look forward to additional opportunities to do so.

Academic Freedom/Freedom of Expression and Campus Climate

As with the topic of equity and diversity, the intersection of academic freedom/freedom of expression and the creation and maintenance of an inclusive, welcoming campus climate has become a timely—and candidly incendiary issue across the country. While tensions rising on other institutions have received more national attention ours has not been entirely immune to strains that can arise at the intersection of these two, vitally important themes. We on the FCC continue to work as a committee, and in consultation with others to address this matter. Notably, one of our own, Professor Dale Carpenter of the Law School is in the process of developing a draft statement on freedom of expression that will be widely discussed and consulted upon and will, we anticipate ultimately be endorsed by the faculty and the administration. I will look forward to providing further information about this statement in the fullness of time. Vice Chair Desai and I have supported a series on academic freedom and campus climate sponsored by the Provost's office. I hope to have more to say about this in my report to you at the end of the academic year.

Working with U relations to productively engage faculty in their mission

At our retreat we met with leadership from University Relations and discussed the faculty's desire to work together on our shared mission of outreach to the citizenry of our state. As one of our Legislative Liaison faculty members puts it "The University has great stories to tell, and needs to do a better job telling them". FCC vice chair Desai and I have initiated a monthly series of meetings with Ms. Aronson and Mr. Tombarge devoted to this objective, and are currently developing strategies. I look forward to describing these in more detail, and as they become realized, in my next report.

While I've chosen to focus on the aforementioned themes, the FCC has also devoted effort to a number of additional important topics including the Job Family study, recent events within the athletic department, the student conduct code, the strategic plan, human subjects research, the conflict of interest policy, the Regents scholarship program to name a few. As I close this report I want to thank my colleagues who have patiently and ably mentored me and provided me with support, wisdom, and encouragement. I'm particularly indebted to the previous leadership of FCC including Professors Ropers-Huilman, Uggem, Durfee and Cramer, to current vice chair Desai, and the other members of FCC. I also want to recognize the professionalism, expertise, and devotion of the senate staff.

Submitted by Colin Campbell, Associate Professor of Pharmacology in the Medical School, Chair of FCC 2015-2016.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Supplemental 2016 State Budget Request

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: President Eric W. Kaler
Richard Pfitzenreuter, Vice President & CFO

PURPOSE & KEY POINTS

The purpose of this item is to present for review and action a resolution to a supplemental budget request to the Minnesota Legislature. The University is seeking an additional \$38,850,000 in supplemental operating funds to be approved during the 2016 legislative session. The request centers on four distinct topics:

1. Replacement of lost UCare funding to the University due to a reduction in patient base from the state's decision not to award a contract to UCare for Medicaid and other public programs – \$10.5 million recurring.
2. Cybersecurity needs in conjunction with a major upgrade of the University's network infrastructure – \$19.0 million one-time.
3. Support for the Community University Health Care Clinic and the School of Dentistry's Rural Dentist Associate Program as part of a Healthy Minnesota initiative – \$3.25 million recurring and \$2.5 million one-time.
4. Research to advance the state's mining sector by improving the efficiency of mining ore, developing technologies for mining new materials, and reducing sulfate water contamination – \$3.6 million recurring.

BACKGROUND INFORMATION

Under Board of Regents Policy: *Reservation and Delegation of Authority*, the Board reserves to itself the authority to approve all budget requests to the State of Minnesota. The policy states that the Board reserves to itself authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1 percent or more change in total appropriations within a fiscal year.

The Board approved the University's 2016-2017 biennial request on October 10, 2014. The Minnesota Legislature acted on that request during the 2015 legislative session. The Minnesota Legislature will meet for the 2016 legislative session beginning March 8, 2016.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution.

University of Minnesota 2016 Supplemental Budget Request

Overview

The Department of Human Services’ decision not to award a contract to UCare for Medicaid and other public programs has created a significant financial challenge for the University’s Department of Family Medicine and Community Health and School of Dentistry. This loss of resources places clinical training, education, research, and patient care at risk. 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 independent of the Medical School now, has provided approximately \$9.5 million per year to the Department of Family Medicine and Community Health for research, education and clinical training. In addition, since 2002, UCare has funded the School of Dentistry’s Mobile Dental Clinic with \$1.0 million in funds provided in FY 2015. The University of Minnesota is requesting \$10.5 million in State funds for these two programs to replace the UCare funding.

LOSS OF UCARE FINANCIAL SUPPORT

State Request: \$10.5 million (recurring)

***What:** Provide financial support for medical and dental clinical training, education, and research*

***Why:** A \$10.5 million loss of support from UCare*

***When:** FY 2017 Start*

UCare Financial Support

The University will utilize the \$10.5 million in State resources to continue its work in the following areas:

- Department of Family Medicine and Community Health: State funding of \$9.5 million will sustain the Department’s core programs including clinical training, education, and research. Funding for clinical training will include salary support for faculty physicians who provided training at metro primary care sites and eight residency sites in Duluth, Mankato, and St. Cloud. The remaining funds will be used for: medical resident and student training programs; and start-up and bridge funding for research faculty and research staff.
- School of Dentistry: State funding of \$1.0 million will be used for the Mobile Dental Clinic in which dental students provide patient care as part of their clinical education and training under the supervision of faculty dentists. This innovative program closes critical access-to-care gaps experienced by public program members of all ages who regularly face barriers to receiving quality dental care. Dental students educate patients about dental care, encourage them to develop positive oral health routines, and work to connect patients with a “dental home” for follow-up and ongoing care.

Timing and Risk

UCare allocates funding on a calendar year basis, and funding for these programs will be impacted starting in 2016. Therefore, state resources are essential in FY 2017 for maintaining clinical training, education, research, and patient care at current levels. These two programs have a broad impact. The Department of Family Medicine and Community Health is ranked third in the nation among the National Institutes of Health (NIH)-funded family medicine departments, with three faculty ranked in the top 20 nationally for family medicine. The UCare support has enabled this department to achieve and sustain this level of excellence. In addition, the Mobile Dental Clinic has performed more than 60,000 dental procedures, including cleanings and check-ups, for more than 12,000 patients across Minnesota. The Mobile Dental Clinic spends one week per month in Greater Minnesota, as represented by visits to Duluth, Thief River Falls, Winona, and Chippewa during the final quarter of 2015. A loss of funding of \$10.5 million would have severe consequences for this work.

Funding Details: UCare Financial Support Request	Amount
Department of Family Medicine and Community Health	
Clinical Training – Faculty and Staff Salaries	\$6.8 million
Education – Staff Salaries	\$0.9 million
Research – Research Faculty and Staff Salaries and Start-Up Funds	\$1.8 million
Mobile Dental Clinic – Training Expenses and Low Reimbursement Rates	\$1.0 million
Total	\$10.5 million

University of Minnesota 2016 Supplemental Budget Request

Overview

Beginning in FY 2017, the University of Minnesota plans to advance a \$78 million information technology initiative, Next Generation Network, to upgrade the University's core 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 University is requesting \$19 million in one-time funding from the State of Minnesota for the cyber security portion of this work, specifically. The University will invest an additional \$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.

CYBER SECURITY

State Request: \$19 million (one-time)
 University Investment: \$59 million
 Total Cost: \$78 million

What: Upgrade network to enhance security

Why: Current equipment is at the end of its life cycle and security is becoming a higher risk for the institution

When: FY 2017/FY 2018

Cyber Security

A \$19 million State investment in the University's cyber security efforts will enhance the University's ability to monitor and manage security in ways that cannot be done with the current network and equipment. The cyber security enhancements of the Next Generation Network project will ensure security through a two-pronged approach: enhanced tools to aide in the prevention of security breaches and early detection if an attack does occur. New security features will improve prevention by right-sizing firewalls, enhancing monitoring, and increasing protection of mission critical servers. In addition, if a security breach was to occur, this initiative will improve the University's ability to detect issues much sooner.

Timing and Risk

The University's network is critical to its mission and must evolve to meet the growing academic, research, and networking needs of the University community. Usage has more than doubled in the last five years and is expected to grow exponentially. The network is being used more broadly for academics; research has become more data-intensive; and data is being shared more broadly across numerous disciplines. The data includes both highly sensitive research data as well as private, personal data. Examples of the type of data in the University's network include: students' and employees' personal information such as social security numbers, addresses, and phone numbers; private health records; and extensive research data from a variety of disciplines. In addition, timing of this cyber security work is critical as the University's equipment nears the end of its life cycle, and data breaches at other institutions are becoming more common.

Funding Details

Of the \$19 million requested for cyber security, approximately \$10 million will be used for hardware/equipment and \$9 million for software; the University plans to utilize its current resources to provide staff support for this work. The cyber security work will be broken down into three main technical areas of improvement: 1) Security firewalls; 2) Security intrusion, detection, denial of service, and threat monitoring/logging; and 3) Security management, monitoring, and operations. A cost breakdown by these component parts is included below.

Technical Security Components	Equipment/ Hardware	Software	Total
Firewalls	\$7.8 million	\$1.2 million	\$9.0 million
Intrusion, Detection, Denial of Service, and Threat Monitoring	\$1.9 million	\$6.4 million	\$8.3 million
Management, Monitoring, and Operations	\$0.3 million	\$1.4 million	\$1.7 million
Total Cost	\$10.0 million	\$9.0 million	\$19.0 million

University of Minnesota 2016 Supplemental Budget Request

Overview

Although Minnesota is ranked among the healthiest states in the nation, access to health and dental care varies depending on a variety of socio-economic and geographic factors. The University of Minnesota has the ability to improve access to quality care and lessen disparities through its research, education, and patient care. The University is requesting \$3.25 million in recurring funds and \$2.5 million in one-time funds from the State of Minnesota to improve health and dental care access, address workforce needs, improve care coordination, institute new models of care, and address health disparities. State funding will be used for two important educational and patient care components of the University’s portfolio: the Community University Health Care Clinic (CUHCC) and the School of Dentistry’s Rural Dentist Associate Program (RDAP).

HEALTHY MINNESOTA

State Request:
\$3.25 million (recurring)
\$2.5 million (one-time)

***What:** Programmatic and capital funding for University health and dental care programs*

***Why:** Improve patient care and enhance educational opportunities within innovative, interdisciplinary, diverse settings*

***When:** FY 2017 Start*

Healthy Minnesota Priorities

- **Community University Health Care Clinic (CUHCC):** CUHCC serves as an important primary care teaching clinic giving more than 230 Academic Health Center students and residents per year the opportunity to learn in an innovative and interdisciplinary setting. The Clinic serves a diverse population of over 11,000 low-income and underserved patients with over 65,000 visits annually in the Phillips neighborhood of South Minneapolis. State funds will be used to cover the Clinic’s incremental costs associated with the presence of learners, the acuity and complexity of patient care, and the language barriers requiring translation services. Ultimately the funds will allow the clinic to focus on priorities such as health professional workforce needs, health care coordination across service lines, providing care in a team setting, and lessening disparities.
- **School of Dentistry Rural Dentist Associate Program (RDAP):** Rural Minnesota lacks enough dentists to adequately provide care for rural citizens. The School of Dentistry will create a RDAP with dedicated rural based training sites throughout greater Minnesota. The School of Dentistry class size will be increased with the majority of the additional slots dedicated to Minnesota applicants from rural Minnesota. Dedicated training sites will be expanded and developed immediately to support six months of training in rural areas for fourth year dental students in the following communities: 1) Hibbing, which will include the expansion of and existing site with a proven, successful partnership with MnSCU (Hibbing Community College) currently serving five counties in northeast Minnesota; and 2) Bemidji, in partnership with Northern Dental Access, which is anticipated to support oral health care for the citizens of twelve counties in northwest Minnesota.

Timing and Risk

These programs provide enhanced educational opportunities for students as well as critical care for patients in the metro area and greater Minnesota. Funding for CUHCC is critical due to the financial constraints placed on the Clinic based on its educational mission and populations served; the model is not sustainable, and the Clinic is operating under a deficit. Delayed implementation of RDAP will decrease the chance for expanded access to necessary dental care in greater Minnesota and ultimately decrease the number of dentists available to serve the greater Minnesota population long-term.

Funding Details

The University is requesting \$3.25 million in recurring funds for CUHCC and RDAP and an additional \$2.5 million in one-time funds for capital costs for RDAP associated facilities in Hibbing and Bemidji. A summary of the request is included below.

Funding Request	Funding Type	Amount
CUHCC – Clinical Training and Staff	Recurring	\$2.0 million
RDAP – On-Going Training Expenses and Low Reimbursement Rates	Recurring	\$1.25 million
RDAP - Capital Costs for Expansion of the Hibbing & Bemidji Facilities	One-Time	\$2.5 million

University of Minnesota 2016 Supplemental Budget Request

Overview

The University of Minnesota is requesting \$3.6 million in recurring funds from the State of Minnesota for the Mining Innovation Minnesota Initiative. Minnesota’s mining industry has a 130-year legacy. However, recent fluctuations in the global iron and steel markets have had negative impacts on this sector in Minnesota. The University of Minnesota, in coordination with state agencies, the mining industry, and state stakeholders, is in a unique position to conduct research that will produce solutions and tangible results for advancing this sector. This work will improve the efficiency of ore processing, develop new technologies to economically extract and produce high value products, define a full portfolio of the mineral and higher value metallic product opportunities for the state, reduce sulfate water contamination, and minimize environmental impacts on the state’s land and water resources.

MINING INNOVATION MINNESOTA

State Request: \$3.6 million (recurring)

What: *Develop advanced technologies to improve the long-term viability of Minnesota’s mining industry*

Why: *Minnesota iron ore accesses a shrinking one-third of the US steel industry due to a shift from taconite to higher value metallic products. Minnesota needs a defined, environmentally responsible strategy to pursue metallic iron products and additional mineral opportunities.*

When: *FY 2017 Start*

Mining Innovation Minnesota

This Initiative has three components.

- 1) Maximizing Resource Recovery: Because the process of mining resources requires a great deal of energy and capital, maximizing recovery is critical to making Minnesota’s ore and other metallic resources more competitive in the global market. The University will assist industry in maximizing their resource recovery by piloting a new technology to extract iron to maximize yield; evaluate the legacy ore stockpiles to assist in prioritizing extraction; and accelerate the availability of new technologies for extracting other minerals.
- 2) Diversifying Mineral Opportunity Portfolio to Include Higher Value Metallic Products: Minnesota must diversify its portfolio beyond taconite to higher value iron and other metallic products to remain competitive in this sector. The University’s work will include constructing a Direct Reduced Iron (DRI) simulator for developing processes relevant to specific iron formations, piloting a new technology for processing Ilmenite (titanium dioxide ore), and working with collaborators to create a comprehensive, updated portfolio of Minnesota’s potential mineral assets and a risk/benefit analysis of those opportunities.
- 3) Creating a Portfolio of Technologies to Reduce Sulfate in Water: Water is a precious resource, and sulfate contamination from various causes has become a concern across the state. The University will create a portfolio of remediation technologies for mitigating sulfate contamination. In addition, researchers will finalize their work on developing options for reducing sulfate contamination through the use of microbes.

Timing and Risk

With the recent downturn in demand for Minnesota taconite iron pellets, workers have been laid off and plants are sitting idle. The University has unique expertise and is building partnerships with state agencies to assist Minnesota’s mining and metals industries to increase yields, diversify offerings, and pursue higher-value products in an environmentally responsible manner. Without an investment in this work, the advancement of these technologies will languish, delaying any positive impact on this sector of the state’s economy.

Funding Details

Of the \$3.6 million requested, \$3.5 million is directly related to applied research. Details are included below.

Project Costs	Total
Research Personnel	\$1.6 million
Capital Equipment	\$0.6 million
Analytical Tools, Supplies, and Other Research Expenses	\$1.3 million
Administration and Project Management	\$0.1 million
Total Cost	\$3.6 million



REGENTS OF THE UNIVERSITY OF MINNESOTA
RESOLUTION RELATED TO THE
UNIVERSITY OF MINNESOTA'S 2016 SUPPLEMENTAL
STATE BUDGET REQUEST

WHEREAS, the University of Minnesota as the state's public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and to apply this knowledge through teaching and learning, and outreach and public service; and

WHEREAS, continuing investment in the Medical School's Department of Family Medicine and Community Health is essential for core programs in clinical training, education and research, and continuing investment in the School of Dentistry's Mobile Dental Clinic is critical to train dental students while addressing access-to-care gaps for public program members; and

WHEREAS, the University of Minnesota is in need of a major upgrade to its critical network infrastructure that must include substantial new investment to address growing threats of sophisticated cyber intrusions that pose significant risks, including wide scale or high consequence events that could cause harm by disrupting, denying access to, degrading or destroying critical information systems; and

WHEREAS, access to health and dental care in Minnesota varies depending on a variety of socio-economic and geographic factors and the University of Minnesota has the ability to improve access to quality care and lessen disparities through its research, education and patient care; and

WHEREAS, recent fluctuations in the global iron and steel markets have had negative impacts on the mining sector in Minnesota, and the University of Minnesota is set to collaborate with stakeholders to produce solutions and tangible results in this area, and

WHEREAS, the 2016 supplemental budget request is designed to meet these objectives by investing resources to replace lost UCare funds, purchase appropriate network equipment and software, support the needs of the Community University Health Care Clinic and the Rural Dentist Associate Program, and conduct research in mining ore and other high value metallic products while reducing sulfate water contamination;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's 2016 Supplemental Budget Request to the Minnesota Legislature in the amount of \$17,350,000 in recurring funds and \$21,500,000 in onetime funds from the State of Minnesota.

Supplemental 2016 State Budget Request

*Board of Regents
December 11, 2015*

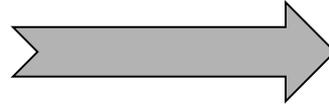


UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

University of Minnesota 2016 Supplemental Request Healthy Minnesota

Support for critical health care training, education, and services statewide



- ❑ \$2 million to support primary care teaching at the Community University Health Care Clinic
- ❑ \$1.25 million to advance dentistry in rural Minnesota
- ❑ \$2.5 million to expand Rural Dentist Associate Program at Bemidji and Hibbing

University of Minnesota 2016 Supplemental Request Loss of UCare Financial Support

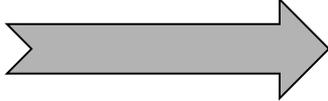
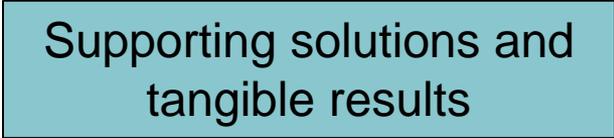
Replacement support to continue to provide critical health training and services statewide



- ❑ \$9.5 million to support core clinical training, education, and research program in the Department of Family Medication and Community Health
- ❑ \$1 million to fund the Mobile Dental Clinic

University of Minnesota 2016 Supplemental Request Advancing and Diversifying Minnesota's Mining Region

Supporting solutions and
tangible results



\$3.6 million to develop advanced technologies to improve the long term viability of Minnesota's mining region, diversify mineral production beyond taconite, and develop new sulfide remediation technologies.

University of Minnesota 2016 Supplemental Request Cyber Security

Protecting critical assets and help ensure mission continuity by implementing new cyber security technologies



\$19 million for security upgrades in conjunction with the installation of a major upgrade of the University's network infrastructure to better meet the needs of students, researchers and the entire University community.

University of Minnesota 2016 Supplemental Request Financial Summary

	<u>Recurring</u>	<u>One time</u>	<u>Total</u>
Healthy Minnesota	\$ 3.25M	\$ 2.50M	\$ 5.75M
Loss of UCare Financial Support	\$10.50M		\$10.50M
Advance & Diversify Mining Region	\$ 3.60M		\$ 3.60M
Cyber Security		\$19.00M	\$19.00M
TOTAL REQUEST	\$17.35M	\$21.50M	\$38.85M



REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO THE
UNIVERSITY OF MINNESOTA'S 2016 SUPPLEMENTAL
STATE BUDGET REQUEST

WHEREAS, the University of Minnesota as the state's public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and to apply this knowledge through teaching and learning, and outreach and public service; and

WHEREAS, continuing investment in the Medical School's Department of Family Medicine and Community Health is essential for core programs in clinical training, education and research, and continuing investment in the School of Dentistry's Mobile Dental Clinic is critical to train dental students while addressing access-to-care gaps for public program members; and

WHEREAS, the University of Minnesota is in need of a major upgrade to its critical network infrastructure that must include substantial new investment to address growing threats of sophisticated cyber intrusions that pose significant risks, including wide scale or high consequence events that could cause harm by disrupting, denying access to, degrading or destroying critical information systems; and

WHEREAS, access to health and dental care in Minnesota varies depending on a variety of socio-economic and geographic factors and the University of Minnesota has the ability to improve access to quality care and lessen disparities through its research, education and patient care; and

WHEREAS, recent fluctuations in the global iron and steel markets have had negative impacts on the mining sector in Minnesota, and the University of Minnesota is set to collaborate with stakeholders to produce solutions and tangible results in this area, and

WHEREAS, the 2016 supplemental budget request is designed to meet these objectives by investing resources to replace lost UCare funds, purchase appropriate network equipment and software, support the needs of the Community University Health Care Clinic and the Rural Dentist Associate Program, and conduct research in mining ore and other high value metallic products while reducing sulfate water contamination;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's 2016 Supplemental Budget Request to the Minnesota Legislature in the amount of \$17,350,000 in recurring funds and \$21,500,000 in onetime funds from the State of Minnesota.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: 2015 University Plan, Performance, and Accountability Report

Review Review + Action Action Discussion

This is a report required by Board policy.

PRESENTERS: Karen Hanson, Senior Vice President for Academic Affairs and Provost

PURPOSE & KEY POINTS

The Accountability Report is used by the Board and others as a reference guide to the University's progress toward its strategic goals. This year's report highlights quantitative and qualitative data that demonstrates the University's success in the following areas:

- Remaining accessible.
- Attracting outstanding students.
- Offering a great student experience.
- Graduating students prepared for success.
- Conducting breakthrough research.
- Engaging with communities.
- Being a productive and efficient organization.

BACKGROUND INFORMATION

In 2000, the Board approved the creation of the *University Plan, Performance, and Accountability Report*. In its resolution, the Board noted that it "...holds itself accountable to the public for accomplishing the mission of the University" and that the report was to become the principal annual documentation of that accountability. The first report was published in 2001.

This document fulfills the University's responsibility to report annually, to the legislature, the state and progress of the University in accordance with the University charter, 1851 Territorial Laws, Chapter 3, Section 16.



2015 University Plan, Performance, and Accountability Report

December 3, 2015 DRAFT

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Introduction

“To benefit the people of the state, the nation, and the world”

University Mission

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the advancement of learning and the search for truth; the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world.

—University mission

This mission, carried out on multiple campuses and throughout the state, is threefold:

Providing an extraordinary education that generates knowledge, understanding, and creativity. We seek to develop students who become leading scientists and teachers, engineers and artists, health and business professionals and who contribute to their communities at every level.

Conducting breakthrough research that moves us forward. Our researchers improve our understanding of the world and how we work and live.

Partnering with communities to advance research, share knowledge, and provide students with powerful academic experiences that address the challenges of a diverse and changing world.

To support this mission effectively, the University is committed to:

Employing world-class faculty and staff who are innovative, energetic, and dedicated to the highest standards of excellence.

Stewarding an outstanding organization that is responsible with resources, dedicated to measuring and improving performance, and aligned to support the University’s core functions of teaching, research, and outreach.

University Overview

The University of Minnesota, founded in 1851, seven years before the territory of Minnesota became a state, is Minnesota’s flagship and land-grant university and one of its most important assets, as well as a powerful resource for the region, the nation, and the world.

The University is composed of five campuses with distinct roles, each campus contributing to the University’s mission: the Twin Cities campus, where the University originated; the Duluth campus, which joined the University in 1947; the Morris campus, which became a system campus in 1960; the Crookston campus, added in 1966; and the Rochester campus, which was designated a system campus in 2006. The University is the state’s only research university, and the Twin Cities campus is among the nation’s most comprehensive institutions—one of only four campuses that have agricultural programs as well as an academic health center with a major medical school.

The University is the state’s economic and intellectual engine. As a top research institution and one of only 62 members of the prestigious Association of America Universities, it serves as a magnet and a means of growth for talented people, a place where ideas and innovations flourish, and where discoveries and services advance Minnesota’s economy and quality of life. As Minnesota’s land-grant institution, the University is strongly connected to Minnesota’s communities, large and small, partnering with the public to apply its research for the benefit of the state and its citizens.

Governance and Leadership

The University is governed by a Board of Regents elected by the Minnesota Legislature (See discussion on page 3 and list of current Regents in Appendix B). The president and vice presidents serve as the senior leaders of the University and the Twin Cities campus, which avoids the added administrative cost of a separate “system” office. Direct leadership for the remaining campuses is provided by four campus chancellors (See list of senior leaders in Appendix C).

Accreditation

All campuses of the University of Minnesota operate with the accreditation of the Higher Learning Commission. The Twin Cities campus has been accredited continuously since 1913. The Duluth campus has been accredited since 1968, while the Morris and Crookston campuses were first accredited in 1970 and 1971. The Rochester and Twin Cities campuses are accredited jointly. Each campus is accredited to offer the bachelor’s degree; the Twin Cities and Duluth campuses are accredited to offer the master’s degree; and the Twin Cities campus is

accredited to grant doctoral and professional degrees (See accreditation discussion on page 5).

Enrollment

Total enrollment at the University’s campuses for fall 2015 was 66,651. Sixty-five percent of registered students were undergraduates. Non-degree-seeking students represented nearly ten percent of total enrollment. In 2014–15, the University granted 10,444 bachelor degrees, 3,540 master’s degrees, 903 doctoral degrees, and 862 traditional professional degrees (M.D., D.V.M., D.D.S., Pharm.D., J.D., L.L.M.).

An Accountable University

“...[The regents shall] make a report annually, to the Legislature... exhibiting the state and progress of the University... and such other information as they may deem proper, or may from time to time be required of them.”

—University charter, 1851 Territorial Laws, Chapter 3, Section 16

Since the University’s inception over 160 years ago, public and University leaders have established and continuously reaffirmed a principle of accountability. Accountability for an institution as important and complex as the University of Minnesota, however, has myriad forms and interpretations. For some, accountability requires a discussion about the University’s ability to address its mission. For others, accountability may necessitate a precise accounting of revenue and expenditures, an assurance of efficient and competent management of institutional resources, or records and institutional data about students and performance. Yet others may argue that accountability is best met by examining leadership and its ability to employ strategies that advance a vision. Still others understand accountability in terms of return on investment and so look for evidence of direct impacts to the State of Minnesota and its citizens.

The University’s leaders take seriously this responsibility to be accountable, in all of the ways mentioned above. Among the participants engaged in the University’s accountability relationships are its Board of Regents, senior leaders and internal units, faculty, state and federal authorities, citizen and nonprofit organizations, accreditation associations, and multiple media organizations.

University of Minnesota Board of Regents

Chapter 3 of Minnesota’s 1851 Territorial Laws established the University of Minnesota and specified that “[t]he government of this University shall be vested in a board of twelve regents, who shall be elected by the Legislature.” Later sections delineate

specific powers to “enact laws for the government of the University”; “regulate the course of Instruction” and confer degrees and diplomas; regulate and prescribe tuition and fees; and select, manage, and control all University lands.

These twelve regents—eight who are elected to represent Minnesota’s eight congressional districts and four who are elected at large—represent the interests and needs of the state and the citizens of Minnesota and, on their behalf, hold the University’s senior leadership and administration accountable. The Board’s fundamental accountability documents are the University Plan, Performance, and Accountability Report (www.academic.umn.edu/accountability); the University Operating Budget (www.budget.umn.edu/document.htm); and the University Capital Budget (www.cppm.umn.edu/master_planning.html).

Other accountability activities at this level include the president’s report to the Regents at each of their regular board meetings, as well as monthly, quarterly, and annually mandated reports to the Board on topics such as student admissions and progress, faculty promotion and tenure, tuition rates, the independent auditors’ report, real estate transactions, gifts, asset management, purchases of goods and services over \$1 million, new and changed academic programs, academic unit strategic plans, NCAA reports on student-athletes, and presidential performance reviews. Such reports and presentations are archived on the Board of Regents website.

Regents’ Progress Card

Beginning last spring and continuing through the fall, the Board of Regents has engaged with the

administration on the development of a progress card framework to drive performance and support oversight. The effort focused on the question of the areas for which the Board of Regents should set specific aspirational goals. The Board's intent is to focus oversight on a limited number of measurable goals and trends that indicate or drive excellence, understanding that the University measures progress and accountability broadly throughout the institution in many ways, including the University's Plan, Performance and Accountability Report.

The Board has adopted a set of “gold” and “maroon” measures for this purpose. The gold measures represent data sources that are well understood and agreed upon, where there is the ability to set a quantifiable goal over a reasonable time period, and where the University can take actions to influence the results. The maroon measures are important trends and indicators, but the goals may be directional in nature or the measure may only need to be monitored, and University action alone is not likely to significantly influence the measure. The Board's intent is to monitor these measures on a regular basis to assess University progress in these important areas.

All of these progress card measures are connected to and more deeply informed by the broader discussion of performance and accountability found in the rest of this report. See page 6 for the current progress card and Appendix E for data definitions.

Major, University-level Accountability Activities

Senior leaders engage in reporting, communications, and other activities that address the University's accountability responsibility. Select examples include:

- The President's annual State of the University address.
- Studies such as the University's Economic Impact study (impact.umn.edu), which showed that the University creates \$8.6 billion in total economic impact annually.
- Annual Report of University research activity (www.research.umn.edu/news/reports.html)
- Annual accounting of student services fee allocations (www.studentservicesfees.umn.edu).
- Public Engagement reports (www.engagement.umn.edu/our-impact/reports)
- Institutional success and demographic data managed by the Office of Institutional Research (www.oir.umn.edu)
- Annual Report on Real Estate (www.uservices.umn.edu/assets/pdf/RealEstate_2015.pdf)
- Annual Report on Sustainability (www.uservices.umn.edu/assets/pdf/Sustainability_2015.pdf)
- Energy Management and Utilities update (www.uservices.umn.edu/assets/pdf/EnergyMgmtUtilities_2015.pdf)
- Facilities Condition and Utilization update (www.uservices.umn.edu/assets/pdf/FCA_2015.pdf)
- Capital Planning and Project Management Semi-Annual Report (www.uservices.umn.edu/assets/pdf/CPPM_2015.pdf)
- Survey findings, including citizen, alumni, student, and employer satisfaction;
- University participation in higher education consortia, such as the Association of American Universities, Association of Public and Land-grant Universities, American Council on Education, and Committee on Institutional Cooperation.

Office and Program Reports

In addition to the major reports prepared at the institution level by senior leaders for the Board of Regents and other audiences, other offices and programs across the University produce reports or other accountability communications for an array of stakeholders. These include reporting done by University research centers; key administrative or student services areas; and annual reports to donors.

Government and Other External Organization Requirements

The University provides a number of annual or biannual reports to the Minnesota legislature and other organizations, including:

- Biennial Report to the Minnesota State Legislature, which showed that the University had exceeded all performance measures set forth by the Minnesota Legislature for fiscal year 2014;

- Postsecondary Planning: A joint report to the Minnesota Legislature by the Minnesota State Colleges and Universities and University of Minnesota;
- Compliance reports to such agencies as the U.S. Department of Education, National Science Foundation, National Institutes of Health, U.S. Department of Agriculture, National Collegiate Athletic Association, University Institutional Review Board, City of Minneapolis, Hennepin County, and Minnesota Office of Higher Education;
- Testimony to local, state, and federal governments;
- Assessment and evaluation reports to philanthropic foundations.

Institutional and Program Accreditation

One tool that holds the University accountable for academic quality is accreditation. Accreditation is the process of assuring and advancing the quality of higher education institutions' campuses, departments, and programs through reviews by outside agencies. Two types of accreditation, with varied breadth, apply to the University.

The first type of accreditation reviews an entire higher education institution and its programs for quality. Each University of Minnesota campus operates with full accreditation at the institutional level by the Higher Learning Commission.

The second type of accreditation involves evaluations by a specialized accrediting body associated with a national professional organization or with a specific discipline. At the University, over 200 academic programs are accredited by bodies such as the American Bar Association, Accreditation Board for Engineering and Technology, National Association of Schools of Music, National Council for Accreditation of Teacher Education, and Accreditation Council for Graduate Medical Education.

To learn more about both types of accreditation at the University, see www.academic.umn.edu/provost/reviews/accreditation.html.

Media and the General Public

Media organizations, such as the *Minnesota Daily*, *Pioneer Press*, *Star Tribune*, and Minnesota Public Radio, play an important role in holding the University accountable. The Minnesota Data Practices Act is a set of laws designed to ensure that the media and members of the general public have access to public records of government bodies at all levels in Minnesota. This access positions other parties to engage the University, to raise questions, and to verify information.

The University Plan, Performance, and Accountability Report

As noted earlier, Board of Regents operations policy identifies this report as one of three fundamental accountability and planning documents. It reports on the University's effectiveness in fulfilling its mission, while the operating and capital budgets report on the University's fiscal management.

Specifically, the University Plan, Performance, and Accountability Report:

- articulates the mission and vision of the University;
- identifies critical issues and challenges confronting the University;
- illustrates and analyzes longitudinal trends in key areas;
- provides a means for comparisons with peer institutions; and
- identifies areas for continued work.

The pages that follow align and connect to the mission of the University. Chapter 3 describes some of the planning underway at each campus to ensure future success and excellence. Chapters 4, 5, and 6 discuss the University's effectiveness in fulfilling the fundamental land-grant mission of teaching, research, and outreach. Chapters 7 and 8 address the University's effectiveness in supporting that mission by employing world-class faculty and staff and stewarding an outstanding organization.

Regents' Progress Card

Gold Measures

Entering Year		2008	2009	2010	2011	Goal/Year
4-year graduation rate	Crookston	35.5%	34.7%	42.5%	44.5%	45%/2017 cohort
	Duluth	37.4%	37.5%	38.2%	39.0%	45%/2017 cohort
	Morris	57.4%	53.2%	53.4%	52.6%	60%/2017 cohort
	Rochester	NA	50.0%	50.0%	63.1%	60%/2017 cohort
	Twin Cities	58.1%	59.1%	60.9%	63.3%	65%/2017 cohort
Entering Year		2006	2007	2008	2009	Goal/Year
6-year graduation rate	Crookston	53.4%	46.6%	51.7%	48.4%	60%/2015 cohort
	Duluth	59.6%	66.7%	65.5%	65.5%	68%/2015 cohort
	Morris	64.2%	68.2%	73.5%	68.1%	80%/2015 cohort
	Rochester	NA	NA	NA	60.0%	60%/2015 cohort
	Twin Cities	73.2%	75.7%	78.7%	77.6%	82%/2015 cohort
Entering Year		2007	2008	2009	2010	Goal/Year
4-year graduation rates of Pell-eligible students—system		35.8%	41.7%	41.9%	43.9%	54%/2017 cohort
		2011–12	2012–13	2013–14	2014–15	Goal
Twin Cities freshman average ACT		27.5	27.7	27.9	27.9	>28.0
		2010–11	2011–12	2012–13	2013–14	Goal/Year
Institutional gift aid		\$177M	\$209M	\$217M	\$224M	\$275M/2021
		FY2010	FY2011	FY2012	FY2013	Goal/Year
R&D expenditures		\$786M	\$847M	\$826M	\$858M	\$900M/2021
		FY2011	FY2012	FY2013	FY2014	Goal/Year
Medical School ranking		29	28	27	30	Top 20/2021
		2008–09	2009–10	2010–11	2011–12	Goal/Year
Faculty awards N and (Rank: Public Universities)		23 (16th)	34 (7th)	25 (10th)	33 (5th)	35+ (Top 10)/2021
				2013	2014	Goal/Year
% Participation in Employee Engagement Survey				57%	64%	72%/2021
		FY2014	FY2015	FY2016	Goal/Year	
Op-Ex—continued progress on \$90M			\$18.8M	\$40.4M	\$57.8M	\$90.M/FY19

See page 4 for background on this progress card, and Appendix E for definitions of the measures.

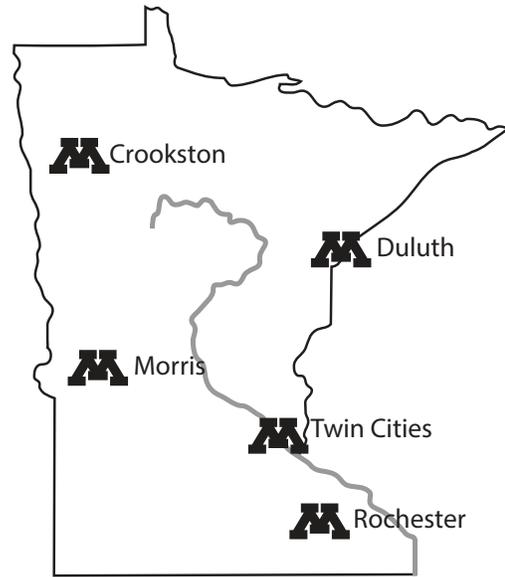
Maroon Measures

Strategic Focus	Performance Drivers/Outcomes	2008	2009	2010	2011	Goal
Undergraduate Education	Twin Cities transfer student 3-year graduation rate	60.1%	57.1%	39.3%	62.5%	>65%
		2010–11	2011–12	2012–13	2013–14	Goal
Graduate Education	Graduate and professional degrees awarded	5,309	5,291	5,242	5,270	>5,250
		2010–11	2011–12	2012–13	2013–14	Goal
Financial Accessibility	Median undergraduate debt at graduation—system	\$24,730	\$25,186	\$24,880	\$24,854	Grow no faster than CPI; Correct for federal/state policy changes
		2012	2013	2014	2015	Goal
Inclusive success	Students of color with a favorable sense of belonging on campus (SERU survey)	58.7%	59.2%	57.5%	57.3%	Match non-SOC response (currently 71.5%)
		2011	2012	2013	2014	Goal
Serving Minnesota Students	Percent of Minnesota high school graduates enrolling at the University as freshmen	10%	10.1%	10.5%	10.6%	Maintain historical access
	OR	2011	2012	2013	2014	Goal
Serving Minnesota Students	Percent of Minnesota high school graduates that elect to attend college in Minnesota and enroll at the University as freshmen	13.7%	13.9%	16.2%	16.7%	Maintain historical access
		2011–12	2012–13	2013–14	2014–15	Goal
Health Sciences	Enrollment in in-demand health science specialties (Nursing, Pharmacy, Dentistry)	2,021	1,988	2,000	2,051	>2,100
	The total combined fall enrollment in Academic Health Center schools and the AHC Center for Allied Health	6,176	6,268	6,292	6,194	>6,350
		2010–11	2011–12	2012–13	2013–14	Goal
Research	National public research ranking	8	8	9	9	Maintain top 10
	MN-IP agreements	NA	14	41	51	10% annual growth
		2010–11	2011–12	2012–13	2013–14	Goal
Land Grant Mission	Public service expenditures	\$225M	\$245M	\$249M	\$253M	>\$254M
		2010–11	2011–12	2012–13	2013–14	Goal
Academic Excellence	Citations per faculty member	111	127	126	124	>125
			2000–05	2005–10	2010–15	Goal
	National scholarships awarded to students		31	52	75	>80 from 2015–2020
		FY2011	FY2012	FY2013	FY2014	Goal/Year
Operational Excellence	Spending on leadership & oversight vs. mission and mission support (%)	NA	8.8%	8.6%	8.3%	Decrease over time
	GSF in poor or critical condition (facility condition assessment)	7.43M	7.33M	7.61M	7.78M	Decrease over time
	Sustainability—Metric tons of greenhouse gasses (2008 base level: 728,000)	NA	556,2000	569,2000	573,100	50% reduction from 2008 levels by 2021 (364,000)
	Credit rating	Aa1	Aa1	Aa1	Aa1	Maintain per Board policy
		2001–04	2002–05	2003–06	2004–07	Goal
Athletics	Graduation Success Rate (GSR)	79.8%	83.1%	83.8%	86.4%	Maintain recent gains

Planning for Success

Each of the University’s campuses has a distinctive history and strategy for contributing to the University’s mission and vision in the way that best serves its students, the region, and the state. Together, the Twin Cities, Crookston, Duluth, Morris, and Rochester campuses contain a rich variety of academic departments and degree programs, all of them essential components of the University system.

The strengths of each campus complement one another and contribute to meeting the educational and workforce needs of the state. The following sections summarize how each campus is planning for success in achieving the University’s mission summarized on page 1. Links to comprehensive campus strategic planning documents are listed in Appendix A.





Twin Cities Campus

Founded

1851

Leadership

Eric W. Kaler, President

Karen Hanson, Senior Vice President for Academic Affairs
and Provost

Colleges and Schools

Carlson School of Management
Center for Allied Health Programs
College of Biological Sciences
College of Continuing Education
College of Design
College of Education and Human Development
College of Food, Agricultural and Natural Resource Sciences
College of Liberal Arts
College of Pharmacy
College of Science and Engineering
College of Veterinary Medicine
Humphrey School of Public Affairs
Law School
Medical School
School of Dentistry
School of Nursing
School of Public Health

Degrees/Majors Offered

150 undergraduate degree programs; 179 master's degree programs; 103 doctoral degree programs; and 5 professional programs in law, dentistry, medicine, pharmacy, and veterinary medicine

Student Enrollment (Fall 2015)

Undergraduate	30,511	(60%)
Graduate	12,659	(25%)
Professional	3,635	(7%)
Non-degree	3,873	(8%)
Total	50,678	

Employees (Fall 2015)

Direct Academic Providers	6,641	(29%)
Fellows, Trainees, and Students in Academic Jobs	5,985	(26%)
Higher Education Mission Support	3,071	(13%)
Intercollegiate Athletics	123	(1%)
Facilities-Related Jobs	1,298	(6%)
Organizational Support	5,099	(22%)
Leadership	1,047	(5%)
Total Employees	23,264	

Degrees Awarded (2014–15)

Bachelor's	7,553	(60%)
Master's	3,308	(26%)
Doctoral & Professional	1,761	(14%)
Total	12,622	

Campus Physical Size (2015)

<i>Minneapolis</i>		
Number of Buildings		162
Assignable Square Feet		10,959,938
<i>St. Paul</i>		
Number of Buildings		98
Assignable Square Feet		2,507,588

Budget Expenditures (FY2016)

\$3.4 billion

Planning at the University of Minnesota Twin Cities

The Twin Cities campus is in year two of implementing a ten-year strategic plan to accelerate advancement of excellence and impact in research, teaching, and outreach.

Approved by the Board of Regents in fall 2014, the strategic plan was developed with broad input over many months by a campus-wide workgroup and extended teams of faculty, staff, and students. The plan builds on the strengths of the campus as Minnesota’s globally engaged research university and one of few major land-grant research institutions situated in a major metropolitan area. With a theme of “Driving Tomorrow,” the plan recognizes the special opportunities and responsibilities the campus has to bring its resources more powerfully to bear on “Grand Challenges”—the most pressing and complex challenges of the state of the Minnesota and the world.

The plan frames many actions the campus will take over the next decade to fulfill its distinctive responsibilities as Minnesota’s land-grant university, dedicated to serving the public good; and the state’s designated research institution, charged with positioning Minnesota at the forefront of emerging knowledge and educating highly skilled workers, professionals, leaders, and global citizens to thrive in a diverse and changing world.

Strategic Priorities

Implementation of the plan will involve all sectors of the campus in initiatives and collaborations to strengthen transformative research, outstanding education, meaningful outreach, and productive collaboration, as captured in four key goal areas:

- **Leverage exceptional research and curricular strengths to address society’s “Grand Challenges”**—develop and support more ambitious and innovative collaborations across disciplines as well as through new learning and career pathways that prepare students to be outstanding leaders, innovators, and global citizens.
- **Reject complacency to foster an invigorated campus culture of ambition, challenge, exploration, and innovation**—encourage intelligent experimentation and highest expectations in all aspects of our mission.
- **Recruit and retain field-shaping researchers and teachers from diverse disciplines and backgrounds**—make Minnesota a magnet for diverse high achievers and innovators who will advance excellence in research, outreach, and engagement and provide world-class educational experiences for graduate, professional, and undergraduate students.
- **Capitalize on the campus’s unique location and its global reach to build a culture of reciprocal engagement**—expand partnerships and shared purposes to benefit the state and our students and to deepen Minnesota’s connections around the globe.

Implementation Steps and Progress

Colleges and departments have been centrally involved in aligning programs and activities with the broader campus goals. The plan’s priorities have been integrated into the compact planning and budget planning processes that shape academic directions and strategic investment decisions. Its goals have also been incorporated into work plans in the central administrative areas of undergraduate education, graduate and professional education, faculty and academic affairs, student affairs, equity and diversity, human resources, and other areas.

Initiatives and collaborations during the first full year of implementation have yielded specific campus accomplishments across the four goal areas, and progress has been made on larger institutional transformations.

Curricular and Research Transformations

The campus has placed special emphasis on jump-starting curricular and research goals as key components of the larger vision of a more nimble, integrative, and vitally engaged research university. A Grand Challenges Curriculum was launched in fall 2015, with courses focusing on foundational

competencies students can apply across a range of topics. The solution-driven courses, team-taught by cross-disciplinary instructors, immerse students in the process of discovery that is central to the University's mission. The innovative courses address issues with both local and global relevance and integrate diverse expertise, methods, and perspectives. Topics have ranged from fracking to global hunger to reconciliation and justice.

The undergraduate-level Grand Challenge courses are constructed to fulfill one of the current liberal education theme requirements (civic life and ethics, diversity and social justice, environment, global perspectives, technology and society). These curricular innovations, along with the development of related minors and theme courses, will open up new learning and career opportunities for students and will pave the way for faculty consideration of new approaches to liberal education requirements.

The campus will announce in early 2016 a slate of research priorities aligned with the Grand Challenges vision. Shaped by a vigorous campus-wide process led by distinguished faculty from many fields, the process is identifying areas where the campus can marshal interdisciplinary and collaborative strengths to have a powerful impact on critical challenges of the state and world. Specific criteria include global impact and local relevance, extent of existing faculty strength and leadership, disciplinary diversity, interconnection with education and external partners, and other key considerations outlined in the strategic plan.

The process brought faculty, staff, and students together to discuss many potential Grand Challenges. Five campus-wide forums took place in fall 2015, with each organized around a broad theme spanning various research strengths identified by the faculty: ensuring just and equitable societies; fostering human potential and well-being across the life course in a diverse and changing world; advancing human health;

developing sustainable cities and resilient communities in a world of climate change; and securing food, water, and energy, today and for the future.

The outcome will be three to five Grand Challenges that will be embraced as institutional priorities. Efforts to broaden and deepen collaborations in the selected areas will dovetail with ongoing efforts by colleges and departments to build productive collaborations across structural and disciplinary boundaries.

The Grand Challenges identified will also build on existing areas of strength, such as MnDrive, and be synergistic with the system-wide strategic research goals of the Office of the Vice President for Research. The goals of the plan will be connected in a variety of additional ways with academic and administrative units across campus and with the plans of the Crookston, Duluth, Morris, and Rochester campuses. University leaders will engage both campus and external stakeholders in discussing progress toward goals and in refining the framework as a dynamic roadmap for the future.

Comparison Group Institutions

To assist with campus planning and assessing success, the Twin Cities campus has identified ten public research universities for primary comparison. While these institutions are among the most similar in size and complexity to the Twin Cities campus and the best available for comparison, the institutions have significant differences that should be noted.

Table 3-1 shows the variance among the eleven schools across type, scope, size, and students. It is important to note that this comparison group includes the very best public research universities in the United States. By choosing this peer group, the University intentionally measures itself against the highest standards in the nation.

Table 3-1. Comparison group institutions, Twin Cities campus

Institution	TYPE			SCOPE				SIZE			STUDENTS		
	Land Grant	City Size (2)	State Pop. (3)	Institution Includes:				Enrollment (9)		Faculty (10)	R&D (11)	Top-10 HSR (12)	Percent in-state (13)
				Agricult. College	Law School	Med. School	Hospital	Under-grad.	Grad. & Prof.				
Ohio State U.–Columbus	●	Large	11.5	●	●	●	●	58,322 43,733 13,581	2,475	\$815	61%	69%	
Penn. State U.–University Park	●	Small	12.7	●	○(4)	○(5)	○(5)	47,040 39,958 6,499	1,596	\$801	40%	56%	
U. of California–Berkeley	●(1)	Mid-size	37.3		●			37,565 27,126 10,439	1,382	\$744	98%	69%	
U. of California–Los Angeles	●(1)	Large	37.3		●	●	●	41,845 29,627 12,212	1,625	\$948	97%	73%	
U. of Florida–Gainesville	●	Mid-size	18.8	●	●	●	○(6)	49,459 31,879 16,630	1,960	\$709	75%	87%	
U. of Illinois–Urbana-Champaign	●	Small	12.8	●	●	●	○(7)	45,140 31,875 12,181	1,741	\$622	59%	71%	
U. of Michigan–Ann Arbor		Mid-size	9.9		●	●	●	43,625 28,217 15,230	2,697	\$1,349	NR	55%	
U. of Minnesota–Twin Cities	●	Large	5.3	●	●	●	○(6)	51,147 30,135 16,796	2,211	\$877	47%	64%	
U. of Texas–Austin		Large	25.1		●	○(8)	○(8)	51,313 38,614 11,790	1,899	\$585	69%	89%	
U. of Washington–Seattle		Large	6.7		●	●	●	44,784 29,468 14,112	1,361	\$1,176	NR	66%	
U. of Wisconsin–Madison	●	Mid-size	5.7	●	●	●	●	42,598 29,302 11,904	2,004	\$1,109	52%	60%	

1 The U.C. System is the land-grant university of California.
 2 City size estimates, U.S. Census Bureau, 2010.
 3 State population in millions, U.S. Census Bureau, 2010.
 4 The Penn State U. Law School is located on the Dickinson campus.
 5 The Penn State U. Medical School is located on the Hershey campus.
 6 Hospital affiliated with but not owned by campus.
 7 The U. of I. Medical Center is located on the Chicago campus.
 8 The U. of T. medical programs are located on several other campuses.
 9 Fall 2014 enrollment. Total Enrollment includes non-degree seeking student, but undergraduate enrollment is based on degree seeking students. Institutional Common Data Sets.

10 Fall 2014 full-time instructional faculty with tenure or tenure-track appointments. Integrated Postsecondary Education Data System.
 11 Fiscal year 2014 higher education research and design expenditures in millions. National Science Foundation Higher Education Research Survey (HERD).
 12 Fall 2014 first-time students with high school rank (HSR) in the top 10 percent of the graduating class. (NR) indicates institutions not reporting high school class rank for their entering class. Institutional Common Data Sets.
 13 Fall 2014 percentage of first-time students who are state residents Institutional Common Data Sets.



Duluth Campus

Founded

1895—Normal School at Duluth
 1921—Duluth State Teachers College
 1947—University of Minnesota Duluth

Campus Leadership

Lendley (Lynn) Black, Chancellor

Colleges and Schools

College of Education and Human Service Professions
 College of Liberal Arts
 Continuing Education
 Labovitz School of Business and Economics
 School of Fine Arts
 Swenson College of Science and Engineering

Academic Partnerships

College of Pharmacy
 Medical School

Degrees/Majors Offered

14 bachelor's degrees in 92 majors; two-year program at the School of Medicine and College of Pharmacy; 19 graduate programs; participates in six cooperative programs with the Twin Cities campus

Student Enrollment (Fall 2015)

Undergraduate	8,929	(82%)
Graduate	652	(6%)
Professional*	355	(3%)
Non-degree	942	(9%)
Total	11,093	

*Granted by Twin Cities campus, delivered at Duluth campus.

Employees (Fall 2015)

Direct Academic Providers	681	(37%)
Fellows, Trainees, and Students in Academic Jobs	214	(12%)
Higher Education Mission Support	245	(13%)
Intercollegiate Athletics	44	(2%)
Facilities-Related Jobs	167	(9%)
Organizational Support	427	(22%)
University Leadership	71	(5%)
Total Employees	1,849	

Degrees Awarded (2014–15)

Bachelor's	2,007	(89%)
Master's	232	(10%)
Doctoral	4	(1%)
Total	2,243	

Campus Physical Size (2015)

Number of Buildings	81
Assignable Square Feet	1,893,489

Budget Expenditures (FY2016)

\$249 million

Planning at the University of Minnesota Duluth

Freshwater Research

The University of Minnesota Duluth (UMD) Strategic Plan, approved in 2011, is the product of an inclusive, collaborative process involving faculty, staff, and students as well as Duluth community leaders. Through this process the campus developed a revised mission, vision, core values, and six major goals. UMD's strategic plan has served as a roadmap to focus campus efforts on key priorities, including freshwater research.

Water is essential to life on earth, but clean freshwater is in limited supply worldwide. While the Upper Midwest has a relative abundance of freshwater, looming (or present) water crises across the nation and globe are threatening to disrupt food supplies and national security, and increasingly pit water-rich against water-poor regions. Even water-rich areas experience local problems with water supply and water quality. How is UMD addressing the “grand challenge” of providing clean freshwater to the region's communities, industries, and ecosystems?

UMD sits at the headwaters of one vast freshwater system, the Laurentian Great Lakes, and near the headwaters of another, the Mississippi River. Water directly or indirectly accounts for much of the wealth of this region.

The size and diversity of freshwater science, policy, and outreach that occurs in and around the campus makes UMD a state and national leader in freshwater research. The size and setting of the Duluth campus is ideal for close collaboration of faculty, undergraduate, and graduate students in freshwater research and provides UMD students with exceptionally strong preparation for postgraduate employment.

Freshwater research education and outcomes are integrated across campus through the work of faculty and staff associated with the Swenson College of Science and Engineering, Natural Resources Research Institute, Large Lakes Observatory, and Minnesota Sea Grant.

Freshwater Research at the Swenson College of Science and Engineering

Water—with a particular emphasis on freshwater—is one of the principal organizing themes of research across the Swenson College of Science and Engineering (SCSE), and is central to UMD's strategic plan for research. SCSE includes the science departments of Biology, Chemistry & Biochemistry, Physics & Astronomy, Earth & Environmental Sciences, and Mathematics & Statistics, as well as the engineering departments of Computer Science and Civil, Chemical, Electrical, and Mechanical & Industrial Engineering. The Large Lakes Observatory is also a component of SCSE, as is the multi-institutional Iron Range Engineering Program.

SCSE also works closely with the Natural Resources Research Institute to bridge basic, translational, and applied research across the disciplines at UMD. Freshwater research cuts across virtually all these programs. Major themes include:

- water quality and understanding specific impacts on surface and groundwater sources;
- water remediation, with a focus on mining—and other industrial-related impacts;
- effects of climate change on freshwater systems and their ecosystems;
- the natural chemistry and biology of large systems such as Lake Superior and the other Great Lakes, and the distributed network of other lakes and watersheds in Minnesota;
- invasive species and their impact on the ecology of water systems;
- use of water in agriculture, with a focus on water conservation and drought response of plants;
- water recovery and conservation in wastewater, industrial, and other anthropogenic processes; and
- technologies that reduce water usage in private, commercial, agricultural, and industrial settings.

Many of these studies include scientists and engineers working together across traditional disciplinary boundaries. SCSE scientists collaborate with policy and business experts and others on complex issues that go beyond the borders of traditional science and engineering. Scientists also work with area

stakeholders including the City of Duluth, St. Louis County, the State of Minnesota and its agencies; the U.S. Environmental Protection Agency and other government agencies; local, regional, statewide, and national environmental organizations; and the for-profit sector including the mining industries, forestry and paper industries, engineering firms, chemical, biochemical, and agricultural industries, materials science industries, and others. The goal is to focus primarily on regional issues of concern to Minnesota stakeholders, but recognizing that these issues, and their solutions, also have an impact on national and global levels.

Freshwater Research at the Natural Resources Research Institute

The National Resources Research Institute (NRRI) is focused on four goals:

- 1) characterize the quantity, quality, and distribution of freshwater ecosystems and resources in the region (including across the Great Lakes Basin);
- 2) provide tools and data to inform management and decision making by agencies, communities, nongovernmental organizations, and industries;
- 3) work individually or collectively with regional partners to develop strategies or tools to conserve rare resources, mitigate impacts of human activities on aquatic systems, and remediate or restore systems that have been impacted; and
- 4) train the next generation of professionals.

NRRI’s research activities range from contributing to basic knowledge, providing tools and solutions to significant issues that affect the region’s communities and industries, and advising government agencies and industries at all levels—including local, regional, national, and international entities. Specific areas of specialization include: developing environmental assessment tools and protocols to guide management and policy; assessing climate change impacts and identifying adaptation strategies; developing or evaluating water treatment technologies; creating data visualization and dissemination tools for large datasets.

The NRRI leverages its State Special funding heavily (more than 4x) with grants from a wide range of local,

state, and federal government agencies, and partner directly with industry to solve “real world” problems thereby enabling responsible development of the region’s resources.

Freshwater Research at the Large Lakes Observatory

The Large Lakes Observatory (LLO) has a unique mission, the scientific study of the large lakes of Earth. This requires specific disciplinary and interdisciplinary expertise and infrastructure. LLO houses a diverse scientific team that works actively in the region and around the world to improve understanding of environmental change, ecosystem dynamics, and fundamental scientific processes occurring within these huge freshwater systems. It hosts the most scientifically capable research vessel on the Great Lakes, the R/V Blue Heron.

LLO is a leader within the Great Lakes research community in utilizing environmental sensors to record lake conditions and how they are changing. State of the art in situ observation systems, advanced analytical instrumentation, and a skilled scientific and maritime workforce allow LLO to address diverse scientific problems in the large lakes of Earth. LLO’s mission is making advances in fundamental science, but LLO scientists also perform research with immediate social benefit, for example research on invasive species. Outreach activities are expanding and each summer hundreds of citizens experience the Blue Heron first hand through the popular Science on Deck lecture and tour series. LLO trains undergraduate and graduate students and hosts Postdoctoral scientists who are completing their training before launching their own independent careers.

Freshwater Research at Minnesota Sea Grant

By some measures, Lake Superior is an inland sea; according to the federal government, the other Great Lakes are too. That’s why the National Oceanic and Atmospheric Administration’s Sea Grant Program extends into the heart of North America, all the way to the University of Minnesota Duluth. Minnesota Sea Grant, the only Sea Grant program focused entirely on Lake Superior, seeks to maintain and enhance the state’s coastal environments and economies through high-quality research and outreach. This

state-federal partnership annually supports research involving graduate students and opportunities for undergraduates to improve the scientific literacy of thousands of K–12 students. The program’s staff also pursues outreach activities, some of which are cited internationally (i.e. Ballast Water Collaborative) and recognized nationally (i.e. Stop Aquatic Hitchhikers). Minnesota Sea Grant partners extensively to develop innovative solutions to complex coastal challenges and is proudly celebrating 40 years of Superior Science.

Comparison Group Institutions

For purposes of planning and assessment, the Duluth campus revised its peer list in recent years to include eleven higher education institutions as the primary group for comparison. These institutions are listed in Table 3-2 and were identified based on their similar academic programs, enrollment, degrees awarded, research activities, and their Carnegie Classification as Master’s Medium Programs.

Table 3-2. Comparison group institutions, Duluth campus

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment	Percent Degree-seeking Undergrads	Percent Full-time	Percent In-state
CA Poly. State U.–San Luis Obispo	Public	Small	Master's	20,186	95%	97%	83%
Col. of Charleston	Public	Mid-size	Post-Master's Certificate	11,456	88%	95%	55%
Minnesota State U.–Mankato	Public	Small	Doctorate	15,387	80%	89%	85%
South Dakota State U.	Public	Small	Doctorate	12,543	80%	86%	56%
Southern Illinois U.–Edwardsville	Public	Mid-size	Doctorate	13,972	81%	85%	89%
U. of Mass.–Dartmouth	Public	Mid-size	Doctorate	9,111	79%	88%	94%
U. of Michigan–Dearborn	Public	Large	Doctorate	8,923	77%	69%	94%
U. of Minnesota–Duluth	Public	Large	Doctorate	11,093	82%	96%	83%
U. of North Carolina–Charlotte	Public	Large	Doctorate	27,238	81%	86%	91%
U. of Northern Iowa	Public	Mid-size	Doctorate	11,928	83%	92%	91%
Western Michigan U.	Public	Mid-size	Doctorate	23,914	77%	84%	87%
Western Washington U.	Public	Mid-size	Post-Master's Certificate	15,060	93%	93%	88%

Source: Integrated Postsecondary Education Data System. Student data reflect Fall 2014 enrollment



Morris Campus

Founded

1910—University of Minnesota, West Central School of Agriculture

1960—University of Minnesota Morris

Campus Leadership

Jacqueline Johnson, Chancellor

Divisions

Education Division

Humanities Division

Science and Mathematics Division

Social Sciences Division

Degrees/Majors Offered

34 undergraduate degree programs; 9 pre-professional programs

Student Enrollment (Fall 2015)

Undergraduate	1,741	(94%)
Non-degree	115	(6%)
Total	1,856	

Employees (Fall 2015)

Direct Academic Providers	170	(39%)
Fellows, Trainees, and Students in Academic Jobs	1	(<1%)
Higher Education Mission Support	56	(13%)
Intercollegiate Athletics	22	(5%)
Facilities-Related Jobs	53	(12%)
Organizational Support	115	(26%)
University Leadership	22	(5%)
Total Employees	439	

Degrees Awarded (2014–15)

Bachelor's	374
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Campus Physical Size (2015)

Number of Buildings	36
Assignable Square Feet	599,370

Budget Expenditures (FY2016)

\$56 million

Planning at the University of Minnesota Morris

The Morris campus's strategic plan was approved through its governance system in 2007, and has served as a guiding framework for campus initiatives since then. Recent reviews completed independently by the campus planning committee and senior leaders show that the campus has made progress toward or completed nearly two thirds of the 84 specific items included in the original plan. Select accomplishments are described in the following sections.

Academic Center for Enrichment

The Morris campus established a center for academic enrichment (ACE) to promote undergraduate research, study abroad, an “honors” experience, and national student scholarships. In the past several years, three Morris students have been named Truman scholars and two have been named Udall scholars. Nearly half of Morris students participate in faculty-mentored undergraduate research or artistic production by the time they graduate and 46 percent have studied abroad during their college career at Morris.

Enrollment Goals

The Morris campus has continued to increase and support its numbers of international students (now 11 percent of the degree-seeking student population) and students of color (now 27 percent of degree-seekers).

National Profile

The Morris campus has elevated its national profile as a public liberal arts college as evidenced by national rankings and by its receipt of several prestigious foundation grants—a Howard Hughes Medical Institute Grant to promote the success of students in biology; a Margaret A. Cargill foundation grant to develop a leadership program with an emphasis on sustainability; and a federal Student Support Services TRIO grant awarded in July 2015. Two summer bridge programs support the success of international students (STELLAR program) and Morris's twenty-one-year-old Gateway program supports the success of entering students from underrepresented groups.

In addition, the Morris campus has become a national leader in sustainability, a model community for

renewable energy and sustainable living. The campus anticipates achieving the goal of carbon neutrality by 2020, primarily through the on-site generation of heat and power. In 2015, the Morris campus was named by the U.S. Environmental Protection Agency as a top thirty national organization for the on-site generation of power. On average, 60 percent of campus electricity comes from wind; the combined heating and cooling system uses local biomass to heat and cool the campus and puts money back into the local economy.

A new array of solar panels, funded through the Made in Minnesota program and installed in fall 2014, provides half of the electricity for the Morris campus's new residence hall, the Green Prairie Community. Morris students have led in the development of a recycling program and a cold weather composting program. All these initiatives provide a demonstration and research platform for faculty and for students in line with the Morris campus's liberal arts mission.

Community Engagement

The campus engages its local communities in a variety of ways, including through the Center for Small Towns, and in 2015 was named a Carnegie community engaged campus.

Plan for Future Success

The Morris campus plan includes facilities renovation; enhanced efforts to retain and graduate a diverse student population; “translation” of the liberal arts into meaningful work experiences; continued attention to the support of faculty; creative uses of eLearning and technology to enhance and expand the liberal arts, face-to-face mission; expansion of the living and learning laboratory in the region; and realization of the campus's role in contributing to a resilient community in the town of Morris.

Facilities Renovation

Historic buildings: The Morris campus has crafted a plan that combines campus resources, Higher Education Asset Preservation and Replacement funds, and repair and renovation funds to begin incremental modifications of these buildings.

Learning commons: The library on the Morris campus, constructed in 1967, has not been significantly renovated since that time and is in need

of dramatic improvement for access, to recognize the shift from print to digital sources, and the unique needs of 21st century learners. The campus plan includes a renovation of the library to provide a learning commons—a center that provides research, technological, and academic support for students in an environment that supports collaboration and the use of personal mobile devices.

Wellness Center: The Morris physical education center was built in 1970 prior to the adoption of Title IX, at a time when only men’s sports were emphasized. The facility is not able to house the many female and male athletes who now participate in the Morris campus’s 19 NCAA Division III sports programs. The campus plans a renovation that will repurpose the building to meet Title IX requirements and to refocus on wellness and student success.

Retention

The Morris campus’s value proposition is strong, supported by its place in the market alongside much more expensive private liberal arts colleges and by the advantages found in being part of the University of Minnesota system. Recruiting and retaining new students and moving them toward graduation are among the campus’s highest priorities. In the past two years, the campus has secured private foundation funds to address student success and retention issues for those who have traditionally been underrepresented in higher education, but there is more to be accomplished.

Translating the liberal arts: The Morris campus is piloting an initiative in fall 2015 that connects liberal arts and career goals beginning with registration and continuing through commencement. The aim of this program is to assist students in “translating” the liberal arts into meaningful workforce goals and further study in graduate and professional schools.

While Morris students from traditionally underserved backgrounds (first-generation college students, students from low-income households, American Indian students, and students of color) succeed at rates above the national averages, they persist and graduate at rates below their campus peers from more traditionally college bound backgrounds. In July 2015, the campus won a five-year U.S. Department of Education grant to establish a TRIO Student Support

Services program as part of the campus strategy to close these achievement gaps.

Faculty Recruitment

Morris campus faculty salaries have remained below their peer group averages for a number of years. Although funds have been reallocated in the past three years to address this issue, achieving competitive faculty salaries remains a campus priority. In addition, the Morris campus has reached a level of programmatic maturity that would permit the establishment of endowed professorships or chairs, particularly in signature areas and/or in areas where there are large numbers of student majors (e.g., American Indian Studies, STEM fields, economics). The campus’s case statement for philanthropic support is expected to identify some of these opportunities.

eLearning

A task force on eLearning has made a series of recommendations which are being considered by the campus during fall 2015 semester. In addition, the Morris campus is piloting a number of initiatives that use technology and eLearning to expand and enhance the campus’s face-to-face liberal arts mission. For example, in cooperation with the McPhail Institute in the Twin Cities, individual instrumental music instructors are conducting some of their lessons from the McPhail studios. This allows the Morris campus to retain highly qualified faculty for music lesson instruction without requiring dangerous winter travel.

Using interactive technology, the education program is enlisting the support of Minnesota teachers of the year as mentors in a seminar setting for its prospective teachers. The Morris campus is also part of a faculty collaboration supported by the TEAGLE Foundation whose purpose is the creation of online courses in American Indian studies for campuses with a significant number of American Indian students. The grant supports both the creation of these courses and also the presence of on-campus faculty mentors to enhance the online experience.

Expanding the Living/Learning Laboratory

Outdoor classroom: West central Minnesota provides a rich laboratory for finding solutions to a number of “grand challenges” that face the region and the nation. From invasive species to the impact of

climate change to sustainable agriculture, the size and location of the Morris campus positions it as a resource to address these issues. The Morris campus has completed predesign work for the creation of an outdoor classroom. A recent gift of 140 acres north of the Morris campus provides another opportunity for research, reflection, and discovery dedicated to the fostering of environmental stewardship.

Resilient communities: In the spirit of fostering the creation of resilient communities, campus leaders are in conversation with community leaders and private investors to explore ways in which the Morris community might develop as a demonstration platform

and model of sustainability in much the same way that the campus has. Under consideration currently is a partnership with the Morris Area schools to expand the campus composting initiative and a community-based, investor-owned project that would create a community solar garden.

Comparison Group Institutions

For planning purposes, the Morris campus has identified 15 higher education institutions as its comparison group (Table 3-3). This collection of comparable and aspirational peer institutions come closest to aligning with the Morris campus’s distinctive identity as a public liberal arts college.

Table 3-3. Comparison group institutions, Morris campus

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment	Percent Degree-seeking Undergrads	Percent Full-time	Percent In-state
Albion Col.	Private	Small	Bachelor’s	1,268	99%	99%	89%
Coe Col.	Private	Small	Bachelor’s	1,436	95%	98%	38%
Concordia Col.–Moorhead	Private	Mid-Size	Master’s	2,398	96%	99%	69%
DePauw U.*	Private	Small	Bachelor’s	2,215	99%	100%	39%
Gustavus Adolphus Col.*	Private	Small	Bachelor’s	2,457	100%	99%	79%
Kalamazoo Col.*	Private	Mid-Size	Bachelor’s	1,461	98%	99%	58%
Lycoming Col.	Private	Mid-Size	Bachelor’s	1,353	99%	99%	57%
Macalester Col.*	Private	Large	Bachelor’s	2,073	99%	99%	13%
Mass. Col. of Liberal Arts	Public	Small	Master’s	1,765	86%	90%	72%
St. Mary’s Col. of Maryland	Public	Small	Master’s	4,225	93%	94%	78%
St. Olaf Col.*	Private	Small	Bachelor’s	1,721	97%	97%	94%
SUNY at Purchase Col.	Public	Small	Master’s	3,034	99%	100%	44%
U. of Virginia’s Col. at Wise	Public	Small	Bachelor’s	2,183	68%	94%	92%
U. of Maine–Farmington	Public	Small	Master’s	1,960	89%	95%	80%
U. of Minnesota–Morris	Public	Small	Bachelor’s	1,899	95%	97%	81%
U. of N.C.–Asheville	Public	Large	Master’s	3,845	89%	90%	84%

Source: Integrated Postsecondary Education Data System

Student data reflect Fall 2014 enrollment

*Aspirational peer institutions



Crookston Campus

Founded

1905—Northwest School of Agriculture
 1966—University of Minnesota Crookston

Campus Leadership

Fred E. Wood, Chancellor

Departments

Agriculture and Natural Resources
 Business
 Liberal Arts and Education
 Math, Science and Technology

Degrees/Majors Offered

34 undergraduate degree programs; 14 online majors,
 2 academic programs offered in China

Student Enrollment (Fall 2015)

Undergraduate	1,874	(66%)
Non-degree	949	(34%)
Total	2,823	

Employees (Fall 2015)

Direct Academic Providers	121	(39%)
Higher Education Mission Support	48	(16%)
Intercollegiate Athletics	29	(9%)
Facilities-Related Jobs	27	(9%)
Organizational Support	64	(21%)
University Leadership	18	(6%)
Total Employees	307	

Degrees Awarded (2014–15)

Bachelor's	401
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Campus Physical Size (2015)

Number of Buildings	40
Assignable Square Feet	450,278

Budget Expenditures (FY2016)

\$38 million

Planning at the University of Minnesota Crookston

The University of Minnesota Crookston is integral to the University's statewide land-grant mission. The college provides its unique contribution through applied, career-oriented learning programs that combine theory, practice, and experimentation in a technologically rich environment. UMC connects its teaching, research, and outreach to serve the public good. (campus mission adopted by the Board of Regents, May 2007)

The Crookston campus serves as the face of the University in northwest Minnesota and is an important regional asset and hub of activity. The campus leverages its own resources with those of the Northwest Research and Outreach Center, Extension, the State Economic Development Administration Center, local business and industry, and the community to serve the region as well as the entire state. It also serves as a regional economic driver with a significant economic impact of over \$50 million.

Crookston is distinctive within the University system for hands-on experiential learning, a focus on teaching and technology, online learning, direct career preparation including required internships, and exceptional niche programs. It offers the University's excellence in a small campus environment and online in ways that afford students personalized attention and "face time" with faculty and staff; multiple options for student leadership and engagement through undergraduate research, clubs, activities, and NCAA Division II athletics; and a supportive student-centered learning environment where all students, including first-generation, less prepared, and at-risk students, can realize their potential and thrive.

A major focus of strategic planning is to achieve a critical mass of students on campus while strategically growing online enrollment. The campus maintains its strong commitment to offering a top-notch, robust experience for both residential and commuter students who complete their academic careers on campus. Simultaneously, online learning continues to be a strategic part of the academic programming, and the Crookston campus serves as an eLearning leader within the University system. This is approached

as an extension of the University's modern land-grant mission, as it provides access to educational programs in a way that appeals to students that differ demographically from the traditional college-aged student. Currently, 14 of Crookston's 34 baccalaureate programs are offered entirely online as well as on campus. Online-only students comprise slightly more than 50% of the total student population as of fall semester 2015.

Crookston is also an oasis of diversity in the region, enrolling students who come to campus from more than 20 countries and 40 states. For fall 2015, enrollment of domestic degree-seeking students of color is 13% of on-campus enrollment, and international students account for 11% of on-campus degree-seeking enrollment. This affords the campus and community opportunities for multicultural interaction and exchange.

The Crookston campus's two major sources of revenue are tuition and state support. Given current levels of state support and a desire to limit tuition increases, the only options for increasing revenue are enrollment growth, additional grant funding, and greater philanthropic support. While the campus exhibits extraordinarily lean operations, campus units continue to explore ways to gain efficiencies. Recruiting, retention, and graduation efforts have become a campus-wide focus and need to be increasingly effective, highly targeted, and sustained from matriculation to graduation. This is a heightened challenge because the number of Minnesota high school graduates is projected to remain relatively low for the next several years. Additionally, recruitment strategies for online students will need to be targeted and effective in an increasingly competitive market.

Campus Strategic Planning

Beginning in late 2013 and continuing into 2015, the Crookston campus initiated a new round of strategic planning. The Strategic Planning Leadership Team drafted three key documents (Future Business Model, Institutional Identity Statement, Strategy Screen) and recruited faculty and staff to three strategic work group initiatives: the Strategic Enrollment Management Committee, the Strategic Philanthropic Engagement and Regional Support Team, and the Strategic Institutional Excellence Team. A fourth

initiative was added in 2015 with a focus on diversity, inclusion, and engagement. The campus has also broadened the strategic discussion and participation across campus through the Faculty Assembly, Campus Assembly, the Crookston Student Association, and other venues such as open forums. Ultimately, the initiatives from these groups will be incorporated into the work of existing campus units.

Strategic Enrollment Management Committee (SEMC)

The SEMC addresses the major challenge of how to achieve and maintain a critical mass of students on campus while also growing online enrollment. Major priorities include the development of a campus-wide strategic recruitment and retention plan for one-, three-, and five-year enrollment targets for both on-campus and online students. Revised goals for student retention and graduation rates are also being discussed by SEMC as well as the campus administrative team. An additional goal is to establish enrollment strategies and tactics to meet both short-term and long-term enrollment goals, which will guide action plans for key issues such as advising, students of color, transfer students, and online students, among others. New recruitment materials have been developed, new student orientation programs are being enhanced to help transfer students better transition to campus, and a pilot mentoring program for new student athletes has been established. All units within Student Affairs are developing more effective and efficient ways to ensure that online students have access to similar service and support as on-campus students.

Strategic Philanthropic Engagement and Regional Support (SPERS) Team

The major goal of SPERS is to enhance and leverage support for the Crookston campus by engaging various internal and external constituencies, including current students and their families, alumni, faculty, staff, business and industry, community members, and donors to nurture a culture of philanthropy and pride. A major resulting accomplishment has been the development and implementation of the Crookston Campus-Community Connection or C4. This initiative is led by a planning board consisting of the Crookston chancellor and the mayor of the city of Crookston as

well as business and community leaders, students, faculty, and staff. With its inaugural meeting in April 2015, this group continues the work of building on and enhancing a strong campus-community relationship. Topics of interest include strategies to generate greater community support for the campus as well as ways to inform and encourage the utilization of local businesses and services by students, faculty, and staff.

Strategic Institutional Excellence Team (SIET)

The priority goal of SIET is to establish the Crookston campus as a premier resource for rural economic development. With the Center for Rural Entrepreneurial Studies as well as the Economic Development Administration Center for the state of Minnesota located on campus, the Crookston campus has significant resources upon which to build. Both of these organizations utilize University faculty, staff, and students as well as Extension professionals, and the educational experience of Crookston students is enhanced by engaging them in projects and research studies related to economic development and entrepreneurship. Working with the current host (UMD) of the Northwest Region's Small Business Development Center (SBDC), the Crookston campus is developing plans to host a regional satellite SBDC office in 2016 and, eventually, assume responsibility as host. Key to this initiative is identification of the leadership and organizational structure for the Crookston campus's planned Center for Rural Economic Development.

Diversity, Inclusion, and Engagement

Recognizing the importance of preparing students for the highly diverse world into which they will be graduating, the Crookston campus is, with increased intentionality, integrating diversity, inclusion, and engagement into campus conversations and programming this academic year, with a goal to include higher retention and graduation rates for all students. Enrolling students from more than 40 states and 20 countries and from both very urban and very rural areas, the Crookston campus reflects the diversity of the greater world and, as such, is a "laboratory" in which students can safely and openly explore difficult topics with people who are different from them. One of Crookston's highest priority goals for the 2015–16 academic year will be to develop

and implement plans and strategies to integrate more diversity, inclusion, and engagement on campus and in the community. Training and development programs and activities will be planned, implemented, and evaluated.

Aligning and Coordinating with the Twin Cities Campus Strategic Plan

The strategic initiatives from SPERS and SIET align well with strategic planning efforts on the Twin Cities campus since they focus on engaging various communities in the region and leveraging support for the Crookston campus and the University system. The planned Center for Rural Economic Development will involve regional partners to stimulate and grow the entrepreneurial culture and economic vitality of northwest Minnesota and the state. Additional opportunities for aligning and coordinating with the Twin Cities campus strategic plan reside in the grand challenges and the other focus areas. With a

planning approach that addresses opportunities and challenges as they arise, the Crookston campus’s next big questions may well be: How will the Crookston campus help the University of Minnesota system respond to the world’s grand challenges? How can the Crookston campus recruit and retain the very best educators? How will the campus strive for excellence and reject complacency? The Crookston campus’s Strategic Planning Leadership Team will consider these questions as part of its ongoing work over the academic year.

Comparison Group Institutions

The Crookston campus has identified nine higher education institutions as the primary comparison group for planning and assessment. The comparison institutions were identified based on their similarities in academic programs, enrollment, rural setting, and other key characteristics. These institutions are listed in Table 3-4, with the variance among them shown.

Table 3-4. Comparison group institutions, Crookston campus

	TYPE			SIZE	STUDENTS		
	Institutional Control	City Size	Highest Degree Offered	Total Enrollment	Percent Degree-seeking Undergrads	Percent Full-time	Percent In-state
Bemidji State U.	Public	Small	Master’s	4,986	88%	79%	91%
Dakota State U.	Public	Small	Doctoral	3,047	58%	65%	66%
Delaware Valley Col.	Private	Small	Master’s	2,137	85%	92%	48%
Northern State U.	Public	Small	Master’s	3,531	48%	81%	63%
U. of Maine–Farmington	Public	Small	Master’s	1,960	89%	95%	80%
U. of Minnesota–Crookston	Public	Small	Bachelor’s	2,850	66%	67%	71%
U. of Minnesota–Morris	Public	Small	Bachelor’s	1,899	95%	97%	81%
U. of Pittsburgh–Johnstown	Public	Small	Bachelor’s	2,869	100%	97%	96%
U. of Wisconsin–River Falls	Public	Small	Master’s	6,198	87%	92%	47%
U. of Wisconsin–Stout	Public	Small	Master’s	9,394	86%	84%	63%

Source: Integrated Postsecondary Education Data System (IPEDS)
Student data reflect Fall 2014 enrollment.



Rochester Campus

Founded

2006

Campus Leadership

Stephen Lehmkuhle, Chancellor

Campus Academic Programs

Health Professions

Health Sciences

Biomedical Informatics and Computational Biology¹

Degrees/Majors Offered

One baccalaureate degree offered in two academic programs

One master's degree offered in one academic program

One doctoral degree available in one academic program

Academic Partnerships

Labovitz School of Business and Economics, UMD

Clinical Laboratory Sciences, UMTC

College of Education and Human Development, UMTC

School of Nursing, UMTC

Occupational Therapy, UMTC

School of Public Health, UMTC

Educational Collaborations

College of Science and Engineering, UMTC

Mayo School of Health Sciences

Biomedical Informatics and Computational Biology Partnerships

UMTC, Hormel Institute, Mayo Clinic, IBM,

National Marrow Donor Program, Brain Sciences Center

Student Enrollment (Fall 2015)

Undergraduate	402	(85%)
Non-degree	14	(3%)
Graduate ¹	58	(12%)
Total	474	

Employees (Fall 2015)

Direct Academic Providers	37	(37%)
Fellows, Trainees, and Students in Academic Jobs	8	(8%)
Higher Education Mission Support	21	(21%)
Organizational Support	27	(27%)
University Leadership	7	(7%)
Total Employees	100	

Degrees Granted (2014–2015)

B.S. (Health Science)	49
B.S. (Health Professions)	24
M.S. (Biomedical Informatics and Computational Biology) ¹	3

Campus Physical Size (2014)²

Number of Buildings	3
Assignable Square Feet	156,500
Land for Future Campus	2.65 acres

Budget Expenditures (FY2016)

\$17 million

¹An all-University graduate degree granted by the Twin Cities campus with the administrative home on the Rochester campus.

²All buildings are leased.

Planning at the University of Minnesota Rochester

Rapid changes in demographics and technology are driving paradigm shifts in higher education, transforming how knowledge is created and disseminated, changing the profile and the ways of knowing, and redefining learning. Educators must prepare students for jobs that do not yet exist and that will continue to transform, to solve problems as yet unknown, and use technologies not yet invented.

Although there is much ambiguity about the future impact these paradigm shifts will have on higher education, the Rochester campus has, over the past eight years, designed its programs, shaped the profile of its faculty and staff, and met its space needs in new and innovative ways. As a new campus, many of these innovations were driven by opportunities to explore different approaches to learning, such as developing an integrated curriculum by an interdisciplinary faculty housed in a single academic unit, or by connecting our students with existing assets in the community, such as establishing a partnership with the local YMCA to provide student recreational services.

The Rochester campus now enters its next phase of growth and development. Its principle strategy will be to build on the innovations that make the Rochester campus distinctive. The emerging institutional plan, entitled *UMR 2.0: Optimizing Distinctiveness*, articulates intentional actions to optimize distinctive strengths, enabling the Rochester campus to strategically adapt to the paradigm shifts underway in higher education. The plan has six core areas of distinctiveness, described in the following sections.

Customized Undergraduate Health Education

The first two years of the Bachelor of Science Health Sciences (BSHS) degree include a core curriculum for all undergraduates. Building on that foundation, students work with faculty and Student Success Coaches to plan and implement an individualized capstone experience during the senior year. Most “study away” in experiences as varied as directed research, internships, study abroad, or coursework at another university to accomplish a minor.

Individualized Care, Attention, and Guidance

Student Success Coaches are assigned to students for the entire four-year experience, for advising, career exploration, capstone planning, and general life-coaching. Faculty staff “Just ASK Centers,” providing readily available academic support.

Connected Curricular Experiences

Faculty collaborate on research, teaching, and service in one, interdisciplinary department—the Center for Learning Innovation. Tenured and tenure-track faculty are designated as the “designers” of the curriculum with “student-based faculty” (lecturers and teaching specialists) working with them in teams to deliver and assess. The intentional connections in the curriculum include integration across disciplines, embedded liberal education outcomes, writing-integration, and health-sciences contextualized content.

Collaborative Culture

Faculty team-teach most undergraduate courses, expecting students to also work in teams in this “flipped” learning environment. Given the core curriculum in the first two years, students are automatically part of a learning cohort. Student development and academics are intentionally connected in the structure and administration of the Rochester campus. Student development professionals—as part of the Center for Learning Innovation—meet regularly with faculty. To further support collaboration, one Vice Chancellor supports both Academic Affairs and Student Development

Learner-centered core shaped by ongoing learning research

Tenured and tenure-track faculty have “teaching and learning research” as their primary scholarly area, with disciplinary work as secondary. These expectations—clearly delineated in tenure and promotion documents—provide continuous assessment data, used to enhance curricular and pedagogical decisions.

Community Immersion

The Rochester campus is integrated into the community. The community connections deepen

the learning and development of students as well as provide the physical space to teach, house, recreate, and provide healthcare services for those students. These programmatic and service-based relationships achieved by deep community connections will be further optimized through building a “community campus” (see *Envision UMR: A Campus Master Plan for the Next Chapter of Growth* at www.cppm.umn.edu/assets/pdf/umr_master_plan2014.pdf). The

campus master plan outlines a phased approach to further embed the campus into the community, in alignment with the city and Destination Medical Community plans for downtown development. This planned development will increase the density, proximity, and interactivity with community-based partners, thereby stimulating more programmatic collaboration and more efficient use of shared spaces.



Education

Providing an extraordinary education that generates knowledge, understanding, and creativity. We seek to develop students who become leading scientists and teachers, engineers and artists, health and business professionals and who contribute to their communities at every level.

Undergraduate, Graduate, and Professional Education

The University is committed to being accessible to a wide range of populations, attracting outstanding students, offering an exceptional education, and graduating students prepared for success.

The University has been able to show increasing success with each of these priorities over the years. What may be just as important, however, is explaining why University leaders identify these areas as priorities. Why, for example, does the University provide financial aid support to low-income and middle-income families? Why is it important that more and more high-ability Minneosta students are choosing to enroll at the University instead of leaving the state? Why is it important that the four-, five-, and six-year undergraduate graduation rates are significantly higher on every campus than they were ten years ago?

The answer is that success on each of these fronts is evidence of success toward achieving the University's mission.

An education at the University of Minnesota prepares students to be leaders, innovators, and global citizens. It is therefore crucial that students who have the ability to benefit from the University's opportunities have access to the University.

The better the student learning experience, the better chance these students will have to succeed. Higher graduation rates are important because they demonstrate that more students have been empowered to make the contributions to society that the University's mission envisions.

The following discussions of the undergraduate, graduate, and professional programs demonstrate the importance the University and its campuses place on providing an extraordinary education.

Undergraduate Education

TWIN CITIES CAMPUS

The University's commitment to the success of undergraduate students begins with outreach to prospective students and extends through recruitment, enrollment, retention, academic support, career services, graduation, and beyond. The University attracts outstanding undergraduate students, is accessible to diverse students with a range of backgrounds, and provides a world-class educational experience. Our graduates are positioned to be productive employees, thoughtful citizens, and creative leaders in solving the challenges of the 21st century.

The foundational principles for developing enrollment targets for new first-year and new transfer students on the Twin Cities campus include the following:

- Admit students who will benefit from the curriculum and who have a strong probability of graduating in a timely manner.
- Provide a high-quality education and student experience.
- Remain affordable to a broad cross-section of students.
- Incorporate ethnic, social, economic, and geographic diversity.
- Be attentive to state, national, and global workforce needs of the future.
- Enroll an appropriate balance of new high school students and transfer students.
- Partner with other Minnesota higher education systems to advance the state's common agenda, but maintain the University's mission to provide students with the opportunities and benefits of attending a world-class research institution.

Maintaining Access to the Twin Cities Campus

The University maintains a strong commitment to access to its degree programs—for Minnesota resident students, for students from a range of economic backgrounds, for students of color, and for first-generation students. Strategies to ensure access include targeted recruitment; holistic, need-blind review for admissions; and linking tuition strategies with financial aid strategies and enrollment management strategies.

Financially Accessible

As a public institution, the University supports access for qualified students. Review of applicants for undergraduate admissions is need-blind, meaning that a student's ability to pay is not a factor in determining admissibility. The University funds and administers a comprehensive financial aid program targeted to degree-seeking students and tailored to each student's circumstances, including merit-based aid to attract and support high-achieving students and need-based aid to maintain access for many talented students who otherwise would not be able to attend the University.

Total financial support to Twin Cities undergraduate degree-seeking students over the past three years is summarized in Table 4-1. The decrease in the total amount of loans over that period is notable, as is the shift of the proportion of total aid to include more gift aid and less loan aid.

One measure of accessibility is the percentage of students who are low-income, defined as federal Pell Grant recipients. In 2014–15, 24 percent of all degree-seeking students enrolled on the Twin Cities campus were Pell recipients. Looking at specific

Table 4-1. Total financial support to Twin Cities campus undergraduate degree-seeking students, 2013–14 and 2014–15

Aid Category	Aid Year 2013–14	% of total	Aid Year 2014–15	% of total
Gift Aid (scholarships, waivers)	\$134,652,154	40%	\$138,273,034	40%
Student Employment (including Work Study)	\$26,117,835	8%	\$26,522,725	8%
Loans (student and parent loans)	\$168,267,646	50%	\$165,524,062	48%
Total	\$338,595,372	100%	\$341,547,835	100%

Source: Office of Institutional Research, University of Minnesota

groups of students: Minnesota resident students, 29 percent; freshmen, 21 percent; new transfer students, 29 percent. Those percentages have been relatively stable over the past five years. Another measure is the percentage of first-generation college students, defined as neither parent having completed a college degree. In 2014–15, 29 percent of all degree-seeking students on the Twin Cities campus were first-generation. Looking at specific groups of students: Minnesota resident students, 32 percent; new freshmen, 24 percent; new transfer students, 40 percent.

To assist Twin Cities campus students and their parents with managing the costs of college, the University has increased its resources and educational programming on financial literacy, including the “Live Like a Student Now So You Don’t Have to Later” campaign. This program was recognized by the President and First Lady at the College Opportunity Summit held in Washington, D.C. in January 2014.

Welcome Week for new students includes a workshop on money management, and the One Stop Student Services website includes money management resources. A key point of the financial literacy messaging is that graduating in a timely manner is one of the best ways for students to manage the costs of their education.

Even before the recent media attention to student debt loads, the University was tracking student debt and developing strategies to help students. As shown in Table 4-2, trends over the past five years are moving in the right direction; the proportion of graduates with no debt is increasing, and the average amount of loan debt for those who have debt is stable.

Accessible to Transfer Students

Educating transfer students is an important part of the University’s service to the State of Minnesota, and particularly important for the Twin Cities campus, as the flagship campus, which offers many undergraduate majors not offered elsewhere in the state. Of the 8,578 new students enrolling on the Twin Cities campus in 2014–15, 5,543 were freshmen and 3,035 (35 percent) were transfer students from outside the University. Over 40 percent of these new transfer students are coming to the Twin Cities campus from Minnesota State Colleges and Universities System institutions.

Transfer students add to the diversity of the Twin Cities campus. When compared to those who enter as freshmen, transfer students show higher proportions of first-generation students, African-American students, international students, and older-than-traditional-college-age students. The University focuses on admitting transfer students who can be successful in

Table 4-2. Student debt trends, Twin Cities campus, 2010–2015

Bachelor’s Degree Recipients	2010–11	2011–12	2012–13	2013–14	2014–15
% of Bachelor’s Degree Recipients with no student debt	34%	36%	38%	39%	40%
Average loan debt for those with debt	\$27,086	\$27,578	\$27,158	\$26,406	\$26,091
Median loan debt for those with debt	\$24,337	\$24,646	\$24,594	\$24,433	\$24,000

Source: Office of Institutional Research, University of Minnesota

completing a degree program, and considers students for transfer admission once these students have a record of success in one or more years of college courses that are transferable to the University. Transfer student graduation rates have been going up, just as they have been for students admitted as freshmen. Of the 7,594 undergraduate degrees awarded on the Twin Cities campus in 2014–15, 37 percent were awarded to students who had transferred to the campus.

Accessible to Diverse Students

The University is committed to achieving excellence with a diverse student body and maintaining a respectful, welcoming environment for all students. This commitment encompasses diversity in many forms, including geographic origin, gender, racial-ethnic background, sexual identity, culture, disability, veteran status, and socio-economic background.

Over 700 veterans are now enrolled on the Twin Cities campus as degree-seeking undergraduates. The University Veterans Services Office assists these students with admissions processes; transitioning from military life to the role of a student; certifying, applying, and qualifying for veterans benefits; processing military leaves for those called to active duty; and connecting with other campus opportunities and resources.

From fall 2014 to fall 2015, the number of undergraduates of color on the Twin Cities campus increased from 5,740 to 5,920 (from 19 percent to 19.6 percent), and the number of international students increased from 2,642 to 2,787 (from 9 percent to 9.2 percent). For fall 2015, the percentage of undergraduate students from Minnesota was 66.2 percent. Students from 50 states and 89 countries were among the 30,135 undergraduates.

While the percentage of Minnesota students has been relatively consistent, there have been some shifts in the geographic origin of other U.S. students. The percentage of students from reciprocity states (Wisconsin, North Dakota, and South Dakota) has decreased, while the percentage from other states and outside the U.S. has increased. The increase in the numbers of students from other regions of the United States and from other countries reflects the

University's commitment to enhancing the campus community through the inclusion of young people from differing countries, backgrounds, religions, and experiences.

Attracting Outstanding Students to the Twin Cities Campus

High-ability students increasingly seek to attend the University of Minnesota Twin Cities, as evidenced by the growing numbers of applications and the student preparation metrics of the incoming freshman class. Applications for admission have more than doubled over the past decade, from 20,532 prospective students seeking admission for fall 2005 to 44,761 for fall 2014. During that same time period, the average ACT for the new freshman class has improved significantly, from 25.1 to 27.9.

The large increase in numbers of applicants to the Twin Cities campus can be attributed to a growing awareness by prospective students and their families of the many improvements in undergraduate education on the Twin Cities campus. The academic preparedness and ability of our first-year students and the diversity among those students enrich the classroom experience and the campus social environment. Enhanced national recruitment efforts have helped to offset the declining numbers of Minnesota high school graduates, increase the geographic diversity of the student body, and bring workforce talent into the state of Minnesota. The fall 2015 freshman class includes students from 45 states and 41 countries.

The campus-wide University Honors Program attracts high-achieving students who have chosen to attend the Twin Cities campus over some of the nation's most selective institutions. The 2,200 students in our Honors Program benefit from a challenging, interdisciplinary approach, with rigorous honors courses and co-curricular experiences that draw on the expertise of our faculty and staff across the comprehensive range of disciplines on our campus. The profile of the 559 new fall 2015 Honors students showed an average ACT of 32.3 and average high school rank of 96.9 percent.

Offering a Great Student Experience on the Twin Cities Campus

The Twin Cities undergraduate educational experience is special because of its unique position in the world of public higher education:

- As the state’s only research university and one of the very best research universities in the nation.
- As the state’s public land-grant university.
- Located in the state capital, which provides many opportunities for internships with state agencies.
- Situated in a vibrant metropolitan area, with remarkably beautiful parks, lakes, and rivers; a lively social and cultural environment; and many Fortune 500 companies.

The University leverages these attributes to provide undergraduates with a world-class learning environment and student experience. The University is one of the most comprehensive in the world, offering 150 baccalaureate degree programs in a wide range of areas: astrophysics, child psychology, American Indian studies, entrepreneurial management, biomedical engineering, and music performance, to name just a few. Many students take even greater advantage of this breadth of opportunity by double-majoring or by completing a minor. The 135 minors offered include traditional disciplinary areas such as art history, biology, and mathematics, as well as emerging and interdisciplinary areas such as product design, family violence prevention, and sustainable agriculture.

As part of achieving the vision of the Twin Cities campus Strategic Plan—to be preeminent in solving the grand challenges of a diverse and changing world—exciting new Grand Challenge Curriculum (GCC) courses are being developed, with the first GCC courses being offered in 2015–16. These courses address important global issues through a solution-driven, interdisciplinary approach to learning. GCC courses are taught by cross-disciplinary faculty who bring unique perspectives to the Grand Challenge being explored. For example, fall semester 2015 GCC courses include “Can We Feed the World Without Destroying It?” and “The Fracking Boom: Promises and Challenges of the Hydrocarbon Renaissance.”

Such opportunities to have an impact on the world are valued by a majority of undergraduates. Data from the 2014 Student Experience in the Research University survey indicate that 85 percent of students surveyed considered opportunities to connect their academic work with community-based experiences important. Public engagement activities support student learning and development outcomes and help recruit students to the University who are looking for these engagement opportunities.

The Community Engagement Scholars Program is another option for students to immerse themselves in a rigorous community-based learning program. Through a cohort model, students take eight credits of service-learning coursework, participate in structured reflection sessions, volunteer for a minimum of 400 hours with a community organization, and complete a final capstone project in partnership with a community organization. Upon completion of the program, students receive official recognition at graduation and on their academic transcript. Today, the program includes 329 students, 35 of whom graduated in Spring 2015.

The University has agreed upon campus-wide undergraduate student learning outcomes, which state that, at the time of receiving a bachelor’s degree, students:

- Can identify, define, and solve problems.
- Can locate and critically evaluate information.
- Have mastered a body of knowledge and a mode of inquiry.
- Understand diverse philosophies and cultures within and across societies.
- Can communicate effectively.
- Understand the role of creativity, innovation, discovery, and expression across disciplines.
- Have acquired skills for effective citizenship and lifelong learning.

Articulated learning outcomes are important as faculty develop curricula, plan courses, construct learning activities, and assess the learning that occurs in every aspect of the student experience: classes, service-learning, research opportunities, internships, and learning abroad.

Twin Cities undergraduate teaching facilities have been improved with state-of-the-art classrooms, including Bruininks Hall, which has more than a dozen high-tech, active-learning classrooms. Residence hall facilities and programming have been recently enhanced as well. The new 17th Avenue Residence Hall, increased the on-campus housing capacity by 600 beds. A new Residential Curriculum Model was launched in all residence halls and apartment communities, based on five elements of well-being: career, social, financial, physical, and community, and reflecting the University's ongoing commitment to student engagement, retention, graduation, and success.

Preparing Twin Cities Campus Graduates for Success

The University is committed to providing students with a distinctive, world-class liberal education and rigorous coursework in a field of study. Initiatives concerned with the student experience are focused on enriching students' knowledge, skills, and abilities and equipping them for the challenges of the future in a diverse, changing, global society. Undergraduate student retention rates, graduation rates, and the

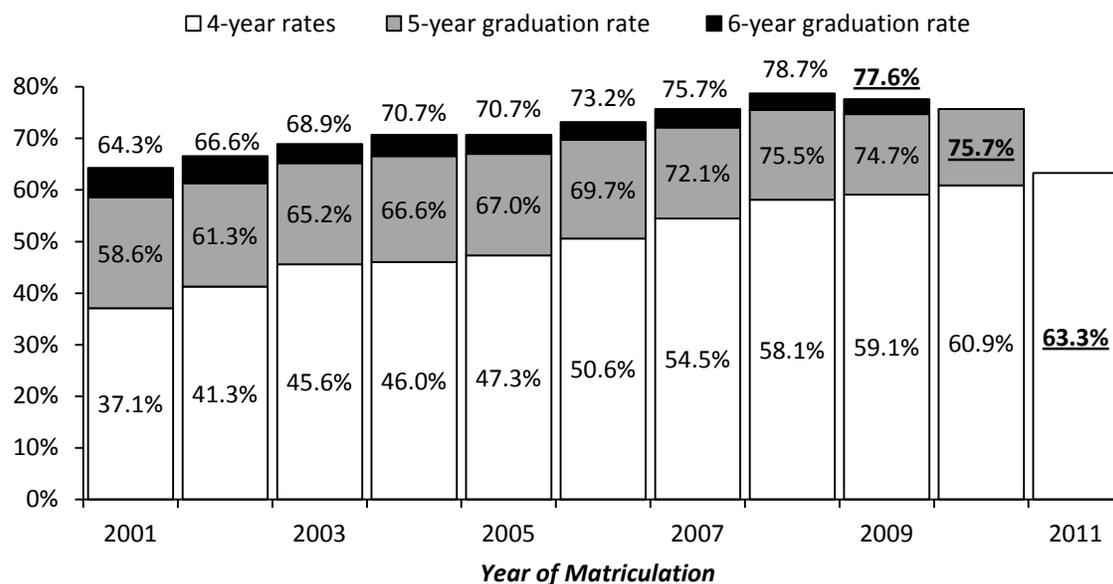
number of degrees conferred are among the measures that the University uses to assess the extent to which the University is challenging, educating, and graduating students. The Board of Regents Progress Card measures include the following goals for undergraduate education on the Twin Cities campus:

- 4-year graduation rate of 65% for the 2017 cohort
- 6-year graduation rate of 82% for the 2015 cohort
- Average freshman ACT score > 28
- 3-year graduation rate for transfer students > 65%

Retention and Graduation Rates

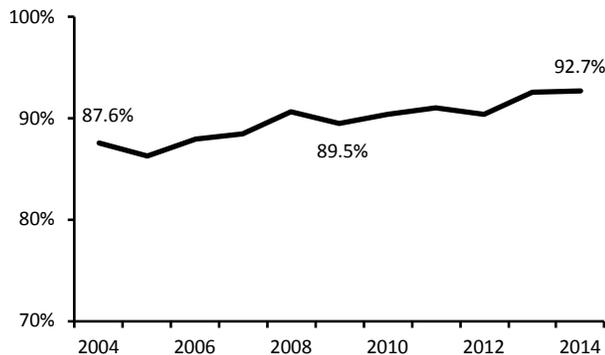
The Twin Cities campus has made significant progress over the last decade in improving undergraduate graduation rates. Retaining students after their first year is the first step toward timely graduation. Figure 4-A and Figure 4-B show the most recent results, with rates at their highest levels ever, including first-year retention now at 92.6 percent. As a result of this progress, the Twin Cities campus rates are competitive with comparable institutions. Table 4-3 ranks the graduation rates of the Twin Cities campus's comparison group institutions (which includes the most selective public research universities in the country), as well as the other public Big

Figure 4-A. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2001–2011



*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-3 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-3.
Source: Office of Institutional Research, University of Minnesota

Figure 4-B. First-year retention rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2004–2014

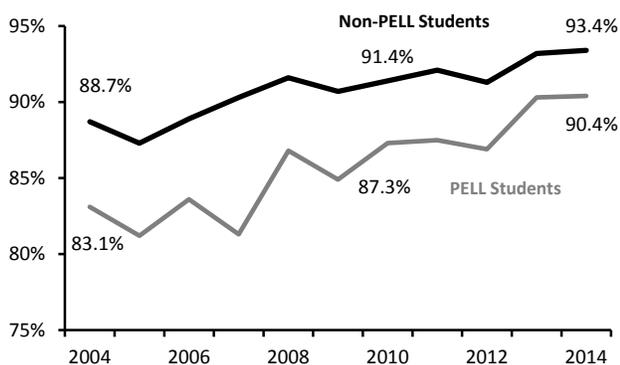


Source: Office of Institutional Research, University of Minnesota

Ten Conference universities. While the table lists graduation rates for classes matriculating in 2009 (the most recent data available for comparison), the most recent Twin Cities campus rates (displayed in parentheses) suggest that the campus will rank even better when data for those classes become available for comparison.

Retention rates for students of color have improved significantly, and for the fall 2014 entering class, are comparable to those for other students. Retention rates for low-income students (Figure 4-C) have also improved significantly, and are now above 90 percent.

Figure 4-C. New freshman retention by Pell status, Twin Cities campus, 2004–2014



Source: Office of Institutional Research, University of Minnesota

Table 4-3. Retention (class matriculating in 2013) and graduation (class matriculating in 2009) rates sorted by four-year graduation rate, Twin Cities campus comparison group and Big Ten Conference institutions

	1st-year Retention Rate	4-year Graduation Rate
*U. of Michigan – Ann Arbor	97%	75%
*U. of California – Los Angeles	97%	73%
*U. of California – Berkeley	96%	73%
*U. of Illinois – Urbana-Champaign	93%	71%
U. of Maryland – College Park	96%	70%
*U. of Florida – Gainesville	96%	66%
*Penn. State U. – Univ. Park	93%	65%
*U. of Washington – Seattle	94%	61%
*Ohio State U. – Columbus	94%	59%
U. of Minnesota – Twin Cities	92% (93)¹	59% (63%)²
*U. of Wisconsin – Madison	95%	57%
Indiana U. – Bloomington	89%	53%
*U. of Texas – Austin	94%	52%
Michigan State U. – East Lansing	92%	51%
U. of Iowa – Iowa City	86%	51%
Rutgers, State U. of New Jersey – New Brunswick	92%	50%
Purdue U. – West Lafayette	92%	47%
U. of Nebraska – Lincoln	84%	33%

Sources: Integrated Postsecondary Data System and Association of American Universities Data Exchange

*Comparison Group Institutions

¹ Most recent UM–TC 1st-year retention rate (class matriculating in 2014)

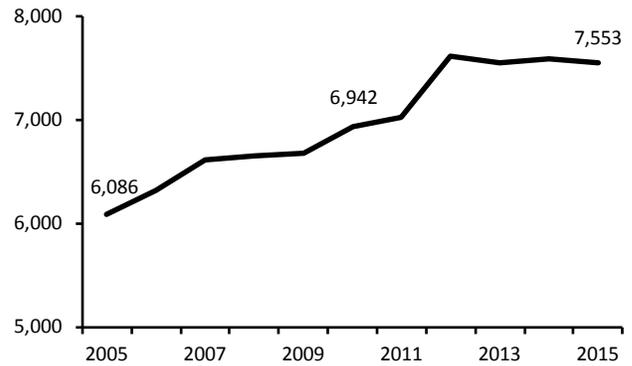
² Most recent UM–TC four-year graduation rate (class matriculating in 2011)

Degrees Conferred

The Twin Cities campus has increased by more than 25 percent the number of undergraduate degrees awarded over the past decade, from 6,043 in 2003–04 to 7,594 in 2013–14 (Figure 4-D). While it is important to track the total number of degrees conferred, in terms of contributing to the state’s educated work force, additional factors also need to be taken into account. Accordingly, the Twin Cities campus is focusing on producing degrees that reflect a balance of external demand, capacity, and resources.

In response to changes in student interest and state and national employment needs, the Twin Cities campus is now awarding substantially more degrees in science, technology, engineering, and math (STEM) fields. From 2003–04 to 2013–14, the number of STEM degrees increased by 54 percent, from 1,938 to 2,983. STEM degrees awarded includes all baccalaureate degrees in several broad categories as defined by the Department of Education. These STEM fields include agriculture, natural resources, engineering, computer sciences, biological sciences, physical sciences, mathematics, and health professions.

Figure 4-D. Undergraduate degrees awarded, Twin Cities campus, 2004–2005, 2014–2015



Source: Office of Institutional Research, University of Minnesota

DULUTH CAMPUS

Maintaining Access to the Duluth Campus

Affordable Access

With a unique combination of both land-grant and sea-grant missions, the University of Minnesota Duluth (UMD) occupies a distinctive place in the University system and is committed to being accessible to Minnesota students. Over 85 percent of UMD's undergraduate students are from Minnesota, with about half coming from the Twin Cities metro and half from greater Minnesota. In 2014, 28 percent of UMD's entering class were first-generation college students.

UMD ensures affordable access for students of all backgrounds and has expanded both merit and need-based scholarships to attract top-level students. In 2014, over 37 percent of UMD students qualified for the University of Minnesota Promise Scholarship, a multi-year scholarship for Minnesota resident undergraduates with a family income of up to \$100,000. UMD offers Best in Class scholarships to students who rank either first or second in their high school class, and offers multiple financial aid strategies to all students such as scholarships, work study, and loans. Funding has increased significantly for financial aid to help students manage the cost of their education (Table 4-4).

Table 4-4. Student aid trends, degree-seeking undergraduates, Duluth campus, 2004, 2009, 2014

	2004	2009	2014
Gift Aid	\$16.8m	\$27.3m	\$38.9m
Employment	\$3.7m	\$4.2m	\$4.6m
Loans	\$28.8m	\$59.7m	\$66.1m
Total Student Aid	\$52.7m	\$92.8m	\$111.6m
% of Students Receiving Gift Aid	46%	48%	64%
% of Students Receiving Loans	58%	70%	66%

Source: Office of Institutional Research, University of Minnesota

Diversity

The Duluth campus has a renewed commitment to equity and diversity and has placed a high priority on creating an environment that is welcoming and respectful. A campus change team was named in 2010 and charged with developing campus-wide action plans at all levels to create a more inclusive environment for students, faculty, and staff. Efforts include increasing recruitment, retention, and support of diverse students, faculty, and staff; the integration of cultural diversity, cultural competence, and social justice topics into curriculum and campus life; increased training and development opportunities that promote equity, diversity, and social justice; implementation and rigorous enforcement of policies and procedures that advance cultural diversity and social justice, including progress on diversity initiatives as an explicit part of performance reviews of campus leadership.

In 2015, UMD students will be able to select apartments in which their roommates can be any combination of genders. UMD will be among the first wave of universities in the state to offer this Gender Inclusive Housing option. Other campus highlights include the Faculty and Staff of Color mentoring program. The project, "Building a Mentoring Culture that Supports Recruiting Faculty and Staff of Color," was awarded an Office of Equity and Diversity Transformation Award in 2014 and will continue into the 2015–16 academic year.

In 2013, UMD added a cabinet-level leadership position to facilitate campus climate training and development for faculty, staff, administration, and students. The Faculty Fellow began a process for Comprehensive and Integrated Intercultural Development through a Model for Institutional Change. The development of internal capacity for ongoing training includes the completion of eight cohorts (144 faculty, staff and administrators) in an intensive off-campus Intercultural Leadership Development initiative. Another two cohorts are planned for 2015–16. Internal capacity was also developed to provide the Equity and Diversity Certificate for staff and faculty. This system-wide certificate program is now being offered at UMD by UMD trainers, in collaboration with the Office of Equity and Diversity. In addition to serving on the

Chancellor's Cabinet, the Fellow also serves as co-chair of the Campus Climate Change team (CCT) alongside the Director of the Office of Cultural Diversity. The CCT continued into its fifth year with 18 unit change teams working on incorporating values of diversity, equity, and inclusion in every aspect of the institution.

The Duluth campus values diversity as a means of enriching the educational experience of all students and continues its strong commitment to building a more diverse student body. Admissions and collegiate student affairs units continue to aggressively recruit students of color. In addition, UMD's Strategic Enrollment Management Council has developed an action plan that provides a macro-level accounting of campus initiatives, outcomes, timelines, responsibility centers, and results supporting enrollment goals for students of color. Over the past decade UMD has experienced steady growth in the percentage of underrepresented students, as shown in Figure 4-E.

Transfer Student Initiatives

The Duluth campus is committed to increasing transfer student recruitment and academic success and has made a concerted effort over the past year to become a more "transfer-friendly" institution, including:

- UMD has partnered with Lake Superior College (LSC) on a project called *Link* which provides an education pathway for interested LSC students to complete their baccalaureate degree through UMD.

- In the fall of 2014, UMD launched the *Connect* initiative, a campus-wide, credit-based peer-mentoring program that pairs current transfer students with incoming transfer students to help smooth their transitions to UMD.
- The UMD Supportive Services Program created a two-credit T.A. training course to increase peer-to-peer leadership development.
- The Office of the Registrar and the Office for Students in Transition continue collaboration with Lake Superior College to pilot a Reverse Transfer process through May of 2016.

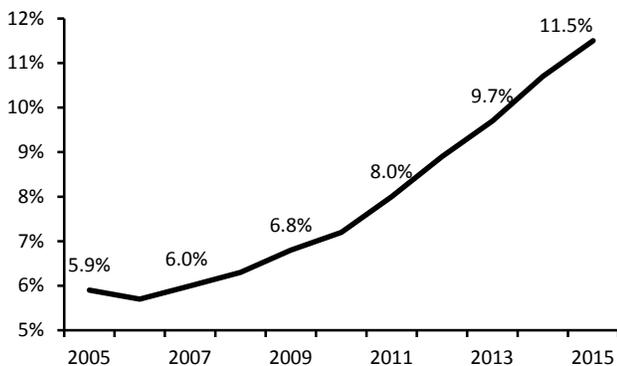
Attracting Outstanding Students to the Duluth Campus

Enrollment Management

Over the last three years, improved new student recruitment strategies and marketing have played a leading role in UMD's enrollment management strategy. Ongoing processes for analyzing internal and external enrollment data, establishing and monitoring enrollment goals, and identifying actions steps to meet those goals have resulted in enrollment increases of new high school students and the representation of students of color within those increases. In fall 2005, students of color made up 4.9 percent of UMD's entering freshman class. In fall 2014, the percentage was 12.2 percent (See Figure 4-F).

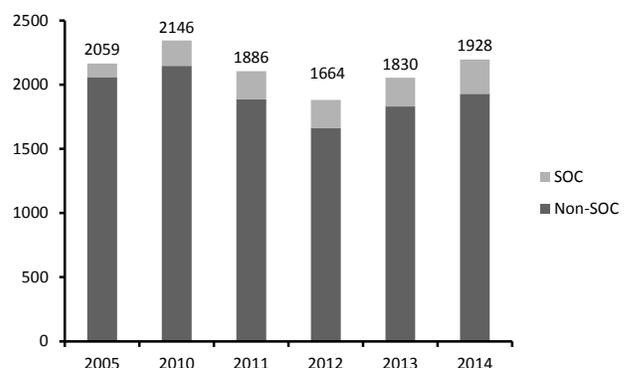
The Strategic Enrollment Management (SEM) Council, a campus governance subcommittee of the Committee for Strategic Planning and Budget,

Figure 4-E. Percent undergraduate students of color by fall term, Duluth campus, 2005–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-F. Percent undergraduate students of color by fall term, Duluth campus, 2006–14



Source: Office of Institutional Research, University of Minnesota

continues to play a vital role in all aspects of UMD's enrollment management planning. In fall 2014, the SEM Council completed analysis of undergraduate program demand and capacity to identify two sets of enrollment opportunities: 1) programs with capacity for enrollment growth without additional resources, and 2) programs with enrollment demand beyond current resource capacity. In collaboration with the collegiate deans, this information was used to develop six SEM initiatives that had an impact on more than fifteen undergraduate academic programs. Each initiative was modeled to determine return-on-investment for the University, and received initial financial support from central resources. Ongoing assessment will take place to monitor goal achievement. Table 4-5 shows that these efforts have resulted in the number of new high school students entering UMD rising over the last ten years.

Offering a Great Student Experience on the Duluth Campus

The Duluth campus overlooks the shores of Lake Superior in a thriving community that offers over 11,000 acres of public space, more than 160 miles of hiking trails, and a vibrant arts scene. UMD takes pride in providing a high-quality living and learning experience, abundant opportunities for undergraduate and graduate research, and a strong presence in the cultural, economic, and intellectual life of the Duluth community. Providing an alternative to large research universities and small liberal arts colleges, UMD attracts students looking for a personalized learning experience on a right-sized campus of a major university.

Undergraduate students can choose from 14 bachelor's degrees in 92 degree programs across five collegiate units, including the Labovitz School of Business and Economics, the College of Education and Human Service Professions, the School of Fine Arts, the College of Liberal Arts, and the Swenson College of Science and Engineering. The Duluth campus offers graduate programs in 19 fields and six cooperative programs offered through the Twin Cities campus in addition to a two-year program at the University's School of Medicine Duluth and a four-year College of Pharmacy program.

Undergraduate Research

UMD continues to be a leader in undergraduate research, providing opportunities in research, scholarship, and creative activity. The Undergraduate Research Opportunity Program (UROP) program has a very high participation rate (more than 200 students annually, see Figure 4-G) Faculty grants and donor gifts add to the funding of undergraduate research, scholarship, and creative activity. Several departments at UMD have nationally recognized summer undergraduate research programs, the newest being the BURST program (Biological Undergraduate Research in Science and Technology).

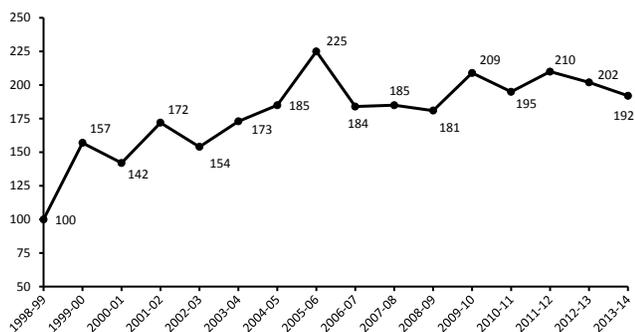
All stakeholders on campus recognize the impact that undergraduate research, scholarship, and creative activity have in the academic life and future careers engagement of students. For example, donor and friend of UMD Jim Swenson valued his undergraduate research so much that the Swenson Family Foundation has funded summer research in chemistry and biochemistry every year for more than two decades. Brian Kobilka, the 2012 Nobel Prize winner in

Table 4-5. Fall enrollment, Duluth campus, 2005, 2010, 2012–14

	2005	2010	2012	2013	2014	Percent Change 2010 to 2014	Percent Change 2005 to 2015
Undergraduate	8,931	9,659	9,452	9,239	9,120	-1.3%	3.1%
Graduate	696	716	753	781	715	-8.4%	8.2%
Non-degree	607	1,004	932	874	903	3.3%	40%
Total	10,496	11,729	11,137	10,894	10,738	-1.4%	5.8%

Source: Office of Institutional Research, University of Minnesota

Figure 4-G. Total number of UROP students, Duluth Campus, 1998–2014



Source: University of Minnesota Duluth UROP

Chemistry, credits his involvement in undergraduate research with UMD professor Conrad Firling for much of his success as a scientist.

UMD celebrates undergraduate research and artistic activities with two Undergraduate Research/Artistic Showcases each year. These half-day campus events feature student posters, computer demonstrations, art exhibits, and theatre productions, all providing information about projects completed by undergraduate students working with faculty mentors and include presenters from other system campuses.

UMD is a strong contributor to the research mission of the University system. With a research footprint that is proportionally larger than its size, UMD complements the Twin Cities campus in serving the needs of the State of Minnesota.

Internationalization

During 2014–15, the Duluth campus worked to implement the UMD Global 2020: Strategic Plan for Comprehensive Internationalization that was developed as part of its participation in the American Council on Education’s International Laboratory during the previous two years. The current year’s activities focused on creating an infrastructure for comprehensive internationalization and beginning to develop programs to achieve the UMD Global 2020 vision and goals.

Accomplishments to date include:

- creating an International Student Services Coordinating Council to enhance services to meet the needs of international students;

- creating indicators of goal achievement related to the UMD Global 2020 plan;
- mapping internationalization student learning outcomes (SLOs) to campus SLOs;
- creating an initial inventory on international partnerships as a basis for refining and enhancing these partnerships;
- creating a kick-off activity for the UMD Global 2020 plan and offering five workshops for faculty and staff that focused on internationalizing the curriculum and the campus;
- coordinating international and intercultural campus initiatives; and
- offering two “Global Café” activities that brought over 80 students, staff, and faculty to each event to experience and discuss international topics.

UMD plans to build on these foundational activities to implement the UMD Global 2020 Strategic Plan for Comprehensive Internationalization during 2015–16.

Recreational Sports Outdoor Program

UMD’s Recreational Sports Outdoor Program (RSOP) has been a national leader in engaging students in healthy, active lifestyles and connections to the natural world through personal and professional experiences. RSOP offers a wide variety of active programming including intramural sports, fitness and wellness programs, sport and outdoor clubs, aquatics, kayaking and canoeing, climbing, environmental education, outdoor trips, and youth programming.

Almost 90% of UMD students participate in RSOP facilities and services. The overall RSOP and intramural participation rates are 20 percentage points above national benchmarks placing UMD among the top schools in the nation. The latest major benchmarking occurred in the spring of 2014. Results include that:

- 88.6% participate in RSOP programs and services;
- 78% indicated that RSOP was important in their decision to attend UMD;
- 81% indicated that RSOP was important in persisting; and
- 83% indicated that their academic performance improved due to participation.

Kirby Student Center

In the fall of 2015, UMD completed the two-year phased renovation of the Kirby Student Center. The project was intentionally implemented in stages to reduce the impact on students. A significant goal for this project was to create additional space for students within the existing footprint. By combining services, downsizing office space, and making effective use of architectural designs, the project created more than 4,000 square feet of new lounge, study, and meeting space for UMD students without increasing the size of the building.

The current renovation gives greater visibility to student government, programming board, student newspaper, and Greek Life organizations. A new meeting and performance space accessible to all 260 student organizations further highlights the contributions these groups make to student involvement at UMD.

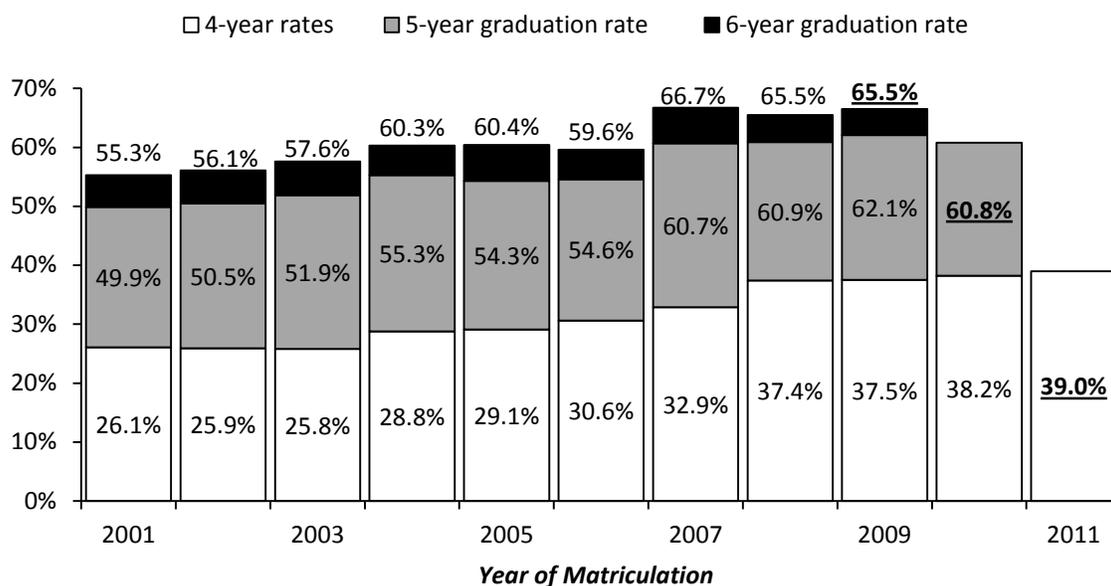
Preparing Duluth Campus Graduates for Success

Retention and Graduation

UMD achieved its five- and six-year enrollment goals set by the Board of Regents in 2006. (Figure 4-H).

Improvements in graduation rates have been achieved through a concerted effort to engage students in planning their degree progress using tools such as the Academic Progress Auditing System, the Graduation Planner, and the 30-60-90 Student Success Roadmap, which emphasizes credit goals and success-oriented activities on the path to timely graduation. During fall 2013, 68.4 percent of undergraduates were enrolled in 15 or more credits, a key benchmark of the Roadmap. This compares to 52.3 percent in 2006. Table 4-6 shows how the Duluth campus compares to its peer group institutions, using rates for the class matriculating in 2007, the most current data available.

Figure 4-H. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2001–2011



*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-6 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-6.

Source: Office of Institutional Research, University of Minnesota

Improved graduation rates coupled with larger entering classes in 2008, 2009, and 2010 have led to a record number of undergraduate degrees being conferred. As Figure 4-I shows, UMD awarded 18.7 percent more degrees in 2014–15 than in 2004–2005.

Supporting Progress

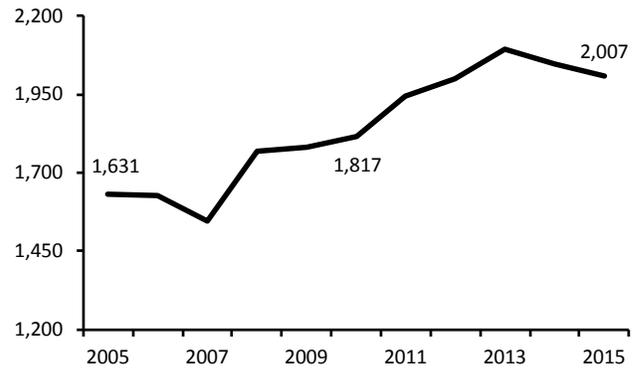
Another critical component of enrollment management is student retention (Figure 4-J). In spring 2015, SEM Council communicated a campus-wide goal of increasing first-to-second year retention by three percent within the next three years and introduced a framework for achieving that goal. Identification of course, program, department, and unit-level action steps is currently underway, and a small pool of initiative grants will be distributed in fall 2015 to support these efforts.

Table 4-6. Six-year graduation rates (class matriculating in 2008), Duluth campus and comparison group institutions

	6-year Graduation Rate	Institutional Rank
CA Poly. State U.–San Luis Obispo	75%	1
Western Washington U.	72%	2
Col. of Charleston	67%	3
U. of Northern Iowa	64%	4
U. of Minnesota–Duluth	59%	5
South Dakota State U.	58%	6
U. of N.C.–Charlotte	55%	7
Western Michigan U.	54%	8
Minnesota State U.–Mankato	50%	9
U. of Michigan–Dearborn	50%	10
Southern Illinois U.–Edwardsville	50%	10
U. of Mass.–Dartmouth	47%	11
Comparison Group Average	58%	-

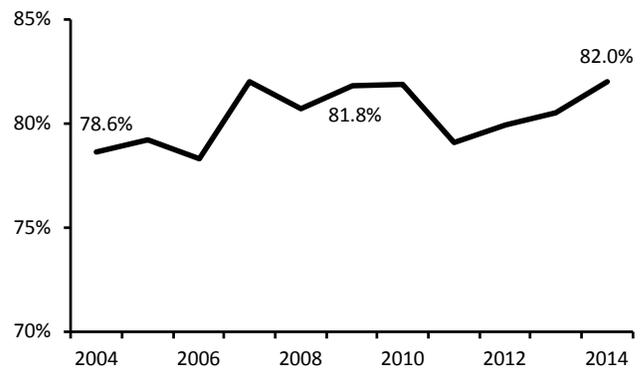
See footnote on Figure 4-H.
Source: Integrated Postsecondary Education Data System (IPEDS)

Figure 4-I. Undergraduate degrees awarded, Duluth campus, 2005–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-J. First-year retention rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2004–2014



Source: Office of Institutional Research, University of Minnesota

MORRIS CAMPUS

As a public liberal arts college, the University of Minnesota Morris occupies a distinctive place in the landscape of higher education and within the University system. Morris is the only public liberal arts college so designated in the state of Minnesota by the Council of Public Liberal Arts Colleges. With its focus on undergraduates in a residential, human-sized, and community-based setting, it resembles the many private liberal arts colleges that populate the upper Midwest.

The campus mission unfolds within the context of the land-grant charge of the University system: the Morris campus provides a rigorous undergraduate liberal arts education, preparing its students to be global citizens who value and pursue intellectual growth, civic engagement, intercultural competence, and environmental stewardship. The Morris campus is a center for education, culture, and research for the region, nation, and world. The campus is committed to outstanding teaching, dynamic learning, innovative faculty and student scholarship and creative activity, and public outreach. The residential academic setting fosters collaboration, diversity, and a deep sense of community.

On the Morris campus, classes are taught almost exclusively by full-time faculty members, 98 percent of whom have earned terminal degrees in their fields. Morris campus faculty members are talented instructors and active in the production of scholarly and artistic works. In the past four years, the 125 Morris campus faculty members have authored over 300 books and well over 300 refereed journal articles, including many with students as coauthors.

Young as an institution of higher education—the first college class entered in 1960—the Morris campus was founded by community members in the region who advocated for a public liberal arts college on the Minnesota prairie. Preceded by two boarding schools—an American Indian boarding school and an agricultural boarding high school—the campus has a long history of serving the region, finding innovative solutions to complex problems, and providing access to students who would otherwise go unserved.

Maintaining Access to the Morris Campus

Enrollment Strategy

The Morris campus's enrollment strategy has been developed within the context of its 2007 strategic plan, with specific goals set to increase racial and ethnic diversity and to increase the number of international students while continuing to serve the west central Minnesota region and the state. In addition, the campus enrollment strategy aims at recruiting and retaining a talented group of undergraduates—the average ACT score for entering students has remained stable at 25 for at least ten years. The combined focus on selectivity and diversity in an undergraduate-focused residential setting makes Morris a unique campus within the University system and in the state.

Accessible to Minnesotans

The Morris campus is accessible to Minnesota students, many from traditionally underserved backgrounds. Nearly 80 percent of Morris students are from Minnesota; about a third are from the Twin Cities metropolitan area. The campus continues to serve students from Stevens County and the immediate region at approximately the same percentage as it always has—however there are fewer students in west central Minnesota than there were when the Morris campus opened in 1960.

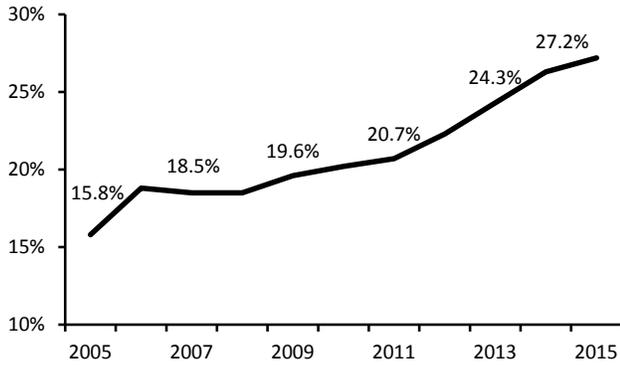
Accessible to Students with Financial Need

One indicator of family financial need is found in the number of Pell grant recipients on a campus: thirty percent of Morris students receive federal Pell grants, supporting students with high financial need. Another indicator is found in median income: on the Morris campus, median income of families of Morris students who have completed the FAFSA is \$81,159. Overall 82 percent of students receive financial aid.

Accessibility and Racial Diversity

The Morris campus's strategic plan set an enrollment goal of 25 percent students of color. In fall 2015, 27 percent of degree-seeking students on the Morris campus are students of color, the highest percentage in the University system (Figure 4-K). Of this, 18 percent

Figure 4-K. Percent undergraduate students of color by fall term, Morris campus, 2005–15



Source: Office of Institutional Research, University of Minnesota

are American Indian students, the highest percentage of Native students at a four-year, non-tribal institution in the upper Midwest. Moreover, when considering only the first-year class, students of color comprise 29 percent this fall. Morris’s record of success in serving these students positions the campus particularly well to respond to the changing demographic trends in the region, the state, and the nation.

Accessibility and Underserved Students

Forty percent of the Morris campus’s 2015 new first-year students will be the first generation of their family to graduate with a four-year baccalaureate degree, and approximately one third of Morris students overall are first generation. In 2014–15, two programs funded by the Great Lakes Guaranty Corporation provide academic coaching and support to students from traditionally underserved populations, including students of color, first generation, and low income students, to foster student success. In July 2015, the campus received a five-year federal Student Support Services grant of over \$1 million, dedicated to supporting the success of underrepresented student groups.

Access and Affordability

Eighty-two percent of Morris campus students receive need-based, merit, and/or donor-funded financial aid. The campus offers three merit-based scholarships. An “achievement” scholarship is awarded to students who exhibit exceptional academic promise. In addition, two scholarships are awarded based on previous academic achievement and performance at a campus competitive scholarship day; students who receive these

scholarships enroll and persist at rates well above the Morris campus’s average for admitted students.

In addition, a high number of Morris students (45 percent in 2014–15) benefit from UPromise Scholarships, and Morris campus gift dollars add to the financial support for students. In 2014–2015, over 400 students on the Morris campus received donor-funded scholarships, a number that has steadily increased.

In addition to the sources of financial support described above, the Morris campus offers a federally-mandated and state-statute-supported American Indian tuition waiver unique to the Morris campus and tied to its history as an American Indian boarding school. The waiver—though posing a financial challenge for the campus—provides an attractive incentive to qualified Native students (admitted with the same requirements as all students) to enroll and to persist, with educational benefit for these students and for the campus as a whole.

To provide support to students, the Morris campus’s financial aid office reorganized its services to become the lead office as a “student one stop” with counselors who work one-on-one with students and their families to promote an understanding of financial aid—an especially important task given the high percentage of first-generation and high-need students the campus serves.

Attracting Outstanding Students to the Morris Campus

The Morris campus attracts talented, intelligent students who want to make a difference in the world. As noted above, the campus is selective, with an average ACT score of 25 for entering students. This number is noteworthy given the high percentage of Morris students from groups underrepresented in higher education.

Morris students have earned a reputation as smart and action-oriented, excelling within the classroom but also taking their learning out into the world. Morris students are responsible for a number of successful initiatives on campus, including the student-run recycling program; the composting initiative; the green revolving fund; the organic garden and the

Native American garden; and the weekend bus that transports students to and from the Twin Cities.

Morris students win national awards—including the American Indian Science and Engineering Society “best chapter” award and the Association for the Advancement of Sustainability in Higher Education student leadership award. In spring 2015, two Morris students won Fulbright scholarships and another earned a book contract with Michigan State University based on a senior art project focused on American Indian identity.

The Morris campus is nationally ranked by many national publications—including as a top ten public liberal arts college for the 17th year in a row by *U.S. News and World Report*; by the *Princeton Review* and *Sierra Club*; as a higher education best buy by *Forbes*; as one of the most interesting schools in the country by *Fiske*; and by the Environmental Protection Agency as one of the top 30 organizations in the country for on-site generation of power—in the company of Apple, Coca-Cola, and the U.S. Department of Energy.

Offering a Great Student Experience on the Morris Campus

The Morris campus offers a distinctive student experience, preparing students for success

and producing outcomes that matter. With its undergraduate, residential, human-sized community focus, the campus offers a distinctive value proposition as a public “private,” providing the same focused experience as the upper Midwest’s many excellent private liberal arts colleges, but at half or a third the price, even factoring in typical financial aid packaging at the privates. The Morris campus’s ongoing efforts to create a model sustainable community make it an exciting destination for young people poised to invent a new future.

With an average class size of 17 and a faculty/student ratio of 1:14, Morris students are taught almost exclusively by full-time faculty—a faculty with the University’s highest percentage of Horace T. Morse award winners for excellence in undergraduate education. Morris supports a rich environment for student engagement. Virtually every student participates actively in campus and community life. The most recent National Survey of Student Engagement data show that 97% of Morris seniors participated in at least one (and 77% participated in two or more) high impact practices recognized for their transformational impact on student learning and success (e.g., service-learning, research with faculty, internship/field experience, study abroad, a culminating senior experience), well above students at other public liberal arts colleges. Key Morris engaged learning experiences are detailed in Table 4-7.

Table 4-7. Student engagement rates, Morris campus and comparison group institutions, spring 2014

	Morris Seniors	COPLAC	Bac LA	NSSE All
Completed a culminating senior experience (capstone, project, thesis)	94%	-17%	-9%	-25%
Attended art exhibits, plays, dance, music, theater, or other performances	89%	-24%	-11%	-31%
Participated in co-curricular activities during senior year	84%	-22%	-4%	-29%
Held a formal leadership position in a student group	67%	-18%	-1%	-24%
Worked on campus in a paid position during senior year	60%	-25%	-6%	-32%
Worked on a research project with a faculty member	51%	-8%	+1%	-14%
Studied abroad	46%	-24%	-4%	-25%

Source: National Survey of Student Engagement
This table presents the percentage of seniors engaging in an activity prior to graduation at Morris compared to Council of Public Liberal Arts Colleges (COPLAC) peers as well as Baccalaureate Liberal Arts colleges (largely private colleges) (Bac LA), and all four-year universities participating in the National Survey of Student Engagement (NSSE All).

Morris students serve as teaching assistants, are peer mentors and tutors, and present at professional conferences alongside their faculty mentors. These experiences, of the type and quality often reserved for graduate students, serve as a springboard for work and post-baccalaureate education.

Morris students are advised by faculty members, not by professional advisors, with a new master advisors program adding greater support for students and faculty advisors.

The Morris campus has a robust service learning and engagement program, partnering with 44 area agencies and organizations to enrich student learning and meet community needs. Cadres of students conduct community-based research and statistical analysis of real world issues for communities in the region through the Center for Small Towns; other students engage in research that benefits corporate entities, such as the Schneider Trucking “Truckers and Turnover” projects. In 2015, the Morris campus was awarded the Carnegie Classification for Community Engagement.

Study abroad promotes not only the Morris campus’s mission of providing an environment for the development of global citizenship, but also gives students experience and maturity that serves them well when they leave the institution. Thirty-seven percent of Morris students have studied abroad by the time they graduate.

In Spring 2014, 90 percent of Morris seniors reported that, if they could start college all over again, they would go to Morris (8 percent above seniors at other liberal arts colleges) and 94 percent rate their overall educational experience at Morris as good or excellent, with the majority choosing excellent.

A Midwestern Higher Education Compact 2015 report ranks Morris as the most effective and efficient four-year university in Minnesota. The study’s two metrics allow a more meaningful comparison of graduation rates and cost-per-graduate among disparate institutions taking into account differences in demographics and environments. Morris produces more graduates than expected (a high Effectiveness Score) while spending less than expected per graduate (a low Expenditures Score). Of the 634 high performing four-year institutions included

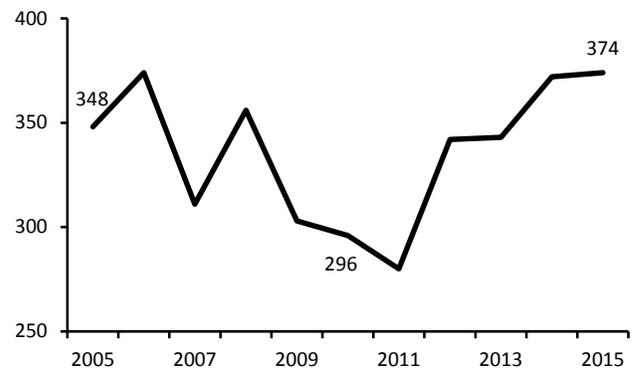
in the national report, Morris ranks in the top 5 percent. There are only 27 four-year universities in the nation that outperform Morris on both metrics simultaneously.

Preparing Morris Campus Graduates for Success

Ninety-five percent of Morris students who graduated in 2014 indicated that they were employed and/or in graduate or professional school one year after graduation; nearly one-fourth of Morris students proceed directly to graduate and professional school following graduation. Figure 4-L shows the total number of undergraduate degrees awarded.

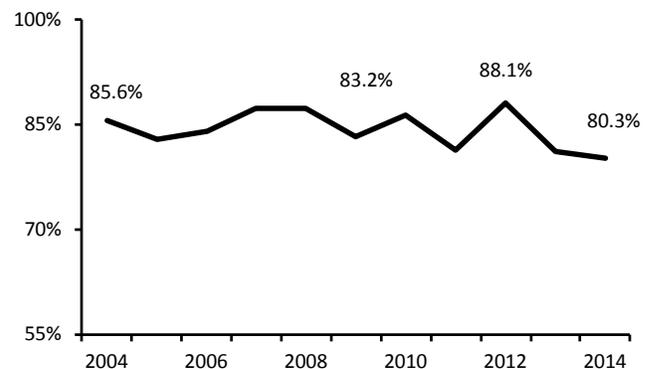
The Morris campus continues to work to improve graduation and retention rates. In the past five years, the first-year retention rate reached a high of 88 percent, with a five-year average of 84 percent (Figure 4-M).

Figure 4-L. Undergraduate degrees awarded, Morris campus, 2005–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-M. First-year retention rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2004–2014



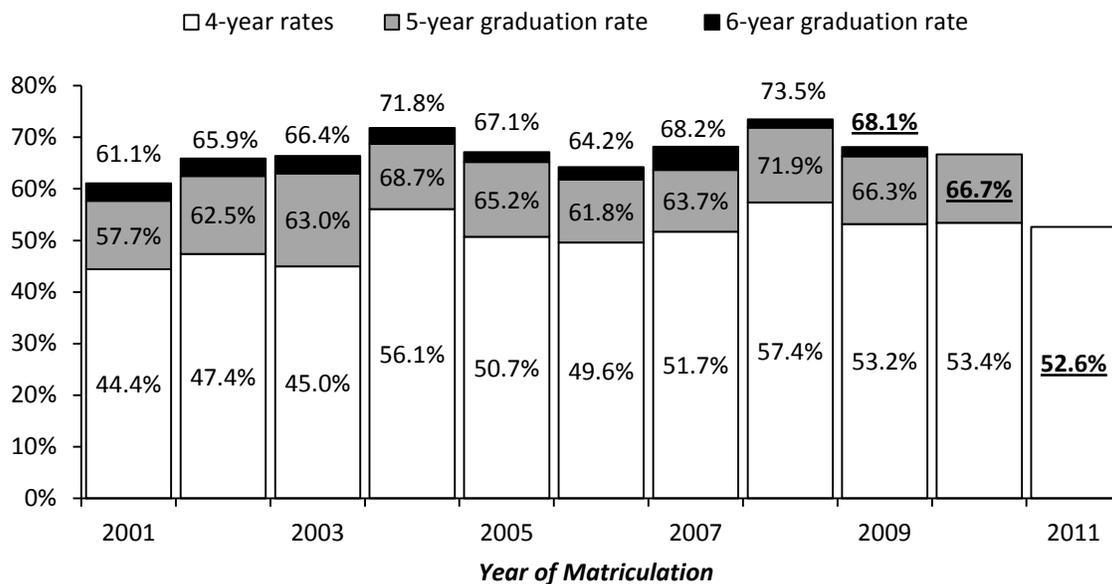
Source: Office of Institutional Research, University of Minnesota

Graduation rates continue to be high, with over 50 percent of students graduating in four years. The 2012 four-year graduation rate of 57 percent is the Morris campus's highest on record, a 17 percent increase since 1998. Five- and six-year rates are exceeding 65 percent (Figure 4-N). Table 4-8 shows how the Morris campus compares to its peer group institutions, using rates for the class matriculating in 2008, the most current data available.

The Morris campus has high graduation rates compared to its peers in the public sector and is working to reach the levels of its aspirational private college peers, who typically serve a more elite population of students.

The Morris campus is implementing a series of initiatives to increase student persistence and success, expanding advising, peer mentoring, and academic alert programs, and introducing individualized academic success plans, and parallel major program planning.

Figure 4-N. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2001–2011



*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-8 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-8.
 Source: Office of Institutional Research, University of Minnesota

Table 4-8. Six-year graduation rates (class matriculating in 2008), Morris campus and comparable/aspirational peer institutions

	6-year Graduation Rate	Institutional Control	Institutional Rank
Macalester Col.*	90%	Private	1
St. Olaf Col.*	89%	Private	2
Kalamazoo Col.*	82%	Private	3
Gustavus Adolphus Col.*	81%	Private	4
St. Mary's Col. of Maryland	81%	Public	4
DePauw U.*	80%	Private	5
Albion Col.	72%	Private	6
Concordia Col.–Moorhead	72%	Private	6
Coe Col.	70%	Private	7
SUNY at Purchase Col.	67%	Public	8
U. of Minnesota–Morris	67%	Public	8
U. of N.C.–Asheville	64%	Public	9
Lycoming Col.	62%	Private	10
U. of Maine–Farmington	54%	Public	11
Mass. Col. of Liberal Arts	52%	Public	12
U. of Virginia's Col. at Wise	42%	Public	13
Comparison Group Average	70%	-	-

See footnote on Figure 4-N

Source: Integrated Postsecondary Education Data System (IPEDS)

*Aspirational peer institutions

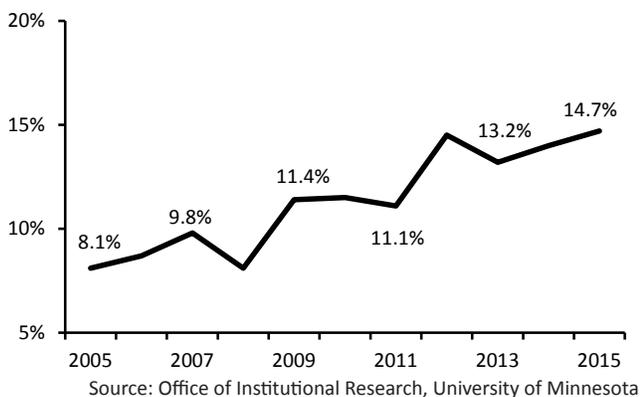
CROOKSTON CAMPUS

Maintaining Access to the Crookston Campus

The Crookston campus attracts a diverse group of high potential students—both traditional and non-traditional—from across the state, country, and globe. They typically choose Crookston because they seek a supportive small campus experience, a distinctive academic program, and/or a personalized online experience connected to workforce needs. The campus serves as an important access point to University of Minnesota programs for citizens living in northwest Minnesota. Accessibility is reflected in enrollment trends, and the Crookston campus had maintained an eight-year trend of enrollment growth, followed by fall semester 2015's 1,874 undergraduate student enrollment, nearly equal to fall 2014.

As shown in Figure 4-O, of Crookston's total degree-seeking students, 14.7 percent identify themselves as students of color, and, based on country of citizenship, Crookston's student body includes representation from 26 countries (fall 2015). In addition, the campus has

Figure 4-O. Percent undergraduate students of color by fall term, Crookston campus, 2005–15



a long history of serving students from low socio-economic backgrounds. Recruitment of these students is part of an intentional strategy that aligns with the Crookston campus's core values, which include diversity.

For fall 2015, 46 percent of new high school graduates attending the Crookston campus are first-generation students. These students benefit from the campus's

personalized focus on teaching and advising as well as its small class sizes and numerous leadership opportunities. Conditionally admitted and at-risk students—and essentially all students—also benefit from the Crookston campus's small classes and personalized and supportive environment.

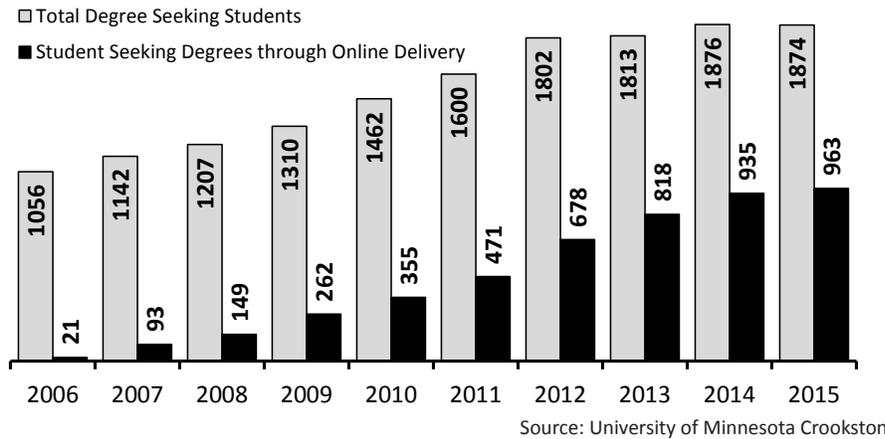
The Crookston campus is extremely cost efficient and cost effective, as demonstrated by the relatively low expenditure per degree within the University system. It also offers the lowest tuition rate within the system, in part, to serve students with the lowest average family income. For fall 2015, students enrolled at Crookston:

- come from families with the lowest average household income for students who applied for and received financial aid (Crookston \$65,392; Morris \$88,928; Rochester \$91,429; Duluth \$98,746; Twin Cities \$99,098);
- receive the need-based Federal Pell Grant at a higher rate than students at the other system campuses: (Crookston 33%; Rochester 31%; Morris 30%; Duluth 26%; Twin Cities 23%); and
- are significantly more likely to be first generation college students: (Crookston 46%; Rochester 42%; Morris 39%; Duluth 29%; Twin Cities 28%).

Since it began offering baccalaureate degrees in 1993, the Crookston campus has drawn a steady number of transfer students who are seeking the prestige of a University of Minnesota degree. The graduation rate for these students is 62 percent. Due to historically strong relationships with two-year colleges, the Crookston campus has developed nearly 100 articulation agreements with 26 community and technical colleges across the Upper Midwest.

The Crookston campus has a strong record of being nimble and rejecting complacency—consistent with the Twin Cities campus strategic plan—and it has a demonstrated history of adapting to and embracing new technologies such as online learning. Crookston's initial online degree program had its first graduates in 2001. Today, 14 of the 34 majors are offered fully online as well as on-campus, and over 50 percent of total degree-seeking student enrollment is composed of online students (Figure 4-P). An extension of the modern land grant mission, these online degree programs allow working professionals the opportunity

Figure 4-P. Total enrollment and online enrollment, Crookston campus, fall 2006–2015



to complete their bachelor's degree and advance within their career path when traditional programs don't meet their needs. Students attending online overwhelmingly fall into the non-traditional category. The average age of these students is 33 (with 81% over 25), they are enrolled for an average of 9 credits, and are currently employed. Most have already completed a significant number of college credits (an average of 70 transfer credits). While the majority are Minnesota residents (68 percent), there is rich diversity among Crookston's online students, with 16 percent identifying as students of color and 27 countries represented (fall 2015).

In addition to degree-seeking students, the Crookston campus serves other non-traditional students. For example, College in the High School (CIHS) and Post-Secondary Enrollment Option (PSEO) students are high school students concurrently earning college credit, and they comprise 94 percent of Crookston's 974 (fall 2015) non-degree students. Through these programs, the Crookston campus helps make higher education accessible and more affordable for students and their families, and gives them the flexibility to graduate from college more quickly or to take lighter course loads while balancing working, internship requirements, conducting undergraduate research, and/or participating in intercollegiate athletics.

Attracting Outstanding Students to the Crookston Campus

The Crookston campus attracts outstanding students through its distinctive learning environments and

academic programs. The Crookston campus's marketing theme "Small Campus. Big Degree." is reinforced by the reasons students give for choosing to attend. Of the respondents to the new student survey in fall 2015, 78 percent indicated the size of campus was a reason for selecting the Crookston campus, 73 percent indicated that the Crookston campus was their first-choice college, and 64 percent indicated the type of academic programs available was a reason.

Distinctive majors attract excellent students. The Crookston campus offers several majors that are not found elsewhere in the University system, including agricultural systems management, agronomy, applied health, aviation, criminal justice, equine science, golf and turf management, horticulture, manufacturing management, quality management, and software engineering. The pre-veterinary option in animal science and equine science has been growing for many years, drawing students from across the United States. It has also developed a distinctive measure of quality: in just the past six years, 43 percent of Crookston graduates with a pre-vet emphasis have gone on to veterinary school (the national average of successful applicants is approximately 10%). Additionally, the campus's animal science major has developed an international reputation. In 2014–2015, 38 veterinary students from Brazil took courses on campus through a one-year exchange offered by the Brazilian government.

The Crookston campus is continuing work to expand the capacity for undergraduate research consistent with the increasing numbers of students who indicate a desire to continue their education beyond the

baccalaureate degree. Through careful hiring of new faculty and cost-effective space renovations, opportunities for students to engage with faculty in research are growing.

Outstanding students are also attracted to Crookston's Honors Program, which includes an honors proposal course that culminates in an honors essay, research, or creative project that requires a public defense.

Technology is embedded throughout the curriculum. The Crookston campus's innovative and longstanding laptop initiative puts computers in the hands of all full-time, on-campus students and faculty members. A pilot group of students is evaluating a tablet/laptop hybrid computer. A specialized informatics laboratory suite offers students the opportunity to work with emerging technologies. This lab is used by students from many different majors, but it is especially important to software engineering students who use it to develop software and engage in research. And online coursework offers flexibility not just for online-only students but also for on-campus students with class schedule conflicts.

The Crookston campus has a culture of continuous improvement. For example, during the 2014–2015 academic year, faculty collected and analyzed data on student learning outcomes. In 2015–2016, they will use their finding to improve student achievement. In preparation for the once-every-eight-years Comprehensive Quality Review accreditation site visit in November 2015, the Crookston campus submitted documents and action projects related to data-driven decision making, which involved developing metrics and a campus-wide dashboard. This site visit precedes reaffirmation of accreditation by the Higher Learning Commission.

The Crookston campus has continued to utilize existing programmatic strengths as well as current faculty expertise to offer an expanded array of majors for students. With very little associated cost, this helps drive additional enrollment through recruitment and retention, and provides new and current students with more choices. In December 2014, two new majors were approved by the Board of Regents—English and International Business—both of which became available to students in January 2015. Two additional majors—Exercise Science & Wellness and Medical

Laboratory Science—were approved by the Board of Regents in June 2015 and became available to students in fall semester 2015. The Board of Regents also approved a new major in Agricultural Education, which was reviewed by the Minnesota State Board of Teaching and granted licensure approval in October 2015.

Offering a Great Student Experience on the Crookston Campus

Students receive outstanding support and have an enriching experience through small class sizes, strong personalized advising and access to faculty, experiential learning, and opportunities for undergraduate research, among other factors.

The Crookston campus's small class sizes offer students personalized attention and greater access to faculty members for advising and mentorship. Presently, 82 percent of on-campus classes have 25 or fewer students. The largest class is 64 students, and the average class size is 18. Online classes, which average 22 students per class, still offer a very personalized quality educational experience.

A longstanding hallmark of the Crookston campus is its focus on experiential learning. Students learn concepts and actively apply them through projects, simulations, field trips, site visits, community engagement and service learning projects, and interactions with professionals in the field. An internship experience is required of on-campus students. Online students also complete an internship unless their work experience allows them to waive the internship requirement. Most academic majors have a corresponding student club or organization. These contribute to the student experience by providing opportunities for student interaction, community engagement, and professional/career development. Many classes and student clubs also incorporate service learning projects working with the campus's Office of Community Engagement. In 2014–15 Crookston students volunteered a total of 12,570 hours of volunteer service.

NCAA Division II athletics provides student-athletes with balanced opportunities for academic excellence,

leadership, and honing athletic skills. In 2014–15, 24 percent of Crookston’s student-athletes earned Northern Sun Intercollegiate Conference All-Academic Team honors, recognizing 3.2 or higher GPAs. Students continue to cite Division II athletics as a reason they choose to attend the Crookston campus, and student-athletes comprise 25 percent of Crookston’s on-campus enrollment.

While Crookston faculty members’ primary focus is on teaching, many also conduct research and engage in scholarship, frequently involving students in that work. Such faculty mentorship and role modeling offer students excellent graduate school preparation. There is growing interest in and support for undergraduate research by faculty from all academic departments. In addition to one Undergraduate Research Opportunities Program project, 17 Crookston Student Research and Creative Works projects were funded in 2014–15. Three Crookston students have submitted proposals to present their projects at the 2015 National Conference on Undergraduate Research, and another presented her project at an international conference in Ontario, Canada. Another student’s undergraduate research project led to a research internship in Nancy, France. Two faculty members are working to integrate active, ongoing research into the undergraduate curriculum throughout all microbiology lab sections. Several faculty members also engage in the scholarship of pedagogy. This applied research, which is often based in the faculty member’s discipline, contributes directly to Crookston students’ learning experience while also spreading valuable pedagogical insights through publications and presentations.

In the area of internationalization of the curriculum, the Crookston campus works closely with various departments on the Twin Cities campus, including the Global Programs and Strategy Alliance, the Learning Abroad Center, the Confucius Institute, International Students and Scholars Services, and the Center for Educational Innovation. Two biology faculty members mentored faculty in the 2014–15 cohort of the University-wide Internationalizing Teaching and Learning Program. These same faculty members are currently seeking grant funding to internationalize the Crookston campus’s entire biology program.

The Crookston campus provides a safe and welcoming environment for its students, employees, and visitors.

The campus will strive and continue its efforts to be ranked among the safest public campuses in Minnesota and among the safest in the country.

The Crookston campus has been recognized for its quality programs by such organizations as *U.S. News & World Report*, which not only ranked the campus as #1 in the category Top Public Regional Colleges–Midwest for 2014, 2015, and #2 for 2016, but also ranked Crookston online programs among the top quartile in the category Best Online Bachelor’s Programs for 2014 and 2015, earning a #34 rank nationally (of 215 schools) in 2015. The Midwest Higher Education Compact, in its 2014 report “The Effectiveness and Efficiency of Postsecondary Institutions in Minnesota,” gave the Crookston campus an effectiveness rating of “Very High.” And the campus was listed among the top ten “safest college campuses in the U.S.” by *College Factual* as reported in *USA Today* in January 2015.

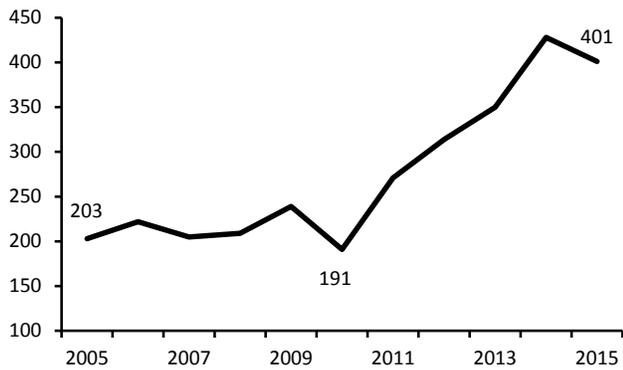
Construction of the new campus Wellness Center began in June 2015. Scheduled to be completed by fall 2016, the facility will aid in recruitment and retention efforts, offer on-campus students an important space to develop wellness habits, and supplement the existing living-learning environment in many ways. Additionally, students enrolled in Crookston’s newly approved major in Exercise Science & Wellness as well as the established major in Sport & Recreation Management will take advantage of the facility as a learning laboratory.

Preparing Crookston Campus Graduates for Success

The Crookston campus continues to improve retention and graduation rates, and students are positioned to be successful and productive employees and citizens. Over the 2014–15 academic year, 401 bachelor’s degrees were awarded (Figure 4-Q), down slightly from the historic high of the previous year, but still nearly double the number of 2005.

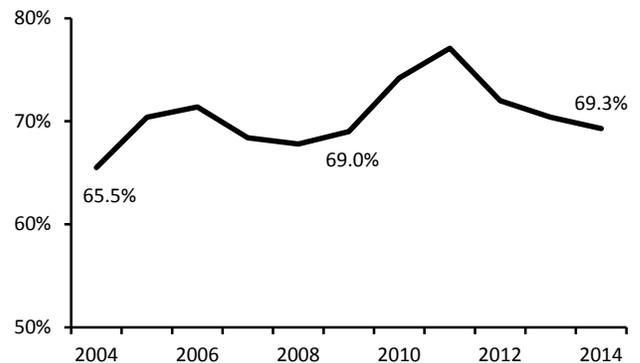
There is a national and state interest in meeting workforce needs in science, technology, engineering, and math (STEM). In fall 2015, 63 percent of Crookston’s on-campus and 26 percent of online students were enrolled in STEM-related majors, such as agriculture, natural resources, environmental

Figure 4-Q. Undergraduate degrees awarded, Crookston campus, 2005–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-R. First-year retention rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2004–2014



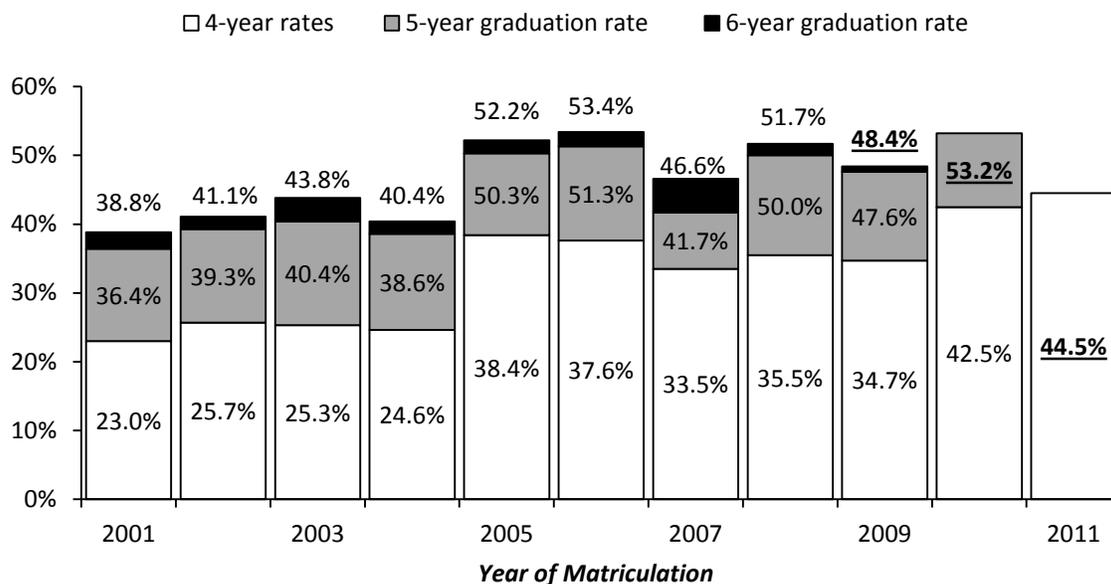
Source: Office of Institutional Research, University of Minnesota

sciences, software engineering, information technology, and biological and health sciences.

Work to improve graduation rates began before the 2006 strategic planning efforts established goals to improve the campus’s four-, five-, and six-year graduation rates to 40, 50, and 55 percent. The campus met the goal of 50 percent of those entering in fall 2008 graduating in five years. In the summer of 2015 new graduation rate goals were set: the four-year target graduation rate for students entering in fall 2016

and graduating in 2020 is 45%; the six-year target graduation rate for this class is 60%. Recent trends indicate rates are up from the entering classes of 2000–2004. The first-year retention rate is higher than it was ten years ago (Figure 4-R), while the four-year graduation rate of the entering class of 2011 nearly doubled that of the entering class of 2001 (Figure 4-S). Table 4-9 shows how the Crookston campus compares to its peer group institutions, using rates for the class matriculating in 2007, the most current data available.

Figure 4-S. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2001–2011



*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-9 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-9.

Source: Office of Institutional Research, University of Minnesota

The most recent rates suggest that the campus will rank better when data for those classes become available for comparison.

Crookston's broad-based Strategic Enrollment Management Committee (SEMC), which was created in 2013, continues its charge to guide campus efforts to achieve and maintain a critical mass of students on campus while also growing strategically online. In 2014–15 academic year, all Crookston units developed plans and strategies to contribute to recruitment and retention efforts.

In 2015–2016, new on-campus students at Crookston will have the opportunity to take the StrengthsFinder Assessment and to participate in Strengths-related programming in an effort to increase student engagement and persistence. With Student Affairs taking the lead, faculty and staff will help students engage in meaningful discussions about individual strengths, majors, and career-life planning. New Student Orientation has been reconceived as a semester-long experience designed to keep new students connected with each other and the campus.

Table 4-9. Six-year graduation rates (class matriculating in 2008), Crookston campus and comparison group institutions

	6-year Graduation Rate	Institutional Rank
U. of Minnesota–Morris	67%	1
Delaware Valley Col.	58%	2
U. of Maine–Farmington	54%	3
U. of Wisconsin–River Falls	54%	3
U. of Wisconsin–Stout	53%	4
U. of Pittsburgh–Johnstown	51%	5
U. of Minnesota–Crookston	48%	6
Northern State U.	46%	7
Bemidji State U.	45%	8
Dakota State U.	41%	9
Comparison Group Average	52%	-

See footnote on Figure 4-U
Source: Integrated Postsecondary Education Data System (IPEDS)

ROCHESTER CAMPUS

The University of Minnesota Rochester is distinctive in its approach to undergraduate education. With a health sciences focus, students explore the wide array of healthcare career pathways while completing an innovative, integrated common core in their first two years. This interdisciplinary, integrated coursework includes mathematics, physics, chemistry, biology, Spanish, literature, philosophy, writing, and history. Students progress through this integrated coursework toward defined learning and development outcomes.

Offering a Great Student Experience on the Rochester Campus

Extraordinary Core Curriculum and Research-Fueled Instruction

Pedagogical decisions are made through a collective process, based on teaching and learning research:

- Flipped classrooms are the norm.
- Rigor begins on day one. For example, first-year students start with Organic Chemistry in a unique model supported by UMR learning research.
- Relevance and efficiency are standard, as liberal education objectives are contextualized in the health sciences.
- Academic support is personal and available in the Just Ask center staffed by teaching and subject-matter specialists.
- Relationships are central. Student development support is personal and available with the unique Student Success coaching model.
- Collaborative teaching teams enhance student learning and development.
- Writing instruction is integrated in the curriculum and supported by writing specialists.
- Collaborative and active learning are routine.
- Community-based learning is valued and thus required.
- Grand challenges of 21st-century healthcare frame student learning and development in and out of the classroom.

- Intentionality and coordination in the design and assessment of the curriculum further enhances student learning as faculty commit to “our curriculum” rather than “my course.”

Extraordinary Customization

As students emerge from their foundational learning and development having participated in intentional career pathway exploration, a customized learning experience occurs in their junior and senior years. During this culminating portion of their undergraduate experience, all students engage deeply in community-based learning, after which they determine, propose, enact, and present a capstone experience tailored to their emerging interests. Nearly half of our students study away during their capstone experiences. Though most complete a Bachelor of Science in Health Sciences, other students at this level may apply for and complete the Bachelor of Science in Health Professions (BSHP) in sonography, echocardiography, radiography, or respiratory care.

Extraordinary Expectations for Success and Evidence-Driven Decisions

This distinctive undergraduate educational journey is guided by a success coach, with student learning and development outcomes assessed in both curricular and co-curricular endeavors. Results of research on learning with students will soon be used to optimize identified arenas of distinctiveness.

Maintaining Access to the Rochester Campus

Given the Rochester campus’s commitment to student success through personalized academic and life coaching, the rigor of the Rochester campus is accessible to a wider-range of students than many health sciences programs.

The campus recruits, values, and remains accessible to students with interest and aptitude in the health sciences, including:

- in-state and out-of-state students
- low- and middle-income students
- students of color

- first-generation students
- international students
- transfer students

In addition to the Rochester campus's continued efforts to improve the undergraduate education experience and student outcomes, the campus is working to meet a challenge for the health care industry: workforce diversification. There are many reasons the industry values diversity in the healthcare workforce, but according to a U.S. Department of Health and Human Services report, one of the most compelling reasons is that a "more diverse health professions workforce...will lead to improvements in public health" (2006). In other words, greater diversity leads to improved health outcomes.

The Rochester campus is uniquely positioned to take on this challenge. Rochester campus graduates of color succeed at the same or greater rates than their peers, which supports the effectiveness of the campus's educational model to prepare minority and underserved students for successful careers in healthcare. To further address this challenge, the campus is organizing the Health CORE (Community of Respect and Empowerment) Pipeline Initiative.

The program builds on the Rochester campus's strengths in undergraduate health sciences education and builds in additional research support and best practices in living and learning communities. The mission is to enhance diversity and inclusivity within the Rochester student experience through intentional community development and support.

Initially the Health CORE program will serve 20–25 students but can be expanded based on the availability of funding.

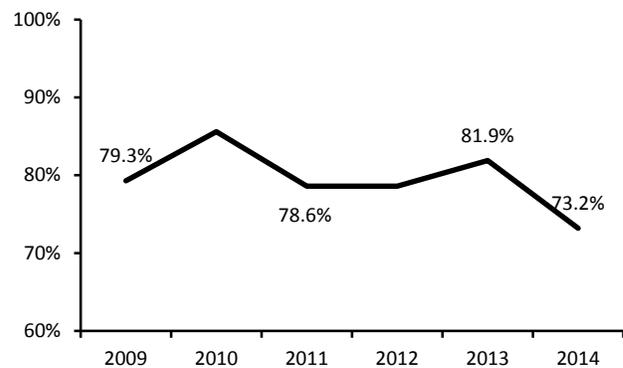
In addition to the CORE program, the Rochester campus is developing living and learning communities around international students and students on a path of recovery from addiction. The Global Connections program initiative aims to support the success of international and domestic Rochester students who will model intercultural competence, global citizenship, and commitment to solving global health challenges within the healthcare field. The ROC! Recovery on Campus program is focused on students that are on a positive path to recovery from addiction.

Students in the ROC! Program are expected to model transformational living, civic engagement, and high-integrity leadership within the healthcare field.

The required student development courses support the accessibility of our curriculum to both transfer and traditional students. The path for transfer students who wish to enter the Health Professions program has recently been enhanced, with a transfer coordinator serving their specific needs. Retention rates (as shown in Figure 4-T) are one indication of this accessibility and academic support. The Rochester campus is committed to inclusivity, striving to become a diversity pipeline for healthcare workforce development needs.

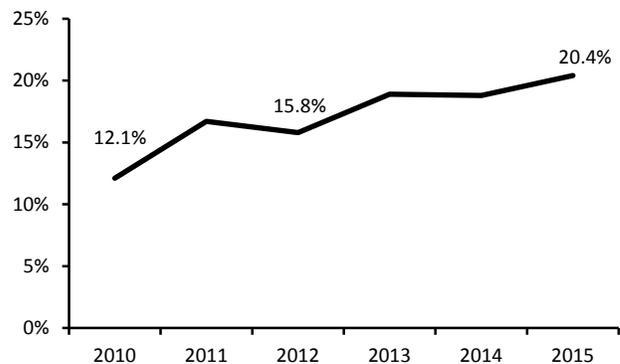
As depicted in Figure 4-U, UMR is moving steadily toward its goal: a percentage of undergraduate students of color equal to or higher than the percentage of people of color in the general population of Minnesota.

Figure 4-T. First-year retention rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2014



Source: Office of Institutional Research, University of Minnesota

Figure 4-U. Percent undergraduate students of color by fall term, Rochester campus, 2010–15



Source: Office of Institutional Research, University of Minnesota

Preparing Rochester Campus Graduates for Success

Three classes of students have now graduated from Rochester. Figure 4-V indicates those graduate numbers, with increases expected each year. Of the students who have graduated in our first two classes, nearly all have “finished in four,” an initiative and commitment that is core to the Rochester approach to undergraduate education (see Figure 4-W).

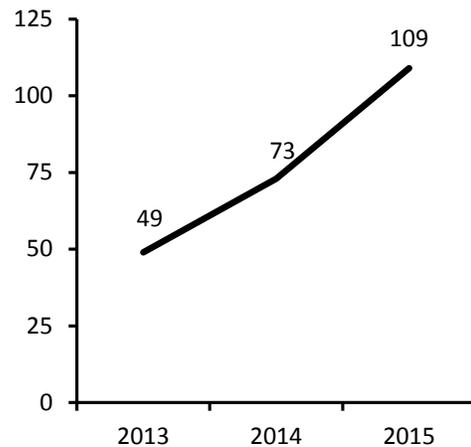
Alumni of the Bachelor of Science in Health Sciences are moving into incredibly diverse experiences following graduation, including but not limited to:

- Medical School
- Health Care Administration
- Health Care Policy
- Veterinary School
- Varied Ph.D. Programs
- Health Care Research
- Law School
- Health Care Technology
- Pharmacy School
- Physician Assistant School
- Public Health Education
- Dental School
- Naturopathic Medicine
- Sports Medicine
- Medical Lab Science

One hundred percent of Bachelor of Science in Health Professions graduates passed their exams and are employed in the fields of echocardiography, radiography, respiratory care, and sonography.

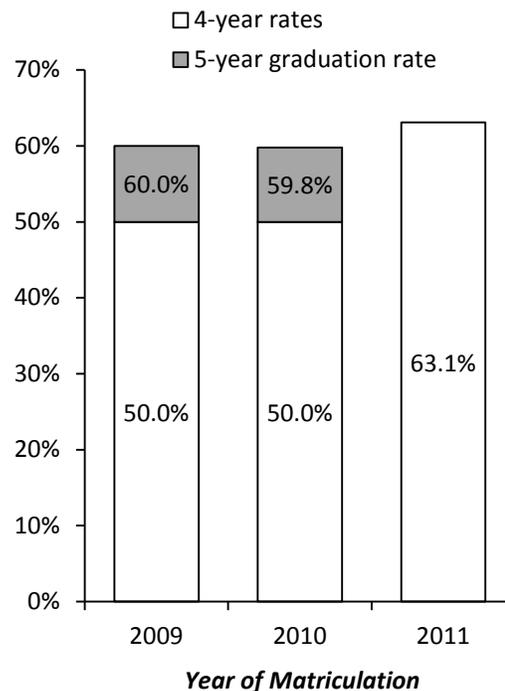
Of the 2015 graduating class, 96% graduated in four years or less, with 100% of BSHS students completing a faculty-supervised capstone experience. Of those graduates, 61% are employed and 36% had been admitted into graduate school prior to graduation. Over all, graduates’ self-reported data at the time of commencement indicate that that 64% of 2015 graduates expect to attend a health-sciences related graduate or professional school.

Figure 4-V. Undergraduate degrees awarded, Rochester campus, 2013–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-W. Four- and five-year graduation rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2011



*Rates include graduates who transferred to another University of Minnesota campus.

Source: Office of Institutional Research, University of Minnesota

Extraordinary Future UMR 2.0

Having established a nationally distinctive undergraduate health sciences program in the campus's first seven years, the Rochester campus will now work to remain agile, effective, and innovative in addressing the ever-evolving 21st century needs in higher education and healthcare. For example:

- to further serve student learning and development, the campus will explore additional avenues for partnerships that serve community-based learning and customized capstones;
- to further the individualized care of students, the Rochester campus will document, assess, enhance, and share its Student Success Coach model;
- to further students' academic achievement while addressing the challenges of higher education, the Rochester campus will document, assess, enhance, and share its Collaborative and Integrated Teaching model; and
- to share the Rochester campus story nationally and continue to grow, the campus will invite dialogue with other higher education innovators.

Graduate Education

Graduate education is fundamental to the University's vision to improve the human condition through its research, teaching, and outreach mission.

Graduate students fuel the engine of research and discovery, with the passion and skills necessary to address the most important and complex problems facing communities, states, nations, and the world. They are the next generation of innovators—those who will provide leadership in the 21st century. They generate new knowledge with their groundbreaking and field-shaping research and serve as enthusiastic ambassadors for the University through their employment in industry and engagement with the community.

The reputation of the University rests in large part on the quality of its graduate programs. The Graduate School—in close collaboration with collegiate leaders and graduate program faculty and staff on the Twin Cities, Duluth, and Rochester campuses—is responsible for ensuring the quality of the graduate education enterprise by:

- recruiting and retaining highly prepared students from diverse populations;
- supporting academic program review and assessment; and
- graduating students for success to pursue a broad range of careers and contribute to society.

Recruiting and Retaining Highly Prepared Students from Diverse Populations

Recruiting a high-quality, diverse student body is largely dependent on the reputation of the graduate program and the University, but also on

comprehensive recruitment efforts, competitive financial packages, and a user-friendly and responsive admissions process.

Office for Diversity in Graduate Education

Recruitment of graduate students is predominantly the responsibility of the colleges. The Graduate School and the Office for Diversity in Graduate Education (ODGE), a subunit of the Office for Equity and Diversity, support the efforts of the colleges as coordinators and collaborators.

In fall 2014, ODGE set several recruitment goals for the 2015–16 incoming cohort, including:

- three percent year-to-year increase in the number of applications from students of color;
- 15 percent growth in the size of the prospective student of color database; and
- increased participation in the Community of Scholars program.

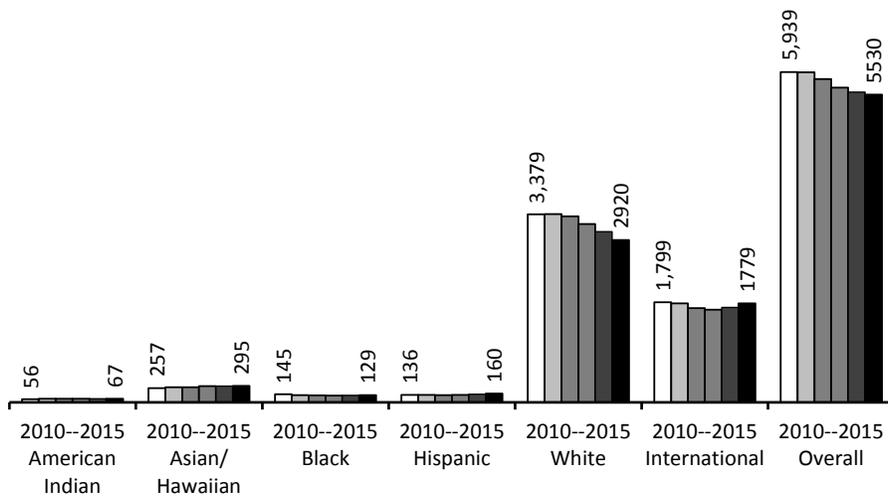
A renewed focus on connecting and following up with prospective students, together with Graduate Admissions Office initiatives, contributed to an increase in the number of applications from underrepresented students for the 2015–16 academic year by 4.7 percent from the previous year.

The National Name Exchange Database (NNED) was established to help match graduate schools with minority students interested in graduate education. In one year, the size of this national database has grown almost 17 percent to 8,529 underrepresented prospective students, in part due to ODGE staff efforts to encourage other universities to motivate undergraduate students of color to pursue graduate education.

Through a more intense outreach effort, a greater number of students are participating in the Community of Scholars Program (COSP), an initiative that works toward creating an institutional environment that supports the academic and professional success of graduate students who are underrepresented in academia. In particular, there has been a 50 percent increase in the number of students taking advantage of the Writing Initiative, which not only provides assistance in dissertation writing, but also the skills for students to effectively communicate their research and expertise.

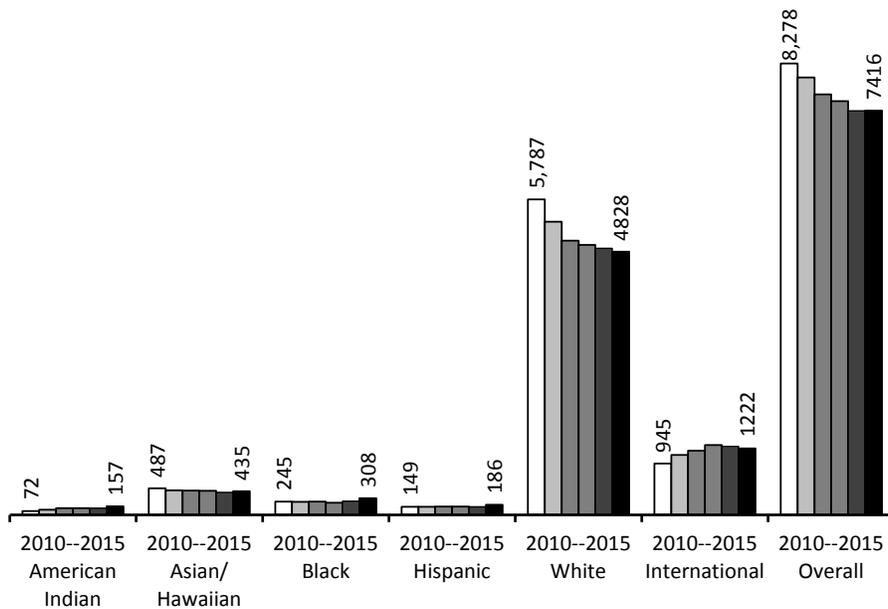
Overall enrollment has been declining at both the master's and doctoral levels for the past few years. Of the five race/ethnicity groups, White has shown the biggest reduction, 14% and 17% for doctoral and master's level, respectively. Although the number of Black doctoral students and Asian master's students have decreased, their proportions to the total number of enrolled students have remained about the same. (Figure 4-X and Figure 4-Y).

Figure 4-X. Doctoral enrollment by race/ethnicity, University of Minnesota, 2010–2015



Source: Office of Institutional Research, University of Minnesota

Figure 4-Y. Master's enrollment by race/ethnicity, University of Minnesota, 2010–2015



Source: Office of Institutional Research, University of Minnesota

Campus-Wide Recruitment Council

The Campus-Wide Recruitment Council, coordinated by the Office for Diversity in Graduate Education, shares ideas and best practices in effective and efficient recruiting strategies with an emphasis on underrepresented groups. Examples of the group's activities from the past year include the sharing of tables at recruitment fairs or conferences to reduce costs; developing diversity statements that reflect the unique population of Minnesota; and maintaining online resources to promote the recruitment of a diverse graduate student body. Membership in the group has grown to 35; its collaborative efforts have resulted in a larger University of Minnesota presence at Graduate Education Fairs targeted to underrepresented groups.

Student Funding Support

An important part of effective recruitment efforts, especially for high-quality doctoral students, is the ability to provide competitive financial packages. Programs and colleges are responsible for allocating resources to provide funding offers to attract and matriculate prospective students. Financial support may come in the form of teaching and research assistantships, fellowships, traineeships, or tuition waivers. In response to market competition, some colleges have substantially increased the stipend level for their fellowship awards. For example, first-year fellowships offered by the College of Liberal Arts have increased from \$22,500 per academic year to \$25,000 in 2014–15. These fellows also receive a supplementary stipend of \$5,000 per year for four years following the first year of support. The University continues to invest heavily in graduate education and there has been a notable increase in the amount of O&M funding to support graduate assistants, fellows, and trainees (Table 4-10), partly

due to the MnDRIVE Initiative that offers more research work opportunities for graduate students. However, the highly challenging environment for grant funding combined with the volatile investment return for endowment funds have led to a decline in the amount of sponsored and other funds spent to support our graduate students.

To supplement collegiate funding support, the Graduate School administers several University-wide competitions such as the Thesis Research Travel Grant, Interdisciplinary Doctoral Fellowship, Bridging Funds, Doctoral Dissertation Fellowship, and the Graduate Summer Research Internship Initiative that enable students to dedicate more time and effort to research and encourages more timely degree completion. For example, the Doctoral Dissertation Fellowship continues to show that it is effective in reducing the time to degree for outstanding students across most disciplines (Figure 4-Z).

University graduate students continue to be competitive in securing prestigious external fellowships. Most new National Science Foundation Graduate Research Fellowship awards have been from current students. For the third year in a row, the University was named a “Top Fulbright Producing University” in 2015 (Table 4-11). Other prestigious, competitive fellowships that have been awarded to University students in the past year include National Institutes of Health Predoctoral Individual National Research Service Award, American Heart Association Predoctoral Fellowship, and Ford Foundation Fellowship, to name a few.

Graduate Admissions Initiatives

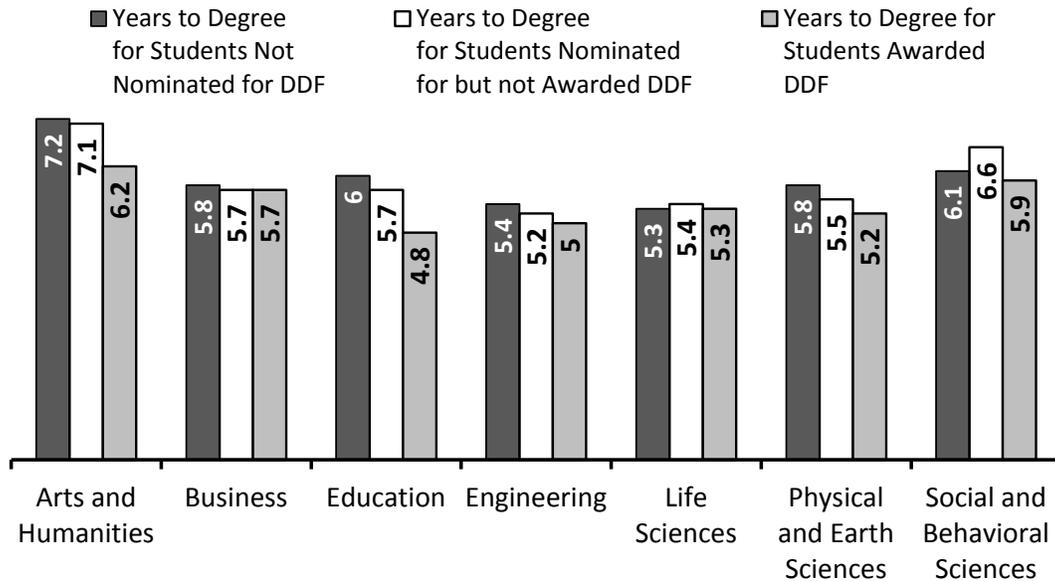
In addition to the development of a more efficient, user-friendly and paperless application process, the integration of a constituent relationship management

Table 4-10. Total funding for Graduate Assistants, Fellows and Trainees Based on Expenditures from FY10 to FY15

	FY10	FY11	FY12	FY13	FY14	FY15	5-year change
O&M	\$73,183,417	\$76,123,646	\$77,661,581	\$77,640,828	\$78,387,582	\$83,807,619	+14.5%
Sponsored	\$58,051,303	\$62,476,228	\$59,606,642	\$57,445,165	\$56,448,220	\$57,063,613	-1.7%
Other	\$27,552,637	\$22,545,978	\$23,099,737	\$26,176,348	\$25,838,896	\$25,554,690	-7.3%
Total	\$158,787,356	\$161,145,852	\$160,367,960	\$161,262,341	\$160,674,699	\$166,425,921	+4.8%

Source: Office of Institutional Research, University of Minnesota

Figure 4-Z. Impact of Doctoral Dissertation Fellowships (DDF) on median time to degree (in years) for Ph.D. degrees awarded, University of Minnesota, 2005–2015



Source: Graduate School, University of Minnesota

Table 4-11. Number of National Science Foundation Fellows and Fulbright Scholars, 2008–2016

	NSF Fellows	Fulbright Scholars
2008–09	28	8
2009–10	33	5
2010–11	49	9
2011–12	68	4
2012–13	86	6
2013–14	94	3
2014–15	106	5
2015–16	110	6

Source: Graduate School, University of Minnesota

module, CONNECT, to the admissions system better supports the collegiate recruitment efforts and communication with prospective students. The implementation of “AppReview,” designed to make the electronic review of applications by faculty more efficient and secure, has been well received by graduate programs. The result is that the Graduate School is able to serve more programs and process more applications without increasing administrative expenses (Table 4-12).

To encourage a more diverse pool of applicants, the Graduate School now offers application fee waivers for both active duty members of the military and veterans

Table 4-12. Number of new applications processed by the central graduate admission system, University of Minnesota, 2009–2015

	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	5-year change
Doctoral	6,780	7,727	7,821	7,975	7,546	7,597	+15%
Master’s	6,410	7,403	8,303	8,966	9,160	9,964	+59%
Certificate	92	110	87	87	120	357	+288%
Total	13,282	15,240	16,211	17,028	16,826	17,918	+38%

Source: Graduate School, University of Minnesota :

as well as McNair Scholars who are high-quality low-income, first-generation, or underrepresented students. During 2014–2015, 148 applicants benefited from this application fee waiver. Some colleges are also providing application fee waivers to targeted student groups that are consistent with their diversity goals.

Supporting Academic Program Review and Assessment

Regular review and assessment—both internal and external—are necessary to understand how well the University is building, maintaining, and improving its graduate programs, and how well these programs are serving their students.

Guidelines for the Evaluation of Graduate Programs

The Graduate Education Council (GEC) Academic Program Subcommittee, formed in fall 2014, consists of faculty members elected to the GEC through a University-wide election, a graduate student representative selected by the Council of Graduate Students, and staff from the Graduate School. It was charged by the Vice Provost and Dean of Graduate Education with developing a set of criteria to help evaluate graduate programs and to identify those that warrant more in-depth analysis and discussion. The list of criteria is intended to provide a consistent starting point for evaluating research-based graduate programs with a primary emphasis on the Ph.D. degree. Programs failing to meet some of the outlined criteria will have the opportunity to respond and engage in constructive dialogue with collegiate and University leaders to implement a feasible action plan for the future.

Graduate Program Goals Initiative

Efforts to identify and articulate graduate student learning goals started in the fall of 2012. During 2013–14, ten pilot programs across three campuses successfully identified goals and developed strategies to achieve them. By the end of 2014, all graduate programs were expected to articulate a set of program-specific graduate student learning goals and an assessment plan. To assist with the task, the Graduate School created guidelines for the development of program goals, shared samples of documents submitted by the ten pilot programs, and presented

workshops. It is expected that the program goals documents and the evaluation plans will be reviewed periodically to respond to changes in the various fields and to the changing landscape of higher education.

Graduate Student Data

The Graduate School is responsible for maintaining public data about graduate programs, including application, admission, matriculation, enrollment, time-to-degree, completion rates, and outcomes. This year, the Graduate School developed an online resource to support graduate programs' assessment efforts. The Quality Assessment Allocation Plan website provides access to student data at the collegiate, broad field, and programmatic levels. Having ready access to core student data allows programs and colleges to continuously monitor the overall progress and success of their graduate students, identify potential issues, and implement changes in a timely manner.

At the institutional level, the six- and eight-year doctoral completion rates for entering cohorts from 2004 to 2008 have been trending higher. Greater proportions of international graduate students complete their doctoral degrees while some cohorts of students of color have shown lower completion rates than White students (Table 4-13). To help address this issue, the Graduate School will provide student data collated by race/ethnicity to individual graduate programs as part of the next cycle of the Quality Assessment Allocation Plan. This will allow faculty to identify positive trends as well as areas for improvements. It will also help them develop strategies, best practices, and action plans to promote timely degree completion, especially for students of color.

Graduating Students for Success

As graduate students pursue their research, they acquire skills that will be beneficial to them and to the public long after degree completion. They develop the ability to work autonomously, yet also collaboratively; to think critically; to function across disciplines; to pursue answers to difficult questions; to undertake projects with uncertain outcomes; and to inspire others with their passion and ideas. Whether they seek careers in academia or industry, graduate students

Table 4-13. Six- and eight-year doctoral (Ph.D., Ed.D., D.M.A.) completion rates by ethnicity, University of Minnesota, 2004–2009

	2004-05 Cohort		2005-06 Cohort		2006-07 Cohort		2007-08 Cohort*	2008-09 Cohort*
	6-year	8-year	6-year	8-year	6-year	8-year	6-year	6-year
American Indian	33%	42%	33%	56%	30%	50%	75%	33%
Asian/Hawaiian	45%	62%	35%	56%	55%	69%	45%	36%
Black	39%	52%	26%	48%	24%	45%	19%	28%
Hispanic	23%	38%	26%	48%	50%	61%	25%	32%
White	38%	54%	38%	56%	43%	60%	42%	44%
Non-specified	34%	50%	45%	60%	74%	83%	48%	44%
International	51%	68%	53%	72%	56%	68%	56%	58%
All Students	42%	58%	42%	61%	48%	63%	47%	48%

*8-year completion data not yet available
 Source: Graduate School, University of Minnesota

contribute to the advancement of society through discovery, the generation of new knowledge, and engagement with the community. With the changing job market for students with graduate degrees, it is critical that the University prepares and motivates them to pursue and succeed in a wide spectrum of careers.

Graduate and Professional Education Assembly

In April 2015, students, faculty, and staff explored the topic of broadening career options for graduate students at the Graduate and Professional Education Assembly, an annual event intended to create a climate for University-wide collaboration and networking across diverse disciplines and to advance a broad conversation about the development of graduate and professional education across the institution. This year’s topic addressed the critical national need to ensure that graduate students, especially doctoral students, take full advantage of the many career options available to them.

Panelists from Minnesota Fortune 500 companies and non-profit organization were invited to share their thoughts and insights on what employers are looking for from prospective employees with graduate degrees, what the University and students can do to prepare themselves for different career pathways, and how students can highlight and present the transferable

skills that they have acquired through graduate studies to potential employers.

Graduate Research Summer Internship Initiative

As part of the University’s effort to broaden career options and research experiences for graduate students, the Graduate School launched a pilot project seeking applications from students who were able to secure a research internship during summer 2015. Applicants were asked to demonstrate how the proposed research project would enhance the student’s dissertation research; how it would benefit both the student and the host organization; how the skills and experience gained would advance career readiness and options; and that the student had the support of his or her advisor.

Approximately 50 applications were received and through competitive review, 23 students were awarded with stipends of \$4,000 each. Priority was given to applications from students in non-STEM fields who don’t typically experience an internship—paid or unpaid—as part of their graduate student training. Many students indicated that without the stipend award, they would not be able to take advantage of such an internship experience. Reviewers of the proposals noted the high potential for many of the research projects to have a significant public engagement component. The benefits of this program

extend beyond the students or the host site but also to the community and society. Upon completion of the internship, both the student participants and the host organizations were asked to provide their thoughts on the experience, the outcomes of the internship, and how this initiative could be improved.

While the initial phase of the program was limited to students in research-based doctoral programs (Ph.D. and D.M.A.), the goal is to expand the program to all research-based graduate students in the future.

Publicly Engaged Graduate Education

Community-based experiential opportunities involving graduate students is a key strategy for incorporating public engagement with academics. Programs and initiatives are designed to connect graduate students with social issues in real time that will likely enhance students' academic, professional, personal, social, career, and civic development.

Graduate level community-based research and scholarship opportunities such as thesis and capstone projects, internships, and clinical practica are routinely found in many academic programs. For example, students in the Humphrey School of Public Affairs' Master of Public Policy are required to complete a 400-hour community-based internship, and students in the Masters of Urban and Regional Development complete a capstone experience in partnership with a community-based client.

The Resilient Communities Project also provides opportunities for graduate students to take part in publicly-engaged research and learning. The project, which is co-sponsored by the Center for Urban and Regional Affairs and the Institute on the Environment, connects communities in Minnesota with the wide-ranging expertise of University of Minnesota faculty and students to explore and address pressing local issues in ways that advance sustainability and resilience. In partnership with the City of Rosemount during the 2014-2015 academic year, 29 locally identified projects were matched with 45 University courses across 20 departments and 10 colleges at the Twin Cities and Duluth campuses, providing more than 400 students with community-engaged sustainability research and education opportunities. The University received national recognition for this project as the recipient of the 2015 Midwestern

Association of Graduate Schools/Educational Testing Services Award for Excellence and Innovation in Graduate Education.

Career Networking Event

Another initiative that aims to encourage graduate students to consider different career options is the Career Networking Event each spring. This is a unique opportunity for talent-seeking companies and experienced, well-educated, potential employees to connect. Several hundred graduate students, postdoctoral researchers, and alumni, representing a wide variety of disciplines and backgrounds, networked with representatives from over 70 organizations—from nonprofits to government agencies to Fortune 500 companies. In a post-event survey, 51 percent of respondents reported that they made connections that will help them in their future employment search; 72 percent planned to follow up with at least one of the employers they met at the event.

Doctoral Research Showcase

An important transferable skill that most employers look for is the ability to communicate effectively to different audiences. The Doctoral Research Showcase provides a causal and conversational environment for recipients of the Interdisciplinary Doctoral Fellowship and the Doctoral Dissertation Fellowship to present their research to faculty, staff, students, and friends of the University with diverse backgrounds and from different fields of studies. The event also offers a glimpse of the future of many disciplines and of the world's future faculty and intellectual leaders. More than 80 fellows participated in the 2015 showcase. In addition, monthly Doctoral Dissertation Seminars provide opportunities for Doctoral Dissertation Fellows to present and discuss their research before their peers.

The Interdisciplinary Commons

In 2014–15, the Graduate School launched the Interdisciplinary (ID) Commons, a new initiative intended to foster graduate student interactions across disciplines. The ID Commons provides space and programming for graduate students to network, collaborate on projects, present papers and dissertation chapters to peers, and learn about relevant topics

through panels and workshops. Being able to work in teams, especially ones that cross disciplinary boundaries, is another desirable skill sought by prospective employers.

UMD Graduate School Breakfasts

Started in fall 2014, UMD has sponsored twice weekly breakfasts, with the goals of facilitating informal interactions among faculty and graduate students in disparate disciplines and fostering innovative approaches in teaching, research, and scholarship. To stimulate conversation, these have featured “Speed Research” presentations—short faculty or student presentations often focusing on new projects or research directions. Over 1,200 graduate students and faculty, representing all five UMD colleges, participated during the 2014–15 academic year.

Discovery across Disciplines Showcase

To further encourage graduate students to pursue interdisciplinary research opportunities, the Graduate School, with sponsorship from the Office of the Vice President for Research, organized the Discovery across Disciplines Showcase in October 2014 and again in October 2015. The events highlighted the exciting and engaging work of more than 50 of the University’s interdisciplinary research centers and institutes. Graduate students, faculty, and postdoctoral associates networked with the directors of these centers, learned about the research work that is being conducted, and discussed potential collaborations across disciplines in seeking answers to some of the world’s most pressing challenges.

Professional Education

Providing Quality Health Education

Health professions education occurs primarily through 13 programs in the Academic Health Center (School of Dentistry, Medical School, School of Nursing, College of Pharmacy, School of Public Health, College of Veterinary Medicine, and the Center for Allied

Health Programs) and associated programs and centers on the Twin Cities, Duluth, and Rochester campuses. These programs enroll students at the bachelor's, master's, and doctoral degree levels (Table 4-14). In collaboration with affiliated health systems, the University also trains over 1,200 pharmacy, medical, and dental primary care and specialty residents each year.

Table 4-14. Fall 2014 enrollment and degrees awarded in health professional programs, all campuses

Program	UMN School	Degree Awarded	Campus	Fall 2014 Enrollment	Degrees Awarded 2014
Dental Hygiene	School of Dentistry	B.S.	Twin Cities	45	24
		M.D.H.	Twin Cities	10	4
Dental Surgery		D.D.S.	Twin Cities	416	109
Dental Therapy		B.S.D.T & M.D.T	Twin Cities	22	9
Medicine	Medical School	M.D.	Duluth, Twin Cities	958	219
Mortuary Science		B.S.	Twin Cities	60	23
Physical Therapy		D.P.T.	Twin Cities	148	56
Nursing	School of Nursing	B.S.N.	Rochester, Twin Cities	422	117
		M.N.	Twin Cities	126	62
		D.N.P.	Twin Cities	334	98
Pharmacy	College of Pharmacy	PharmD.	Duluth, Twin Cities	668	155
Public Health	School of Public Health	M.P.H.	Twin Cities	450	198
Healthcare Admin.		M.H.A.	Twin Cities	135	93
Occupational Therapy	Center for Allied Health Programs	M.O.T.	Rochester, Twin Cities	96	44
Medical Lab Sciences		B.S.	Rochester, Twin Cities	93	37
Veterinary Medicine	College of Veterinary Medicine	D.V.M.	Twin Cities	403	97
Total				4,386	1,345

Source: Office of Institutional Research, University of Minnesota:

Enrollments in most of the health professions programs have remained consistent over the past five years, with several exceptions (Figure 4-AA). Enrollment gains in the School of Nursing are due to growth in the Master of Nursing program and the establishment and growth of the Doctor of Nursing practice (DNP) program. The School of Public Health enrollment gains come from growth in the Master of Health Care Administration program. The College of Veterinary Medicine enrollment gains are due to planned incremental class size increases.

Health professions program admissions continue to be competitive. In the 2014–15 academic year, the Twin Cities campus of the medical school had the highest number of applications, n=4118, for 160 open positions (Table 4-15).

In 2014, the University granted 1,345 health professions degrees, up slightly from 1,324 degrees granted in 2013 (Table 4-14).

The Academic Health Center colleges and schools:

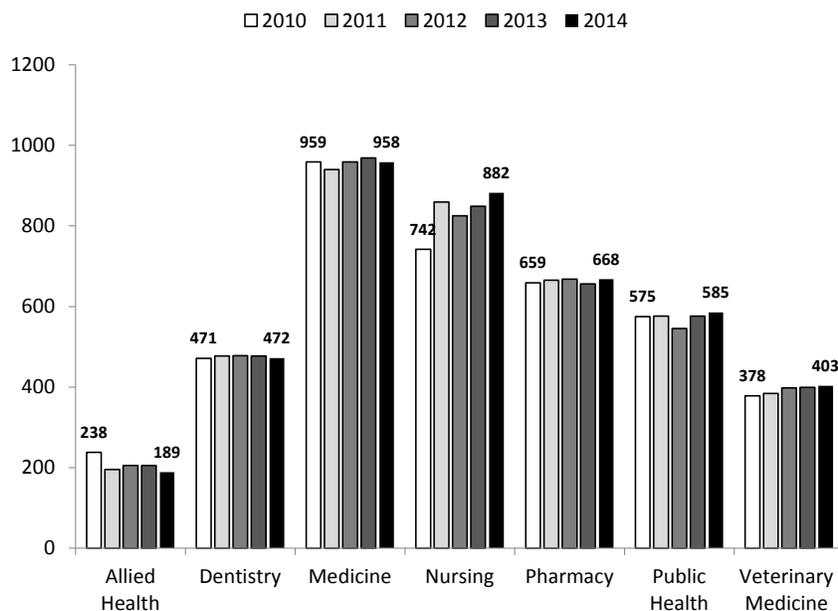
- train more than 70 percent of Minnesota’s health professional workforce;
- award more than 80 percent of the state’s medical degrees;
- educate nearly 75 percent of the state’s dentists;

- produce two thirds of all Doctor of Nursing Practice graduates in the state;
- produce two thirds of the state’s pharmacists; and
- educate 40 percent of Minnesota’s practicing veterinarians.

Academic Health Center health professionals provide care for more than one million patients each year through hospital and clinic sites throughout the state. In addition, each of the schools and colleges has community outreach programs aimed at serving underserved populations throughout the state:

- The College of Pharmacy trains students on two campuses (Twin Cities and Duluth) and ensures all students serve at least one clinical rotation in a rural community throughout Minnesota.
- The School of Dentistry has established eleven outreach sites throughout the state, including a model dental clinic in partnership with UCare, and provides much needed dental services to underserved communities.
- The College of Veterinary Medicine (CVM) has confronted a national shortage of food animal veterinarians with innovative programs such as VetFast, which speeds the process of training veterinarians for high priority needs. VetLead is a program offered to high achieving students of

Figure 4-AA. Enrollment trends in health professional programs, all campuses 2010–2014



Source: Office of Institutional Research, University of Minnesota

Table 4-15. Fall 2014 enrollment in health professional degree programs, all campuses

Program	Applications	Offers	Enrolled
Medical Lab Science B.S.	98	53	47
Dental Therapy M.D.T	14	10	8
Dental Hygiene B.S.	85	27	24
Dentistry D.D.S.	1,195	198	110
Medicine-Duluth	1,541	98	60
Medicine-Twin Cities	4,118	246	160
Nursing, B.S.N.	692	163	146
Doctor of Nursing Practice	198	139	126
Master of Nursing	224	68	63
Master of Occupational Therapy	476	112	49
Pharm.D.	932	253	167
Master of Public Health	971	523	207
Veterinary Medicine D.V.M.	960	164	103
Total	11,504	2,054	1,270

Source: Office of Institutional Research, University of Minnesota

color from Florida Agricultural and Mechanical College, which guarantees CVM program acceptance to students during their second year of undergraduate study. The Doctor of Nursing Practice program is the largest in Minnesota and has expanded to help meet the state's growing health care needs.

- More than 1,800 students and residents and 1,000 faculty members from the Medical School provide care at urban and rural hospitals and clinics across Minnesota.

Graduation rates in the health professions programs are very high. The five-year graduation rates for 2010 matriculating classes across most of the health programs exceed 90% (Figure 4-BB).

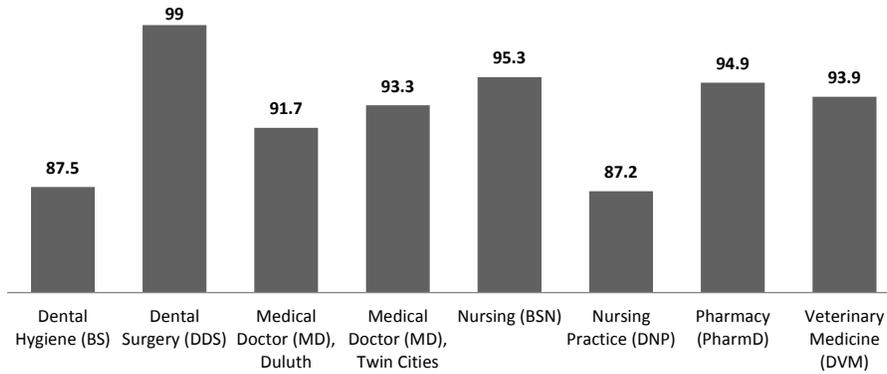
Given the mounting concerns about student debt, student financing of health professions degrees is monitored by the programs. In a review of loan data from selected health professions programs, 70 percent to 90 percent of 2014 graduates reported the use of loans to finance their education (Table 4-16). Over 75

percent of the students in doctoral training programs (DDS, DNP, MD, PharmD) supported their education through loans.

The health professions programs place significant emphasis on training health professionals that value differences and demonstrate culture competence to meet the needs of the populations they serve. Active recruitment and retention of students, staff, and faculty from underrepresented groups is critical to increase diversity in the healthcare workforce. Racial, ethnic, and gender distributions (respectively) are illustrated in Table 4-17 and Figure 4-CC.

The student population of the Medical Laboratory Sciences Program is one of the most culturally diverse undergraduate programs at the University, with an average of 40 percent students of color. In 2014, 43 percent of the Medical Laboratory Sciences students (n=93) self-identified as multicultural. These students are also multilingual speakers of English representing an array of twelve different primary language backgrounds including Akan, Amharic, Arabic, Cambodian, Cantonese, Chinese, Kiisi/Swahili,

Figure 4-BB. Graduation rates for 2010 cohort



Source: Office of Institutional Research, University of Minnesota

Table 4-16. Health professional student loans, all campuses, 2014

Program	Number of Graduates	% with Loans	Average Loans
Doctor of Dental Surgery (D.D.S.)	109	85	\$229,620
Medical Doctor (M.D.)	219	90	\$159,723
Doctor of Pharmacy (Pharm.D.)	155	89	\$140,937
Master of Nursing (M.N.)	62	81	\$54,035
Bachelor of Science in Dental Hygiene (B.S.)	24	67	\$38,152
Doctor of Nursing Practice (D.N.P.)	98	77	\$72,311
Bachelor of Science in Nursing (B.S.N.)	117	77	\$33,214

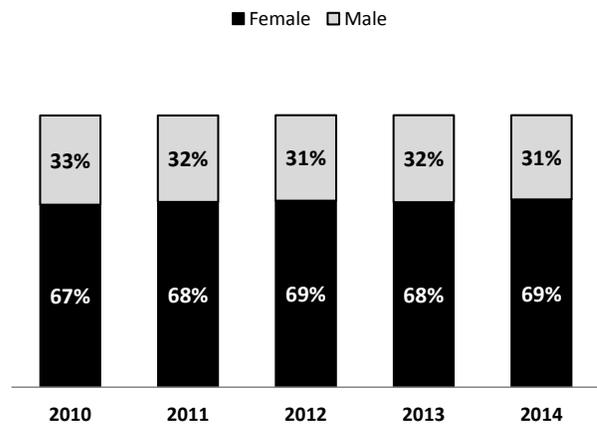
Source: Office of Institutional Research, University of Minnesota

Table 4-17. Racial and ethnic diversity of students enrolled in health professional programs, all campuses, 2010–2014

	2010	2011	2012	2013	2014
American Indian	1.8%	1.5%	1.5%	1.4%	1.3%
Asian/Pacific/Hawaiian	7.4%	7.2%	8%	8%	8.4%
Black/African American	4.1%	3.6%	3.3%	3.7%	3.9%
Hispanic	2.2%	1.8%	1.6%	1.7%	2.1%
International	2.3%	2.5%	2.8%	3.1%	2.8%
White	76.4%	73.6%	72%	70.8%	71.3%
Unknown	5.8%	9.8%	10.8%	11.3%	10.2%

Source: Office of Institutional Research, University of Minnesota

Figure 4-CC. Health professional students by gender, all campuses, 2010–14



Source: Office of Institutional Research, University of Minnesota

Korean, Oromo, Russian, Somali, and Vietnamese. The program serves as a gateway for diverse student populations to enter the healthcare workforce.

Other health professions programs also reflect a commitment to student diversity. The Duluth campus of the Medical School is ranked second in the nation for graduating American Indian students. Twenty-five percent of the students enrolled in the PharmD program self-identify as multicultural. Of the 471 students enrolled in the School of Dentistry programs (DDS, dental hygiene, and dental therapy), 23.4 percent self-identify as multicultural. In School of Nursing programs (DNP, MN and BSN), 18.4 percent students self-identify as multicultural. Eighteen percent of 832 students enrolled in the Twin Cities campus of the Medical School self-identify as multicultural. Twenty-five percent of the students enrolled in the master of health care administration and master of public health programs self-identify as multicultural.

The University's health sciences schools are dedicated to a mission to train the next generation of health professionals, to discover and develop new treatments and cures for health issues, and to provide the best possible health care for patients and families throughout Minnesota. The programs also generate significant economic impact and help address core issues that affect the health and wellbeing of all of our communities.

- **Workforce Development:** Academic Health Center (AHC) programs train nearly 70 percent of Minnesota's healthcare workforce in more than 1,500 clinical training partnerships across Minnesota. The AHC is home to the state's only pharmacy, dentistry, and veterinary medicine programs. Half of medical school graduates choose to become primary care doctors.
- **Health Impact:** Faculty and residents deliver care through hospitals and clinics across Minnesota, including underserved rural and urban communities. University of Minnesota Physicians (UMP) is the second largest integrated clinical practice in the Twin Cities. University of Minnesota Health, a partnership between UMP and Fairview, delivers leading edge care throughout the state.
- **Economic Impact:** The AHC is a \$1.6 billion enterprise with business partnerships that have helped create a thriving bioscience industry in Minnesota.
- **Research Impact:** AHC faculty oversee nearly \$400 million in research grants each year, accounting for more than half of the University's entire research portfolio. The Clinical and Translational Science Institute, supported by a \$51 million Clinical and Translational Science Award by the NIH, helps researchers bring their discoveries into practice and to improve human health.

National Center for Interprofessional Practice and Education

As the home to the National Center for Interprofessional Practice and Education, the Academic Health Center continues to be a national leader in interprofessional education. The National Center, a unique public-private partnership created in October 2012, is charged by its funders—the University along with the Health Resources and Services Administration, the Josiah Macy Jr. Foundation, the Robert Wood Johnson Foundation, the Gordon and Betty Moore Foundation—to co-create and evaluate approaches to healthcare and education focused on teams and patient partnerships. The center's mission is to offer and support evaluation, research, data, and evidence that catalyzes the field of interprofessional practice and education (IPE) and leads to better care, added value, and healthier communities.

A primary effort in the National Center's work is forming and supporting educational and clinical partnerships in the building of a Nexus within healthcare systems; where practitioners, communities, patients, families, educators, and students collaborate seamlessly to enhance care delivery, improve population health, and lower costs through establishment of partnerships and shared responsibility for health professions education and advancement of collaborative practice models. These innovation models form the Nexus Innovations Network.

The network currently includes 16 projects in ten states. Research in network sites covers a wide array

of topics, focusing on clinical practice, community engagement, on-site training and classroom interprofessional learning. Data from these projects will help grow the evidence about the effectiveness of IPE on healthcare cost, quality, and outcomes.

An essential component to the Nexus Innovations Network's success is a first-in-the-nation data repository focused on health and education outcome improvement, the National Center Data Repository (NCDR), in which data from innovations network projects is collected. The NCDR uses standard definitions, data aggregation, and advanced analytics, including National Center standardized data sets, educational and research data, and existing national and federal databases. The National Center gathers, synthesizes, and shares key findings and analysis from the Nexus Innovations Network and NCDR through reports, briefs, scholarly contributions, and other literature containing best practices for the development, implementation, and evaluation of IPE models.

One of the network sites is the Minnesota network, composed of local partners including: Community University Health Care Center (CUHCC), Bethesda Family Medicine Clinic (practice site for the St. Joseph's Family Medicine Residency), Broadway Family Medicine Clinic (practice site for the North Memorial Family Medicine Residency), Phalen Village Family Medicine Clinic (practice site for the St. John's Family Medicine Residency), Smiley's Family Medicine Clinic (practice site for the University of Minnesota Medical Center Family Medicine Residency), and the University of Minnesota Physicians Women's Health Specialists Clinic at University of Minnesota Medical Center.

Given the rapid transformation of healthcare environments to achieve the goals of providing patient-centered care, improving community health outcomes, and reducing healthcare costs, it is important that the University health professions programs evolve to educate future professionals to work effectively in these transforming environments. To support these efforts, the IHealth initiative is integrating interprofessional education across the Academic Health Center (AHC) and other University health professions schools and programs. The

components of the IHealth effort are designed to foster and support the development of the essential competencies of collaborative practice: development of shared values and ethics, understanding and appreciation of roles and responsibilities of other health professionals, interprofessional communication skills, and competencies in team work.

The IHealth team, composed of faculty and staff from dentistry, medicine, nursing, and pharmacy and the AHC Office of Education, works closely with the Interprofessional Practice and Education Committee, which is composed of faculty representatives from 20 University health professions programs to advance and support development of education and training opportunities for team-based and collaborative practice.

The IHealth curriculum consists of three sequential phases:

Phase I—Orientation: The Foundations of Interprofessional Communication and Collaboration course provides tools to support student learning for effective communication, collaboration, and teamwork. In fall 2015, 1,025 students from 14 different professional programs are participating in the course.

Phase II—Necessary Skills: Learning activities in this phase provide students opportunities to develop the necessary skills to work interprofessionally. In fall 2015, a Community Teacher program is being piloted in which teams of students from medicine, nursing, and pharmacy partner with a patient in the community with a chronic disease. The teams of students visit with their teacher in a variety of clinical settings followed by a debriefing session with their classmates to share what they have learned. In spring 2015, a team communication skills course was piloted with 139 students from dental hygiene, nursing, occupational therapy, and social work. This course was offered again in fall 2015.

Phase III—Expertise in Practice: The final phase of the IHealth initiative consists of the experiential portion of interprofessional education. Starting fall 2014, all students in pharmacy, bachelors of nursing, occupational therapy, and social work and most medical students participated in an embedded

interprofessional observational activity within a required clinical rotation. This activity has been expanded to other professions in fall 2015.

Rural Interprofessional Reimbursements

The Academic Health Center provides financial assistance to students doing rotations in rural communities. In summer 2015, this program was refocused to advance interprofessional practice and education among students and practitioners by integrating interprofessional learning objectives into student training experiences in rural communities. Additionally, through preceptor and site development, the number of exemplary interprofessional learning sites where health professions students rotate will be increased.

Evolving Health Professional Programs

New professions are emerging as healthcare transformation continues. To prepare students for these changing environments, the health professions schools and programs are developing new degree programs, implementing curricular innovations, and establishing new clinical practice models and programs.

New Degree Programs

In the fall of 2009, the University made a formal request to the Commission on Dental Accreditation (CODA) to accredit its newly created dental therapy education program. The Commission is the only entity to accredit dental education programs and historically set the national standards for educating dentist, dental hygienists, and dental assistants. In August 2015, CODA voted to authorize the accreditation of dental therapy education in the U.S., a move that is expected to support the expansion of dental therapy to other states. The School of Dentistry's leadership in dental therapy education has attracted international attention, specifically in Africa where the School's expertise has been requested by programs in Rwanda and Ghana.

In 2014, the Center for Spirituality & Healing launched a Master of Arts degree in Integrative Health Coaching. The University was the first accredited four-year university to offer a post-baccalaureate certificate in health coaching and a Master of Arts degree. Other major universities, such as Duke, Harvard, Vanderbilt, and Mayo Medical Center, have subsequently begun

to offer such programs. The University's new program enrolled 22 students in fall 2014 and 25 students are entered the program in fall 2015.

Health Coaching is a new profession designed to holistically meet the needs of clients. Many healthcare disciplines are educated to see issues of health through a limited lens. In contrast, health coaching is practiced from a whole person perspective that views the client as intrinsically healthy, whole, wise, and the ultimate expert in their own healing journey. Although health coaches do not diagnose or treat illness, they can assist those with pathological conditions to enhance their health and change their lifestyle patterns. Health coaches are becoming integral members of interprofessional healthcare teams.

The Center for Bioethics now offers a Clinical Ethics Post-baccalaureate Certificate Program. The program supplements the Center's M.A. program and graduate minor; it offers a graduate-level educational opportunity for practicing professionals including physicians, nurses, social workers, chaplains, and others working in healthcare. Through class work and practical experience, students master the knowledge and skills necessary for work in clinical ethics, including participation on ethics committees, clinical ethics consultation services, institutional and regional clinical ethics policy bodies such as organ allocation committees or brain death committees, support for institutional staff development programs in their professional fields, or simply being better prepared to meet the ethical challenges that arise in their work.

Curricular Changes

The School of Dentistry established the Team Care Clinic, a multi-student (D.D.S., Dental Hygiene, Dental Therapy) clinic, which provides efficient and effective patient-centered care utilizing each team member to the top of his or her scope of practice. The current five-chair pilot program is expanding to 16 chairs and incorporates direct provision of care by faculty as well as General Practice Dental Residents. Early data shows increased patient and provider satisfaction as well as increased productivity.

The School of Dentistry and the College of Pharmacy are partnering to optimize care for patients with multiple medications and chronic conditions in the

General Dentistry Clinics. This collaborative approach provides opportunities for interprofessional education and collaborative practice between the pharmacist, dental student, dental hygiene student, dental therapy student and the dental school clinical faculty to provide medication therapy management services and oral healthcare in a single visit for patients with limited access to care.

The School of Dentistry received a five-year \$1.7 million grant from the Health Resources and Services Administration aimed at expanding access to care in underserved communities in rural Minnesota. The initiative will integrate Interprofessional Education and use dental therapists as providers. The new care model will blend medical, dental, and dental therapy students in rural clinics, giving patients a full spectrum of oral healthcare.

The College of Pharmacy is undergoing curriculum revision to sequence and integrate courses using active-learning techniques. Beyond the didactic curriculum, the college is examining the experiential curriculum to create opportunities for competency performance assessment. The college invested to build two technology-enhanced classrooms (one in the Twin Cities and one in Duluth) to support team-based learning and other active-learning formats.

Students in the Master of Occupational Therapy program partner with the Disability Resource Center and various groups both on and off campus to conduct job evaluations assessing risk for physical and cognitive health. Groups of OT students, under faculty supervision, interview workers, employers, conduct on-site evaluations, and submit written recommendations to the supervisors.

In 2014, the College of Veterinary Medicine hosted the International One Medicine One Science conference (iCOMOS), attracting nearly 300 participants from 14 countries who discussed and explored groundbreaking science behind One Health and the issues at the interface of animals, humans, and the environment. The conference and workshops led by a distinguished panel of presenters representing academia, government organizations, foundations, funding agencies, and corporations provided insight for addressing and working collaboratively on issues related to global challenges.

The Minnesota Veterinary Institute is a unique collaboration of the Minnesota Veterinary Medical Association, the University's College of Veterinary Medicine, and the Veterinary Hospitals Association formed to elevate the quality and quantity of continuing education programs available to veterinary practitioners and technicians. The Institute's course design enables veterinarians to study one subject in-depth and immediately apply their newly learned lecture material by participating in hands-on wet labs. The Institute's combination of lectures, wet labs and online interactive case studies will help to develop the knowledge, skills, and expertise to successfully implement changes into clinical practices. The first year of the series focused on veterinary dentistry and oral surgery; the second year on feline health, medicine, and surgery. The third year, scheduled to start in February 2016, will focus on gastroenterology.

To enhance the clinical training experiences of medical students, the Medical School has developed two new programs focused on providing longer clinical experiences at a single site and with a specific focus. These new programs complement the traditional block rotations where students rotate to different sites for up to eight weeks. Education in Pediatrics Across the Continuum uses a competency-based framework to redesign a medical education pathway from early in medical school through completion of residency focused on pediatrics. VA Longitudinal Undergraduate Medical Education (VALUE) is a ten-month longitudinal integrated clerkship for third-year medical students taking place at the Minneapolis VA Health Care System and focused on providing education in multiple specialties with a focus on quality improvement and patient safety. These new programs are modeled after the successful Rural Physicians Associates Program and Metropolitan Physician Associate Program that embed students in rural or urban underserved clinical practices for nine months during their third year of medical school.

Clinical Initiatives

The School of Nursing opened its first nurse-led clinic in downtown Minneapolis in 2015. The new University of Minnesota Health Nurse Practitioners Clinic is a primary care interprofessional clinic that serves as a clinical placement site for nursing and pharmacy students.

The College of Veterinary Medicine is responding to national demand for increased training and emphasis on primary and preventive care for companion animals with the creation of a Preventive Care Center at the University's Veterinary Medical Center. CVM has also developed a program called VeTouch, offering free basic clinical care for low-income Twin Cities' residents.

Providing Quality Legal Education

The University of Minnesota Law School offers an outstanding comprehensive legal education that prepares students to become skilled and ethical leaders in the legal profession.

Recruit Highly Prepared Students from Diverse Populations

In recent years, the Law School has recruited a qualified, talented, and diverse student body. Last year's entering class of 193 J.D. candidates had a median LSAT at the 90th percentile nationally and a median GPA of 3.77. Twenty percent of the students are of color, and another 13 percent come from other countries. The Law School has increased its LL.M. class to 66, bringing talented lawyers from around the world to Minnesota for a one-year master's program designed to introduce them to the U.S. legal system.

The Law School has pursued multiple strategies to enhance student recruitment. Students are more inclined to apply to highly ranked schools, and the Law School has maintained a top-20 *U.S. News and World Report* ranking. In addition, the Law School has expanded its efforts to recruit promising students through a combination of scholarships, fee waivers, admissions outreach efforts, and the development of web and print promotional materials. Faculty members are extensively involved in recruitment through phone calls to admitted students and attendance at recruiting events and informal meetings with visiting applicants.

The Law School has also taken steps to improve diversity. For the past six years, the Law School has sponsored the Minnesota Pre-Law Scholars Program, a comprehensive, summer-long law school preparation program that is targeted to underrepresented Minnesota residents. The Law School has also

experimented with alternative admissions programs and is considering additional ones, and it has increased its acceptance of transfer students, which allows selection on the basis of proven performance at other law schools.

Applications to the Law School have declined roughly 32 percent in the last two years in keeping with national trends (though applications were at historic highs in the two years before that). Nonetheless, the Law School is on track to recruit another very talented class for next year, although the size of the J.D. class will be smaller than in the recent past. The Law School has compensated in part by increasing its enrollment of LL.M. students, adding a Master's in Patent Law program, and reducing expenses.

Extraordinary Education

The Law School offers one of the most rigorous and comprehensive legal education programs in the country. Almost all J.D. candidates graduate in three years except for those earning joint degrees in other University programs. The Law School's innovations in its curriculum place the Law School at the forefront of a small group of law schools leading the transformation of legal education nationally and internationally. These changes are designed to integrate doctrine, theory, professional values, and lawyering skills throughout the curriculum, and to educate students in a progressive arc about the full range of lawyering concepts and skills.

Recently launched initiatives to advance these goals include:

- First-year electives in international law, corporate law, procedural law, and perspectives on the law, bringing internationalism, business skills, and critical thinking about legal theory and legal systems into the formative first year;
- New offerings that emphasize statutory and regulatory drafting skills;
- Introduction of Law in Practice as a required first-year course integrating doctrine and skills, and engaging students with practitioners and judges;
- Early implementation of the American Bar Association's experiential learning requirement a year ahead of most law schools, with a robust offering of simulations and live client clinics;

- A new concentration in civil litigation with advanced practical and theoretical courses designed to teach analytical and advocacy skills;
- Capstone courses with a multidisciplinary focus to help train students to be problem-solving, innovative lawyers with the skills to work in multiple legal and professional contexts; and
- Leadership foundations program, designed to expose students to basic business concepts and core leadership skills.

Ensure Affordable Access for Students of All Backgrounds

The Law School has sharply increased scholarship support for its students. Roughly 91 percent of last year's entering class received scholarships, with an average scholarship amount of \$27,099. Nonetheless, access and affordability remain important concerns. The average law student who graduates with debt owes about \$90,000 for law school alone (the national average is even higher). The Law School will continue to make fundraising for student scholarships one of its highest priorities. In addition, the Law School will continue its efforts to contain costs and to keep tuition increases to the lowest level feasible.

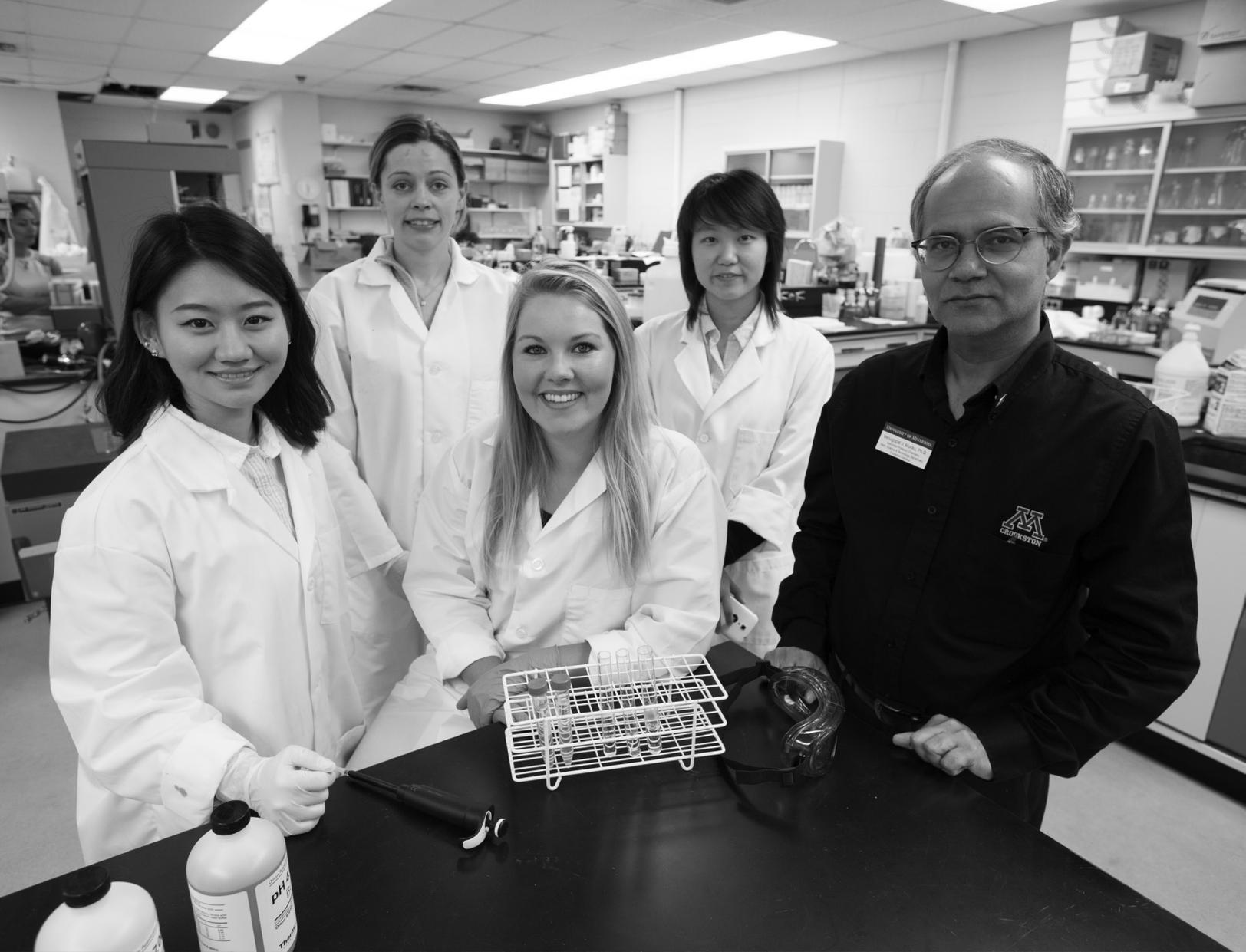
Research

The Law School is rated among the top 20 law schools nationally in faculty productivity. From September 1, 2013 to September 1, 2014, law school faculty authored 11 books, 37 book chapters, and 52 law review articles. Faculty publications have received numerous awards that illustrate the depth and range of faculty scholarship. Professor Christopher Roberts' book, *The Contentious History of the International Bill of Human Rights* (Cambridge University Press, 2014), won the American Sociological Association's Gordon Hirabayashi Human Rights Book Award. Professor June Carbone's book, *Marriage Markets: How Inequality is Remaking the American Family* (Oxford University Press, 2014) (with Naomi Cahn), was named a top ten book pick in *Newsweek* and *The Economist*. Professor Jessica Clarke's article, "Inferring Desire," 63 *Duke L.J.* 525 (2013), was selected by the Williams Institute and UCLA School of Law to receive the Dukeminier Award and Ezekiel Webber prize. The Dukeminier Awards recognize

each year's best sexual orientation and gender identity law review articles. Professor Barry Feld's most recent book, *Kids, Cops, and Confessions: Inside the Interrogation Room* (New York University Press 2013) received the 2015 Outstanding Book Award from the Academy of Criminal Justice Science. Professor Heidi Kitrosser's book, *Reclaiming Accountability: Transparency, Executive Power, and the U.S. Constitution* (University of Chicago Press, 2015), was awarded the 2014 IIT Chicago-Kent College of Law / Roy C. Palmer Civil Liberties Prize.

Public Service Outreach

The Law School has numerous initiatives that involve community engagement. The Robina Institute, a privately funded program begun in 2011, is currently working on several research projects, including four in the Sentencing Law and Policy Program Area that take a close look at issues that states and jurisdictions face in sentencing policy and guidelines: the Probation Revocation Project; the Parole Release and Revocation Project; the Criminal History Project; and the Sentencing Guidelines Repository Project. The Corporate Law Institute works with local businesses and provides assistance to returning veterans and the street law program sends law students into local high schools. In addition, Professor Mark Kappelhoff received the prestigious U.S. Attorney General's Award for Exceptional Service from Attorney General Loretta Lynch. The award—the highest given by the Justice Department for employee performance—honors Kappelhoff for his instrumental role in the civil rights investigation of the police department in Ferguson, Mo., following the fatal shooting of Michael Brown. Professor Herbert Kritzer has been awarded the Law and Society Association's (LSA) Ronald Pipkin Service Award for sustained and extraordinary service to LSA for more than 35 years. And the Immigration Clinic won a major case before the U.S. Supreme Court. Kristi Rudelius-Palmer, co-director of the Human Rights Center, received the Edward O'Brien Award for Human Rights Education.



Research and Discovery

Conducting breakthrough research that moves us forward. Our researchers improve our understanding of the world and how we work and live.

Introduction

As noted on page 1, the University's research mission is to generate and preserve knowledge, understanding, and creativity by conducting high-quality research, scholarship, and artistic activity that benefit students, scholars, and communities across the state, the nation, and the world.

With this mission as a guide, the University completed year one of its five-year research strategic plan, Five Years Forward, with partners across the University system. In alignment with the Twin Cities strategic plan and other campus plans, the research plan builds upon the University's many strengths and creates opportunities to bring researchers together through collective inspiration and discovery.

Enhancing Research Excellence

The University seeks to enhance research excellence by investing in research infrastructure and faculty and educating our students for the challenges and opportunities of tomorrow. As the state's major research university, the University plays an integral role in Minnesota's academic research and knowledge creation. The University ranks ninth among public universities in research spending, with more than \$850 million in research expenditures (Table 5-1), and it generates an estimated \$8.6 billion annual economic impact for Minnesota.

An April 2015 report, "America's Knowledge Economy: A State-by-State Review," highlights public research universities as crucial contributors to the knowledge economy, providing advances in knowledge and technology that drive innovation, attract jobs and foster economic growth.

According to the report, the impact of academic research in Minnesota, home to the University of Minnesota and the Mayo Clinic, exceeds the national average for nearly all fields of study. Minnesota ranks third in the nation for the number of publications produced per \$1 million spent on research and has the highest number of publications per capita in the Midwest.

The report also highlighted medicine as the field Minnesota research has the most impact on, noting

that almost 27 percent of the state's research pertains to the medical sector — the highest of any state—and its medical research is cited 32 percent more than the national average.

The University's Academic Health Center (AHC) faculty typically oversees more than \$400 million in research grants each year, accounting for half of the University's research portfolio. The AHC's Clinical and Translational Science Institute, supported by a \$51 million Clinical and Translational Science Award by the NIH, helps researchers bring their discoveries into practice and to improve human health. As one example, the results of one international clinical trial co-led by School of Public Health Professor James Neaton involving 215 sites in 35 countries were released in May of 2015 and provided a strong recommendation for starting HIV-infected persons on anti-retroviral drugs sooner rather than later.

Institutional Support

Over the past six years, the Office of the Vice President for Research has provided more than \$20 million a year to researchers through several funding programs.

Research Infrastructure Reinvestment

The Research Infrastructure Investment Program is one way the University ensures it maintains robust, state-of-the-art equipment to support research and academic endeavors, even as federal funding for research stagnates nationwide. These improvements to research infrastructure are key to catalyzing research and innovation, and support the University's talented researchers as they explore new ideas, form interdisciplinary partnerships, and make groundbreaking discoveries.

In 2015, over \$2 million dollars were matched one-to-one by funds from supporting colleges or centers, totaling over \$4 million awarded. Thirteen proposals in at least five colleges and twelve centers and institutes across the University's colleges and campuses were chosen for funding, ranging from a new 3D bioprinting facility that uses living tissue to create transplantable organs to an expansion of the Multisensory Perception Laboratory, where researchers can measure audio-visual perception in a variety of simulated environments.

Table 5-1. Top 15 institutions reporting largest research and development expenditures, 2012–14

		2013–2014		2012–2013		Percent Change 2012–13
		Total*	Public Rank	Total*	Public Rank	
1	Johns Hopkins U.	\$2,169 million		\$2,106 million		3%
2	U. of Michigan–Ann Arbor	\$1,375 million	1	\$1,323 million	1	4%
3	U. of Washington–Seattle	\$1,193 million	2	\$1,109 million	3	7%
4	U. of Wisconsin–Madison	\$1,124 million	3	\$1,170 million	2	-4%
5	U. of California–San Diego	\$1,076 million	4	\$1,074 million	4	0%
6	U. of California–San Francisco	\$1,043 million	5	\$1,033 million	5	1%
7	Harvard U.	\$1,013 million		\$799 million		21%
8	Duke U.	\$993 million		\$1,010 million		-2%
9	U. of North Carolina–Chapel Hill	\$973 million	6	\$885 million	7	9%
10	U. of California–Los Angeles	\$967 million	7	\$1,003 million	6	-4%
11	Stanford U.	\$945 million		\$903 million		4%
12	Massachusetts Inst. of Technology	\$901 million		\$824 million		8%
13	Columbia U.	\$889 million		\$889 million		0%
14	U. of Pittsburgh	\$873 million	8	\$867 million	8	1%
15	U. of Minnesota–Twin Cities	\$858 million	9	\$826 million	9	4%

Source: National Science Foundation, National Center for Science and Engineering Statistics, Higher Education Research and Development Survey, 2014

Minnesota Futures

The Minnesota Futures program supports extraordinary research by nurturing interdisciplinary ideas. The two-year grants, which are supported by technology commercialization revenue, fund research opportunities that cross disciplinary and professional boundaries and support in-depth research that aims to address society’s grand challenges. Since 2008, the Minnesota Futures grants have supported research by faculty who go on to win substantial grants and whose innovations reach the market to potentially improve the lives of millions.

The 2015 Minnesota Futures grants include two projects that advance new approaches to disease treatment, including one that combines the University’s strengths in genome engineering and

biotechnology to explore new methods to generate cells used in drug development.

Grant Match/Grant-in-Aid

The Grant-in-Aid of Research, Artistry and Scholarship Program provides grants to support scholarly and artistic activities of faculty and their graduate students to foster excellence throughout the University. Grant-in-Aid (GIA) projects represent the breadth and depth of University research in all disciplines and fields. While anyone can apply for GIA funding, it plays an especially important role by providing new professors and emerging researchers opportunities to pursue research and scholarship that may not yet have received external funding. In the past five years, \$15 million has been awarded through the GIA program.

Research Opportunities for Students

An important part of the educational experience at the University is the opportunity for students at all levels on all five campuses to engage with outstanding research faculty, not just in the classroom, but also in new research and creative projects. Undergraduate students can develop valuable skills through the Undergraduate Research Opportunities Program, and can present their research findings at campus symposia and a national conference dedicated to undergraduate research. Graduate and professional students work alongside faculty in the laboratory, the archives, and the studio, helping to generate new knowledge and creative works. Graduate and professional research roles prepare students to become future faculty as well as leaders in higher education, business, government, and non-profit organizations around the world.

Renewing Our Commitment to Research Ethics

Just as it is committed to high quality clinical research that can lead to treatment of many of our most vexing diseases, including cancer, diabetes, and AIDS, the University is dedicated to meeting, upholding, and exceeding the highest ethical standards in research practices involving human participants.

In the past year, the University has undergone a rigorous review and assessment of its human research policies and practices and is now undertaking a major initiative to enhance its human research protection program. Some key areas of enhancement include: reinforcing an ethical culture, more education and training for investigators and staff, changes to IRB processes and policies, new approaches for managing conflicts of interest, and increased community participation and oversight. Once fully implemented, these improvements will ensure that the well-being of research participants remains at the center of all University research activities and establish a program that will serve as a national model.

Advancing Transdisciplinary Partnerships

The University advances transdisciplinary partnerships by encouraging collaboration among researchers and disciplines to derive new concepts and approaches and enable new ways of understanding.

Minnesota's Discovery, Research and Innovation Economy (MnDRIVE)

MnDRIVE is a landmark partnership between the University and the state that aligns areas of University strength with the state's key and emerging industries to produce breakthrough research that addresses our state and society's greatest challenges. In the first biennium, \$34.5 million has been authorized for more than 210 MnDRIVE projects across the four research areas involving nearly 630 researchers in 103 departments, 21 colleges and three campuses (Twin Cities, Duluth and Morris).

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With these funds, the four MnDRIVE areas have hired 321 people, including 28 faculty, 112 graduate students and 63 staff/technicians, and have conducted some substantial outreach: more than 500 meetings, symposia, workshops, and conferences with more than 30,000 attendees ranging from researchers to industry partners. Because of this work and collaboration, MnDRIVE researchers in total leveraged \$57 million in state, federal, and private funding from major companies and agencies such as Boston Scientific, the National Science Foundation, the U.S. Department of Agriculture, and the National Institutes of Health. These groups have also submitted 41 disclosures for inventions. However, one of the most promising successes to date is the fate of MnDRIVE students: so far, eleven students have graduated with 100 percent employment into academia, industry, and non-profit organizations. Of these, six students have been employed by Minnesota industries such as Medtronic, Ecolab, and Noran Neurologics.

The Transdisciplinary Research Program promotes cross-disciplinary, collaborative research that addresses at least three of the four MnDRIVE research areas. In 2014, nearly \$6 million was awarded

to twelve transdisciplinary research projects. True to their nature of breaking down academic barriers, the transdisciplinary projects brought researchers together from across many fields of study. For example, a project using precision agriculture systems to help farmers curb the harmful effects of soybean aphids on their soybean crops brought together experts not just in entomology, but in industrial design, applied economics, and aerospace engineering and mechanics.

In total, the twelve projects spanned three University campuses and involved researchers from across ten colleges and 24 departments. They also hired 82 people to help drive research forward, including 33 staff, 16 post-docs, 20 graduate students and 13 undergraduate students. The twelve transdisciplinary projects have already resulted in at least three new inventions.

Increasing Informatics Capabilities

The University of Minnesota Informatics Institute (UMII) was founded in January 2014 to foster and accelerate research across the University system in agriculture, arts, design, engineering, environment, health, humanities, and social sciences through informatics services, competitive grants, and consultation. UMII serves as the link to connect the research community to the services related to managing data across the data life cycle. UMII works directly with high-throughput facilities to provide data analytics services to their users, and collaborates with both the Minnesota Supercomputing Institute and Office of Information Technology to develop seamless solutions for data storage and compute solutions.

The Minnesota Supercomputing Institute (MSI) is a nexus for leading-edge research in scientific computing, for fostering interdisciplinary research on campus, and for enabling public-private collaborations. With approximately 600 research groups, MSI plays a key role in enabling high-impact research and recently acquired a world-class supercomputing system, called Mesabi. Mesabi means “immense mountain” in Ojibwe and is the name of the chief iron ore deposit in the U.S., located in the Iron Range in northern Minnesota. Not only is this name steeped in Minnesota natural history, it also tied to an informal term for supercomputers, “Big Iron.” Mesabi is among the top ten fastest academic supercomputers

in the country. It was designed to handle complex and massive scientific data sets coming from the life, health, and social sciences and the more traditional high-performance computing tasks common to the engineering and physical sciences.

Grand Challenges Research

Grand challenges are, simply stated, society’s most complex and vexing problems. The focus on grand challenges research is part of the vision to enhance exceptional cross-disciplinary research strengths and expand collaborations for greater impact. Indeed, the goal is for the University to be preeminent in solving the grand challenges of a changing world. The overarching goal, however, is for institutional transformation—making the cultural and systemic changes that remove barriers and disincentives and support faculty scholarship in new ways. The identification of research grand challenges through a faculty-based process is one approach, but many opportunities are being created to foster and reward interdisciplinary and disciplinary research. The two-year-old MnDRIVE initiative provides one glimpse at what success and culture change looks like. The faculty’s innovations in disciplinary, interdisciplinary, and publicly engaged research are all efforts that collectively move the institution toward transformational change.

Publicly Engaged Research

Public engagement, in part, is the partnership of university knowledge and resources with those of the public and private sectors to enrich scholarship, research, and creative activity. Through these partnerships, engaged research can address critical societal issues and contribute to the public good. The local knowledge of community partners can be an important complement to the scientific inquiry that University researchers provide to address problems—with a focus on working with the community, rather than doing for the community.

Public engagement also serves as a strategy for enhancing research. By partnering with local, regional, and international community residents, agencies, businesses, governmental agencies, and others, public engagement can leverage research funding, provide new opportunities for faculty, enrich the student educational experience, and enhance

the University's contributions to addressing issues in local and broader societies. Faculty members in departments and centers across the University have developed quality partnerships with external entities that have leveraged research funding and have implemented research that focused on addressing important societal issues. See the following Outreach, Service, and Engagement chapter for select examples of community-engaged research.

Accelerating the Transfer of Knowledge

Economic Development

The Office of University Economic Development (UED) was established in 2014 to address an increasing need for public-private partnerships in economic development. The office's mission is to strengthen the University's ties to business and community partners and help grow and diversify Minnesota's economy. Today UED serves as a public face for economic development at the University, helping external partners connect with resources, services, and expertise at the University across all its campuses, and promoting internal collaboration across the breadth of its economic development activities

UED has had three primary focus areas during this past year:

- Providing a portal ("Front Door") for potential collaborators to connect with University resources and capabilities and helping University faculty and staff connect with external resources (e.g., industry). Over a twelve-month period, UED received and dispatched over 200 requests for connectivity support and hosted events on campus that included local, national, and international businesses and economic development groups.
- Co-leading the Corporate Engagement Workgroup (CEW) with the University of Minnesota Foundation. The vision of CEW is to connect the University's extensive innovation and talent resources with the needs and goals of private sector partners. The group includes representatives of each Twin Cities college and system campus, and meets regularly to manage a portfolio of active corporate partners and a discovery portfolio.

CEW's work to date has resulted in new public-private partnerships as well as a broadening of economic engagement with existing industry partners

- Engaging in a series of economic development meetings around the state. UED organized and made nine Greater Minnesota community visits to publicize the office's goals and resources, to discuss current community needs identified by local business and economic development leaders, and to explore possible areas of partnerships with the University. The visits renewed and strengthened connections with the University's campuses in Crookston, Duluth, Morris, and Rochester and several Research and Outreach Centers, and Extension leaders across the state. Communities visited included Owatonna, Austin, Morton, St. Cloud, Brainerd, Fergus Falls, Fosston, Duluth, and Eveleth.

Technology Commercialization

The University is committed to accelerating the transfer of knowledge by creating opportunities for public-private partnerships that move information out of the University and into the world where it can do the most good.

To this end, the Office for Technology Commercialization (OTC) has contributed to these successes:

- The University experienced another record year in fiscal year 2015 with 16 startups. This is the sixth consecutive year of a record number of startups
- Since the OTC-Venture Center was formed in 2006, University startups have raised in aggregate over \$205 million in investment capital.
- The University has launched 84 startups, with over 80 percent still active, and has developed a strong startup pipeline.
- Minnesota Innovation Partnerships (MN-IP) has led to 196 agreements with over 130 companies. MN-IP has two programs:
 - Try and Buy Program: A low-risk, low-cost trial to University technology, including pre-set, industry-friendly licensing terms. Minnesota companies receive discounts.

- Create Program: Streamlines the process to both sponsor research and licensing the resulting intellectual property with standard industry-friendly terms using pre-set terms for an upfront fee or choosing to negotiate the licensing terms later.
- The Discovery Capital investment program provides seed investments for the most promising University startups. Launched in 2014, the program offers \$350,000 in seed funding with a requirement that the investment be matched by an external partner. To date, four companies have been approved for funding consideration.
- The University was one of only three institutions awarded a National Institutes of Health Research Evaluation and Commercialization Hub (REACH) grant that, combined with matching funds from the University, will total \$6 million over three years. The MN-REACH program provides University-wide commercial expertise and resources to help develop and commercialize diagnostics, therapeutics, preventive medicine, and medical devices. It is expected to select and fund 10–20 research projects a year.
- MIN-Corps is the University’s site for I-Corps (Innovation Corps), part of the National Science Foundation’s (NSF) programming that focuses on expanding scientists’ skill set out of the laboratory to translate their discoveries into the commercial world. NSF funding provides University teams with micro-grants to fund initial prototyping and customer research. Funding is provided as part of a 14-week curriculum in which students and faculty are paired with industry mentors to test their assumptions and search for a sustainable business model. This interdisciplinary effort is led by the Holmes Center for Entrepreneurship, the College of Science and Engineering, and the Office for Technology Commercialization.

Promoting a Culture of Serendipity

As a top-ten public research institution, the University promotes a culture of serendipity where researchers can come together across departments, colleges, and disciplines—and with colleagues and communities outside the University—to think creatively and cultivate new ideas.

Convergence Colloquia

The Convergence Colloquia are a new series of multi-disciplinary gatherings that advance cutting-edge research to develop innovative solutions and build long term partnerships that improve the world.

The colloquia serve as action-oriented think tanks focusing on critical issues for communities—from building smarter cities to exploring alternative energy sources to improving water quality to securing the food supply—that bring together University researchers with private, public, and nonprofit stakeholders to identify strategic collaboration opportunities that can lead to significant impact at the local, state, national, and global scales. Two colloquia, on smart cities and infrastructure and aging, took place in 2015.



Outreach, Service, and Engagement

Partnering with communities to advance research, share knowledge, and provide students with powerful academic experiences that address society's most challenging issues.

Introduction

The University's three-fold mission includes the imperative to partner with communities to advance research, share knowledge, and provide students with the real-time, real-life academic experience. To this end, the University has put in place a comprehensive Ten-Point Plan that focuses on what contemporary higher education calls the "new engagement."

This new engagement shifts the focus away from traditional, uni-directional outreach efforts to more academically integrated activities in which the University's research, teaching, and learning efforts are designed to address societal issues through reciprocal, mutually beneficial partnerships.

Reciprocal public engagement is one of the four interrelated goals that support the vision of the University as preeminent in solving the grand challenges of a diverse and changing world. Although initially anchored in strategic planning for the Twin Cities campus, this vision—which supports dynamic University-community partnerships to advance discovery, create pathways for students, and benefit the state of Minnesota and the world—is consistent with the goals and strengths of all five campuses and their various colleges.

The University's Ten-Point Plan supports building long-term relationships with public and private sectors and connects community engagement to all aspects of the institution's identities—a land-grant university, an institution of higher learning, a research university, and a public university. Publicly engaged research, teaching, and outreach initiatives enhance the University's capacity to produce research of significance, to improve educational experiences of students, and to be a source of knowledge and solutions for communities. The University's campuses are located across the state, in thriving metropolitan areas and rural regions with agricultural strengths and traditions. The University leverages the distinctive strengths and location of each campus to engage with a range of partners—communities, businesses, nonprofits, civic and governmental bodies, arts and cultural organizations.

While notable engagement programs exist across each campus and region of the state, a renewed emphasis

on engagement among faculty members will further integrate engaged research, teaching, and outreach. This emphasis includes the creation of a strategic collegiate engagement committee that specifically supports academic units and their faculty. Enhanced communications to elevate the understanding and recognition of engagement activities and the inclusion of University-wide metrics for engagement are key actions that are underway.

Leading Nationally as an Engaged University

A significant national accomplishment for the Twin Cities campus was its recent re-designation as a Community-Engaged University by the Carnegie Foundation for the Advancement of Teaching. The Twin Cities campus was first designated as a community engaged campus in 2006, and—with 156 other public and private institutions—was honored in the Foundation's first reclassification process. Along with the Twin Cities campus re-designation, the Morris campus received the initial community engagement designation, along with 83 other first-time institutions nationwide.

In addition, the University was named one of four regional winners of the 2015 W. K. Kellogg Foundation Community Engagement Scholarship Award. The award recognizes programs that demonstrate how colleges and universities have redesigned their learning, discovery, and engagement missions to become even more involved with their communities. As a finalist, the University was honored as a regional model at the national level as part of the C. Peter Magrath Community Engagement Scholarship Award, facilitated by the Association of Public and Land Grant Universities.

This past year, three of the University's campuses were nationally recognized by their designation to the 2014 President's Higher Education Community Service Honor Roll, which recognizes institutions of higher education that support exemplary community service programs and raises the visibility of effective practices in campus-community partnerships. The Honor Roll's Presidential Award is the highest federal recognition an institution can receive for its commitment to community, service-learning, and civic engagement. Both the Crookston campus and

the Morris campus were designated to the honor roll, and the Twin Cities campus was designated with distinction.

In addition, the University remains an active member of national and international peer networks devoted to strengthening and leading higher education's "new engagement" agenda. These include: Campus Compact; Imagining America; the Council of Engagement and Outreach of the Association of Public and Land-Grant Universities; Coalition of Urban Serving Universities; Committee on Institutional Cooperation Engagement Council; Community-Campus Partnerships for Health; National Academy for Community Engagement Scholarship; International Association for Research on Service-Learning and Community Engagement; Coalition for Urban and Metropolitan Universities; National Review Board for the Scholarship of Engagement; Engagement Scholarship Consortium; and the Talloires Network

Deepening the Culture of Publicly Engaged Research and Teaching

Several strategic initiatives were advanced to strengthen and deepen the integration of local, regional, national, and international public engagement into faculty research, academic curricula, and student learning. Facilitated by the system-wide Office for Public Engagement in partnership with other University units, these initiatives included engagement recognitions, policy developments, and actions that promote the principles of high quality, reciprocal university-community engagement. A few examples from the 2014–2015 academic year include:

- The annual President's Community-Engaged Scholar Award recognizes one faculty member annually for exemplary engaged scholarship that addresses critical societal issues. Each college nominates one faculty member for this award. This year, the award was presented to School of Public Health professor Kathleen Call. Call's research focuses on the extent to which health insurance coverage translates to health care services among culturally diverse, immigrant, young, and low-income populations. Recognition of ten additional finalists included work in fair housing policy, urban bird population data collection by citizens, and the state mathematics standards.

- The Public Engagement Council, a University-wide deliberative body that addresses critical issues concerning public engagement, advanced 15 policy issues including setting standards for community-engaged scholarship that can guide department- and college-level promotion and tenure review committees in assessing the quality and scholarly value of faculty members' community-engaged research, teaching, and public engagement; and streamlining various transactional processes for community partners who collaborate with the University.
- Eight Engaged Scholar Workshops supported faculty and staff members on enhancing their capacities to address students' intercultural development, to leverage research for change, to engage students more effectively in diverse communities, among other topics.
- The establishment of a set of Issue Area Networks facilitated the convening of faculty and staff from over 100 University centers, institutes, and academic units to coordinate and align their community-engaged work on five societal issues: Food; Economic Development; Education and Youth; Equity and Diversity; and Transportation. The networks serve as coordinated hubs for University-sponsored community-engaged research and teaching efforts that address critical issues in these areas.

In addition to University-wide policy and strategic initiatives, many colleges and departments emphasize community, civic, and public engagement in their research, teaching, and outreach priorities.

Addressing Societal Issues through Public Engagement

The University's publicly engaged research, teaching, and outreach activities address a broad range societal issues across a diverse set of communities, settings, and regions. A sample of the societal issues that are addressed through public engagement is offered below.

Economic Development

- With a goal of attracting 1,000 sustainable-wage jobs to north Minneapolis by 2018, the Robert J. Jones Urban Research and Outreach-Engagement

Center's **Northside Job Creation Team** (NJCT) partners with business owners and community stakeholders to actively identify potential sites and facilities for start-up and relocation of businesses. The NJCT is a collaboration representing major stakeholders including the City of Minneapolis, the Governor's Urban Initiative Board, Minneapolis Public Schools, Minneapolis Urban League, Pillsbury United Communities, and the local business and faith communities. University partners in the project include Carlson School of Management's Carlson Consulting Enterprise, the Center for Urban and Regional Affairs, and Duluth's Natural Resources Research Institute.

- The **Center for Economic Development** works to strengthen the viability of the Duluth region as a recognized leader in small business development and assists local entrepreneurs and businesses to grow and succeed.
- Duluth's **Natural Resources and Research Institute** (NRRI) is composed of scientists, engineers, and business specialists whose activities include economic development efforts, applied research and development efforts, and active engagement in environmental studies. A state special appropriation of \$3 million is leveraged into an annual operating budget of approximately \$14 million. NRRI employs about 150 individuals on a full-time-equivalent basis and relies primarily on grants and contracts to accomplish its program objectives. These objectives focus on three prime areas: minerals, both ferrous and non-ferrous; forest products; and water and the environment.
- The Morris campus's **Center for Small Towns** (CST) takes on a series of community projects, many focused upon specific development needs of communities in West Minnesota. A major example of CST's focus on development of community capacity was seen in its hosting, in conjunction with Springboard for the Arts, the 2015 Rural Arts and Culture (RAC) Summit. The event brought together scholars, artists, community leaders, and art-enthusiasts from across the Midwest for three days of presentations and networking, with a goal of linking the arts and economic development. On a scale of both large and small, CST works to make connections through networking,

brainstorming, and practical work that local towns and region need. It focuses the University's attention and marshals its resources toward assisting Minnesota's small towns with locally identified issues while creating applied learning opportunities for faculty and students.

- The Crookston campus's **Center for Rural Entrepreneurial Studies** (CRES) provided technical assistance to six regional entrepreneurs through course-embedded projects and individual student projects, engaging more than 20 undergraduate students in these activities. In addition to providing technical assistance, CRES provided training sessions to more than twelve regional entrepreneurs through partnerships with the IDEA Competition and the EDA Center, co-sponsored an entrepreneurial speaker for the campus and local communities, and conducted entrepreneurial presentations at two local high schools.
- The **Metropolitan Design Center** (MDC), within the Twin Cities campus's College of Design, explores how an integrated urban design approach makes metropolitan communities more livable and sustainable. Using the Twin Cities area as a laboratory, the MDC's teaching, research and outreach programs bring university faculty and graduate students together to participate in critical design and research investigations of issues that make livable and sustainable cities possible.

Environment and Sustainability

- In early 2015, the Crookston campus's **Center for Sustainability** collaborated with the Northwest Regional Sustainable Development Partnership and the City of Crookston to create a part-time sustainable community outreach coordinator position, which was filled by a recent Crookston graduate. One of the major objectives of the position was to assist the City of Crookston obtain "GreenStep City" designation, which occurred. Other notable projects included coordinating an assessment of a number of Crookston buildings for solar energy retrofitting, providing support to expand the trail development in the community and campus, leading the effort to establish a community garden project on flood-zone land

along Riverside Avenue, and helping energize the Sustainability Destiny Driver of the Crookston In-Motion planning initiative.

- Extension's **Water Resource Program** engages and educates community leaders and public facility managers as they make decisions about policy and practice that protect the state's lakes, rivers, and streams. In 2014, the program informed a statewide plan to better manage septic systems within Minnesota's 87 rest areas.
- The **Clean Energy Resource Teams** project (CERTs) is a statewide public-private partnership that helps to convert individuals and businesses to clean energy resources. Staffed in part by Extension's Regional Sustainable Development Partnerships, CERTs campaigns in 2014 sought energy savings in convenience stores and turkey farms, along with continuing efforts to achieve savings in holiday lighting. To date, the project has tracked 10.9 billion BTUs in annual energy savings or energy offset by renewable energy. In 2014, BTU savings was the equivalent of heating 136 Minnesota homes for an entire winter.
- The University's **Sea Grant College Program** engages citizens in using science-based understanding of the environment to address issues concerning Lake Superior and Minnesota's aquatic resources and related economies. Focused on four areas—healthy coastal ecosystems; sustainable coastal development; safe and sustainable seafood supply; and coastal community resilience—the program facilitates interactions among the public and scientists to enhance communities, the environment, and economies along Lake Superior and Minnesota's inland waters by identifying information needs, fostering research, and communicating results.
- The Institute on the Environment's **NorthStar Initiative for Sustainable Enterprise** (NiSE) works with practitioners to understand and act on the sustainability challenges facing the world's rapidly expanding production and consumption systems. The initiative brought together scholars and practitioners to improve interdisciplinary understanding of sustainability within global production and consumption systems, and

developed “user-inspired” research and decision tools to effectively act on these systems.

Food and Agriculture

- The **Center for Animal Health and Food Safety** hosted four regional meetings across the United States for food industry and government agency personnel about the business continuity plans with and for the egg, broiler, and turkey industries. Engaging industry communities and policy makers about continuity plans became urgent during the Highly Pathogenic Avian Influenza outbreak, which had affected farmers in over 20 counties by summer 2015.
- A new **Healthy Foods, Healthy Lives Institute** grant funded research project builds the capacity of small farms, increasing the supply of safe local food, and improving student health in the Minneapolis Public Schools. In year one, the **Building Capacity for Small, Immigrant and Minority Farmers to Participate in Institutional and Wholesale Produce Markets in Minnesota** project made it possible for the Minneapolis schools to purchase over 29,000 pounds of produce from local sustainable farmers in fall 2014, an increase of over 40 percent from fall 2013. Grantees anticipate an increase in year two to potentially 45,000 pounds of fresh produce.
- The **Evaluating Food Safety and Health Impacts of an Alternative Poultry Production Model** project researches and verifies food safety and the nutritional health aspects of an innovative poultry production system that is accessible to low-income and beginning farmers. The poultry production system creates an avenue into agricultural entrepreneurship for low-income immigrants. Preliminary findings show that poultry produced using this method is safe for human consumption under sufficient nutrient management and appropriate harvesting techniques.
- Extension's **Institute for Agricultural Professionals** has a long history of educational events that bring the newest research to the fields. A 2014 evaluation of this event showed that each agricultural professional brings information from the event to an average of 46 clients managing an

average of more than 46,000 acres, suggesting a potential impact on four million acres of farmland in the region. Of respondents, 75 percent planned to use the session to make recommendations to others and 54 percent planned to share knowledge with growers and the general public.

- The **Minnesota Food Charter** was unveiled at the 2014 Food Access Summit. Minnesota is a leader nationally in food access and health, as the fifth state to institute a food charter. The charter is a shared roadmap for how all Minnesotans can have reliable access to healthy, affordable, safe food. The University’s Healthy Foods, Healthy Lives Institute served as the organizational home for the Food Charter Steering Committee, and contributed staff time and financial support. Partners included the Minnesota Department of Health’s Statewide Health Improvement Program, which secured a grant from the Centers for Disease and Prevention, and The Center for Prevention at Blue Cross and Blue Shield of Minnesota, among others.

Health, Medicine, and Well-Being

- Many statewide programs offered by **Extension** bring nutrition education to populations at risk of poor health due to poor food consumption. For example, one school-based program reached 397 students at 22 elementary schools. Evaluation proved that the program increased the propensity of youth to try new foods and had a healthy effect on behaviors among other members of the family. Moreover, based on a “Day in a Life” questionnaire completed by students, there was an increase in fruit intake between October 2012 and 2013 that was maintained a year later.
- The **Center for Bioethics** sponsored a free public lecture that drew more than 1,700 participants and focused on questions of ethics, race, and scientific discovery as told through the true story of Henrietta Lacks. The Center also engaged the public through its community education series, “Mini Bioethics Academy,” and its monthly seminar series.
- The **Clinical and Translational Science Institute’s** Office of Community Engagement for Health has fostered new community partnerships that are improving the patient experience,

improving the health of the populations, and reducing the cost of care. Partnerships evolved from a town hall forum at the Minnesota Council of Nonprofits annual meeting that was hosted by the Institute. Three University researchers described their research, and a facilitated discussion elicited feedback from the more than 100 attendees about community-engaged research at the University. Over 30 attendees requested follow-up from Institute researchers. To date more than half of those requests have resulted in a community-University partner match.

- Rochester’s Community Collaboratory course allows students to participate in sustainable and meaningful partnerships between the campus and the surrounding community. One example is **Family Service Rochester**, where students collaborate with the Neighbors Helping Neighbors project to support elders remaining in their homes in a specific Rochester neighborhood. Rochester students have developed a survey to understand the needs of the elders of that neighborhood and have reached out to determine who is willing to help.
- The **Consortium on Law and Values in Health, Environment & the Life Sciences** is leading groundbreaking research on the hot-button issue of whether families are entitled to the genomic data of a research participant (including after death) to evaluate their own health risks. This research is funded by a five-year grant from two National Institutes of Health organizations, the National Cancer Institute and the National Human Genome Research Institute, and is guiding national policy on family access to genomic data.
- **Project BreakFAST** is a National Institutes of Health-funded study in partnership with 16 rural Minnesota high schools to improve access, awareness and use of breakfast programs among students. Housed within the Department of Family Medicine and Community, the project tracks a variety of outcomes including health, academics and personal factors like food insecurity and attitudes about the benefits of breakfast at school and home. Led by Professor Marilyn Nanney, the research team works with a wide range of stakeholders—from students to kitchen workers,

janitors, teachers, and principals—to develop the student-targeted campaigns. As a result, schools have been reporting a doubling and tripling of student participation in school breakfast programs

Homelessness

- Managed through the Minneapolis/Hennepin County Office to End Homelessness, **Heading Home Hennepin** is a comprehensive plan designed to reduce homelessness through attention to six key areas: prevention, outreach, housing opportunities, service delivery improvements, capacity building for self-support, and system improvements. A partnership among the Center for Urban and Regional Affairs's Hennepin-University Partnership, the Humphrey School of Public Affairs, and Heading Home Hennepin, the project engages University graduate students in research that identifies patterns of shelter use among families in Hennepin County. The Heading Home Hennepin plan received national attention for empowering homeless families to become more self-sufficient and for helping to reduce family shelter use in Hennepin County by 30 percent in the last year.

Interdisciplinary Public Engagement

- The **Center for Urban & Regional Affairs Faculty Interactive Research Program** encourages University faculty members to carry out research projects that involve a significant public policy issue for the state or its communities, and that include active engagement with groups, agencies, or organizations in Minnesota involved with the issue. Four projects were funded for the coming academic year that focus on the personal stories of members of the indigenous community, fostering a skilled workforce for the sewn products manufacturing industry, youth activities and diversity in the Twin Cities metro area, and the Twin Cities built environment and extreme warming events.
- **Healthy Food, Healthy Lives Institute** facilitated the engagement of two faculty research teams representing the College of Science and Engineering, College of Veterinary Medicine, the College of Food, Agricultural, and Natural Resource Sciences, School of Public Health, and

the College of Liberal Arts to address issues of food safety and diet-related chronic disease and obesity.

- Through five research and creative collaboratives, the **Institute for Advanced Study** residential fellows, faculty, and staff members worked with community partners to address juvenile sex trafficking, developed research techniques involving dancers and scientists, used performance and food for community building, taught at-risk students how to create digital stories, engaged students in river education and service, and examined the resiliency of Duluth's infrastructure in terms of equity and climate change.
- The Crookston campus continued its "**Meet Crookston Through Service**" program where, as part of New Student Orientation, incoming students complete community engagement and service projects throughout the Crookston community. Before classes begin, students help prepare elementary school classrooms, clear cross-country ski trails, trim trees at local parks, work with animals at the humane society, assist with building Habitat Houses, make apple pies with residents of an assisted living center, prepare playground surfaces, pack boxes at the food bank, assist with work at historical museums, and many other projects. Community partners share in the dinner celebration, and students learn about many community opportunities. Students feel a sense of accomplishment as they work with a group of new friends whom they might not otherwise work with in this unique setting.
- **UMR CONNECTS** is a weekly professional speaker series with the objective of connecting the community to the University of Minnesota Rochester. The program is designed around monthly themes and Rochester campus staff coordinate and offer free presentations, panel discussions, and performances to Rochester residents, students, and visitors to the Mayo Clinic. The program allows the campus to showcase the institution and the great diversity of talent and knowledge within the southeastern Minnesota community and throughout the University system. In the past year, UMR

CONNECTS has served more than 3,500 people and explored topics including: spirituality and world religion; tackling tough questions related to bioethics and modern medicine; overcoming terrorism; natural disasters; adapting today to protect the future; the forgotten in our communities due to prison, poverty, and homelessness; the amazing human brain and many other topics. The program has reached out to more than 10,000 people since its inception.

- The **Robert J. Jones Urban Research and Outreach-Engagement Center** has created a set of interdisciplinary faculty teams to tackle the question: “Why is there an achievement gap in the context of Minneapolis- St. Paul and what promising practices are helping close that gap?” Six University of Minnesota researchers from medicine, social work, education, and other fields work in partnership with Generation Next, a nonprofit whose mission is to dramatically accelerate educational achievement of all children from early childhood through early career through an aligned partnership of community stakeholders. The researchers zero in on disparities and the structural roots of the achievement gap to create a scholarly roadmap that works in tandem with other University and Generation Next-based efforts.

Youth and Education

- Over 100 middle and high schools across Minnesota, representing over 55,000 students, implemented **Ramp-Up to Readiness**, a school-wide program designed to help prepare all students for post-secondary success. The program leads students through a research-based sequence of activities and workshops that prepare them for postsecondary success.
- **Cedar Riverside Explorers**, a partnership with the Cedar Riverside Community School, the West Bank Community Coalition, Augsburg College, and the University of Minnesota Community Relations held a series of excursions to the University of Minnesota and Augsburg College for eleven middle school children from the Cedar Riverside Community School. This partnership was made possible by a grant from the U of M Good Neighbor Fund/Vikings Partnership Fund.

The purpose of the excursions is to expose youth participants to the rich cultural opportunities in the West Bank neighborhood and to higher education; to make connections between the youth and University students; to provide opportunities for the youth to think more broadly and earlier about post-high-school educational opportunities; and to hear and think about careers paths. A sample of excursions includes meeting with members of the Somali Student Association; a “Chemistry in the Classroom” experience from the Department of Chemistry; and an urban farming experience at the Cornucopia gardens on the St. Paul campus.

- The Robert J. Jones Urban Research and Outreach-Engagement Center’s (UROC) ongoing **Sex Trading, Trafficking and Community Well-Being Initiative** is an academic-based initiative on the forefront of tackling the problems related to sex trading, prostitution, and sex trafficking through research. The initiative focused on the problem at large and how north Minneapolis and other urban communities can take action steps to end sex trafficking of young people in Minnesota.
- The Crookston campus is a founding and active member of the **College Collaborative**, a collective effort of the economic development organization IMPACT 20/20 (www.impact2020.org) and the region’s five post-secondary institutions: Bemidji State University, Northland Community and Technical College, Northwest Technical College, White Earth Tribal and Community College and the University of Minnesota Crookston. Primary goals include increasing the college- and career-readiness of the region’s high school students, and educating high school students on regional career opportunities. The College Collaborative is positioned to improve high school and college graduation rates, college retention, and meet the talent needs of the region’s employers. Activities include seminars and information sessions at regional high schools on various topics regarding preparation for college and career options.
- Research shows less than half of American children can expect to live with both biological parents. **Extension** delivered information about effective co-parenting to separated

parents—especially those in contentious divorce proceedings. This program has operated for over a decade, and is now available online. In 2014, thousands of parents completed the program. At a six-month follow-up, 54 percent of parents reported a significant decrease in conflict observed by children. Further, parents reported significant improvement in their ability to cope compared to others going through divorce or separation.

- The Duluth campus has a longstanding commitment to Native American education and has numerous programs supporting this priority, including an undergraduate degree program in American Indian Studies, Ojibwe language revitalization, the American Indian Project in the Department of Social Work, and extensive

programming in education, where UMD has become a leader in culturally responsive teacher education models to serve Native American populations. The Master of Tribal Administration and Governance (MTAG) program was developed in full collaboration and consultation with the American Indian tribes across Minnesota and Wisconsin. Building on the success of the MTAG program, UMD began a new undergraduate program, the **Bachelor of Tribal Administration and Governance** (BTAG) in the fall of 2015.

For a more complete list of the societal issue areas the University addresses through research, teaching, and outreach, visit <http://engagement.umn.edu>.



Operational Excellence: Faculty and Staff

Employing world-class faculty and staff who are innovative, energetic,
and dedicated to the highest standards of excellence.

Introduction

The University of Minnesota's success in achieving its mission and solving the grand challenges of a diverse and changing world can only be accomplished through its exceptional faculty and staff. With more than 25,800 employees system-wide, and with faculty and staff accounting for about 62 percent of the University's total spending, people are by far the institution's most important resource. As a knowledge-based organization, the University's research and discoveries, teaching, community outreach, and public service depend on recruiting, retaining, and sustaining the highest caliber of talent.

The University is committed to providing its faculty and staff with competitive compensation, benefits, development opportunities, and a supportive work environment to foster employee engagement and wellbeing so they can achieve the University goals.

A Highly Engaged Faculty and Staff

Creating a culture in which employees are fully engaged in their work benefits both the organization and the individual employee. University leaders identified employee engagement as key to attracting and retaining top talent, while also aligning faculty and staff efforts in support of the mission.

A highly engaged workplace fosters collaboration and innovation, removes barriers to employees completing their work, and supports resilience, wellbeing, and high performance. The University's employee engagement goal is to increase productivity, satisfaction, and the quality of service across all colleges, units, and campuses by developing effective work environments.

The University launched a research-based program in 2013 to measure faculty and staff engagement. The program includes an annual employee engagement survey and partners with leaders to review the survey results for their units and departments with their teams and to work collaboratively with their teams to take actions based on the strengths and opportunities the survey identified. Administered to over 18,000 faculty

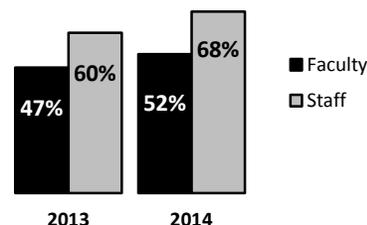
and staff on all five campuses, the survey measures two drivers of engagement: 1) commitment and dedication, and 2) effective environment.

The second annual survey was conducted in the fall of 2014, with 64 percent of faculty and staff responding—the highest employee response rate ever for a University employee survey. The response rate for staff rose eight percentage points from 60 to 68 percent, while faculty responses increased five points from 47 to 52 percent (Figure 7-A).

Results for 2014 show the University continues to have very high levels of faculty and staff commitment and dedication. Employees continue to feel motivated to go beyond their day-to-day job responsibilities. Faculty and staff experience the University as a respectful and empowering environment, according to survey results. They also report high levels of pride in working for the University. Staff experience increased in respect, recognition, training, and support for innovation compared to results from the previous year. Faculty report that their work is challenging, interesting, and a good fit for their skills. In addition, faculty rated their professional and career development opportunities favorably.

The survey also identified several opportunities for improving employee engagement. These include developing greater confidence in college leadership and department-level strategies and goals, as well as individual goal alignment. In addition, faculty and staff have emerging concerns about collaboration and teamwork within and between departments. Reducing barriers to productivity for faculty and staff and building a more inclusive academic environment for

Figure 7-A. Faculty and staff engagement response rates, University of Minnesota, 2013–2014



Source: 2013 University of Minnesota Employee Engagement Survey

faculty are additional opportunities identified in the 2014 results.

To help leaders and supervisors act on the results of the survey, faculty and staff formed communities of practice to share best practices. Colleges and units appointed engagement leads to help senior leaders and human resources staff implement action plans. Online resources were nearly doubled to over 150 self-reflection questions, tools, tips, and action-planning guides.

The University has one of the most robust higher-education engagement programs in the nation. Our processes and results have been presented nationally and internationally to human resource academics and practitioners from other colleges and universities.

An Employer of Choice

In April 2015, *Forbes* magazine named the University of Minnesota one of America's Top 100 Best Employers. The award reflects the University's multifaceted efforts to attract and retain talented faculty and staff, with competitive salaries and benefits, challenging and rewarding work, clear paths for advancement, a comprehensive compensation package, and a strong emphasis on health and wellbeing. The University strives to maintain a compensation package that is competitive with peers and labor markets, as directed by the Board of Regents. At the same time, compensation must be balanced with the University's overall need for cost containment and efficiency. The portion of the University's total budget spent on compensation has remained relatively stable (roughly 61 percent to 62 percent) since 2009.

Faculty Satisfaction

In fall 2013 and winter 2014, the University participated in Harvard University's Collaborative on Academic Careers in Higher Education (COACHE) survey. The survey—which was administered on the Twin Cities campus and covered responses to questions about perceptions of tenure, institutional climate, culture and collegiality, institutional policies and practices, and global satisfaction—has produced benchmark data that will inform faculty development work aimed at fostering a culture of support and success.

The results of the survey include comparisons with other peer universities and thus provide helpful data about faculty satisfaction levels at other institutions. The University compares favorably in a number of areas, including those associated with promotion and tenure and facilities. Moreover, overall satisfaction is high (69 percent of faculty responded they would select the University of Minnesota again, peers 67 percent); the University compares well as a place of work (72 percent, peers 65.2 percent) and in terms of satisfaction with benefits (83 percent, peers 69.3 percent). The survey also provides valuable and actionable information about areas in which the University can improve, such as departmental climate and engagement.

National and International Faculty Recognition

The University of Minnesota actively promotes distinguished faculty as they compete for national and international research and teaching awards. In cooperation with distinguished faculty members, previous award winners and senior leadership, efforts are being made to:

- strategically understand and communicate the nomination procedures for the most prestigious national awards;
- form partnerships with deans and chairs to identify strong candidates, as well as potential nominators;
- actively support nominators and candidates during the application processes; and
- advocate appropriately on behalf of University of Minnesota nominees.

The research, teaching, and service of the faculty continues to be celebrated through research professorships, institutional teaching awards, and recognition of various types of institutional service. Faculty also continue to garner considerable recognition for their scholarly pursuits.

In the last five years, faculty members at the University have been recognized in many major academic award categories, including the prestigious American Academy of Arts and Sciences (six), Guggenheim Fellowships (six), the Institute of Medicine (three), the National Academy of

Engineering (three), the National Academy of Public Administration (two), and the National Academy of Sciences (three).

In 2014, G. David Tilman (Ecology, Evolution, and Behavior) was the recipient of two major international awards: The Balzan Prize from the International Balzan Prize Foundation as well as the BBVA Foundation Frontiers of Knowledge Award. In 2015, Reuben Harris (Biochemistry, Molecular Biology & Biophysics) was named a Howard Hughes Medical Institute Investigator, and Elizabeth Wilson (Public Affairs) was the recipient of the new Carnegie Fellowship from the Carnegie Corporation.

Effective Faculty and Staff Development

The Leadership and Talent Development unit in the Office of Human Resources has created a new leadership development approach targeting specific development opportunities for leaders at all levels to help the University meet its strategic priorities. Both faculty and staff have a wide array of resources to help them develop the skills to achieve results, set and follow a vision, engage others, collaborate, and be accountable for their actions and development.

Research shows that leaders learn and retain insights best when they apply their knowledge immediately. In keeping with this research, the University has shifted from offering only in-person training to a broader, experience-based approach that includes in-person learning, online self-paced learning, assessments, on-the-job experience, group projects, peer accountability, and coaching.

Programs include:

- A cohort program for mid-level leaders, in which several people from the same college or unit work on common challenges via small-group discussions and activities, case studies, and individual assessments.
- Leadership Essentials, a four-day course for supervisors to strengthen core leadership skills.
- Supervisory Essentials, an in-person and online program on key University supervisory policies.

Job Equity and Clear Career Paths

In October 2015, the University completed its major Job Family Study, a comprehensive two-year redesign of its decades-old job classification system. The study examined all Civil Service and Academic Professional and Administrative positions on all five campuses—about 10,500 employees. The effort was part of the University’s commitment to operational excellence, with the goals of:

- Attracting and retaining talented employees by
 - Providing more clearly defined job titles and career paths
 - Ensuring salary ranges are competitive with the general job market
- Creating equity among similar jobs across the University
- Streamlining HR practices by replacing outdated classifications and more efficiently administering job classifications and compensation

To conduct the study, the University identified 18 broad job families, such as campus operations, information technology, and student services. More than 7,500 positions were examined, using job descriptions written by employees, extensive analyses of similar jobs in other universities and the private sector, and discussions with supervisors and advisory groups of peers within each unit. From that information, the study established a clear job classification structure and salary ranges. The study will provide a foundation for strategic workforce planning for years to come.

Faculty and Academic Leadership Development

Professional development opportunities and support for faculty throughout their careers are essential to fostering a workforce that is engaged, connected, thriving, and achieving. To that end, the University provides and encourages a number of programs and initiatives designed to ensure faculty and instructional staff have opportunities to learn, grow, and advance.

The **Center for Educational Innovation** is a new system-wide center (consolidating the Center for Teaching and Learning, and the Office of eLearning) that supports effective delivery of instruction across the spectrum from face-to-face to massively online

(MOOCs) at all levels of instruction offered at the University. The Center has three high-level goals: 1) a coordinated service model to ensure that instructional support resources support institutional priorities; 2) alignment of academic technology investments and academic priorities; and 3) clarification of the University's strategy for curricular innovation. Center staff work with faculty and academic units to advance curricular innovation through centrally and locally funded initiatives, workshops, and consultations with faculty.

Academic chairs and heads—department executive officers—also play a critical role in establishing and nurturing a productive working environment for their faculty and staff. The University offers a comprehensive, full-year **Provost's Leadership Program for Academic Chairs and Heads**, specifically targeting new chairs and heads and focused on mentoring faculty and staff, handling student issues, and addressing diversity and faculty life-course issues. “**Talking Heads**” is a new leadership development initiative for department executive officers in which chairs and heads meet regularly to share best practices and learn about key leadership challenges across the University.

The University also holds workshops for chairs and heads on a wide variety of topics, including promotion and tenure, post-tenure review, and annual reviews of faculty to ensure that these leaders are knowledgeable about policies and procedures.

In addition, the University has greatly expanded its participation in the **CIC Academic Leadership Program**, sponsored by the Committee on Institutional Cooperation (CIC). University faculty participants in this program meet with a wide range of University leaders to discuss paths to leadership, roles of administrative offices, and decision-making. These meetings supplement three weekend seminars. The **Women's Faculty Cabinet** provides leadership to improve and enrich the academic and professional environments for women faculty on the Twin Cities campus. The cabinet recommends and responds to University policies affecting women faculty and promotes the University's efforts in recruiting, mentoring, and retaining women faculty.

A Healthy and Giving Community

Promoting health and wellbeing in the workplace carries benefits not just for employees but for the University. Making sure employees have the resources to maintain and improve their overall wellbeing leads to higher employee engagement, satisfaction, retention, and performance, and it can moderate health insurance costs. To that end, the University offers a robust menu of health and wellness benefits, which have been shown to carry a significant return on investment.

Committed to the Wellbeing of Faculty and Staff

The concept of wellbeing goes beyond health insurance and benefits. High-performing companies and institutions recognize that employees thrive and are more productive in a culture of health, wellness, happiness, and support. The University emphasizes a comprehensive approach to employee wellbeing, which includes:

- a total compensation package that includes salary, medical and dental benefits, disability and life insurance, flexible spending accounts, long-term care insurance, and retirement;
- an award-winning Wellness Program;
- Boynton Health Service, with programs that include primary and dental care, a mental health clinic, physical therapy, a women's clinic, urgent care, and more;
- a state-of-the-art recreation center;
- the Center for Spirituality & Healing, which offers innovative, multidisciplinary programs for whole-body care, as well as workshops and lectures on wellbeing, Mindfulness-based Stress Reduction, and other topics;
- the Employee Assistance Program, which provides confidential consulting and referrals for any personal or work concern affecting wellbeing, from relationships to substance abuse to stress;
- financial counseling that offers employees and family members up to six free sessions a year; and
- a farmers market on campus, which invites local farmers to sell their fresh vegetables, berries,

and flowers from July to October. The weekly market is sponsored by a dozen University units, including Boynton Health Service, Cornercopia Student Organic Farm, and the Bicycle Commuter Program.

Comprehensive, Affordable, and Competitive Health Benefits

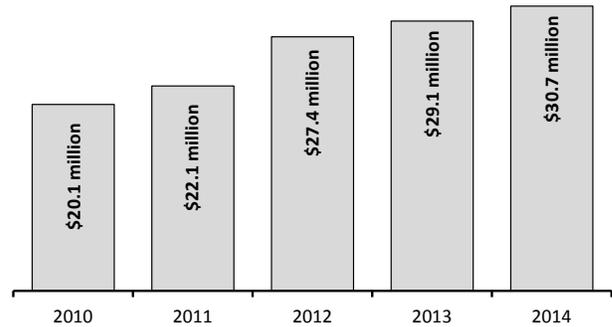
The University’s self-insured health program, UPlan, provides a full complement of medical and dental benefits, along with short-term and long-term disability coverage.

Through careful management, UPlan has saved \$30 million in costs since 2010. Approximately 95 cents of every dollar goes to care, well above the Affordable Care Act’s standard of 85 cents (Figure 7-B).

The University aggressively manages its health benefits costs by:

- self-insuring with UPlan;
- negotiating with vendors for cost savings and establishing performance guarantees;
- managing pharmacy costs through increased generic-drug usage;
- introducing restricted-network plan options such as using care system networks as base plans and promoting its Accountable Care Organization—a low-cost, narrow-network plan emphasizing outcomes rather than fees for service; and
- promoting a strong wellness program.

Figure 7-B. Cumulative cost savings, University of Minnesota, 2010–2014

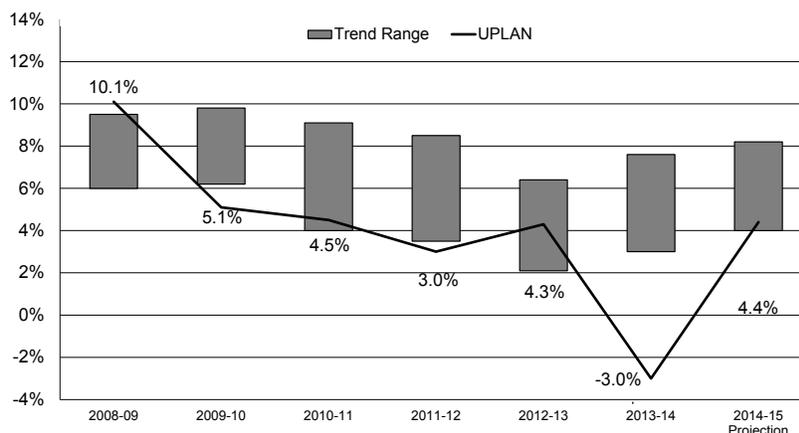


Source: Office of Human Resources, University of Minnesota

For the 2014–15 year, the UPlan’s health care costs are projected to trend below the national average for the sixth year in a row (Figure 7-C). Medical plan premiums will not increase in 2016, and there will be no plan changes.

Over the years the University has also been very assertive in creating programs for controlling costs. For example, the University created a special pharmacy program to better manage prescription costs. Strategies have included developing a Medication Therapy Management pharmacist network, providing health coaching options for employees who are managing multiple medications and medical conditions, and strategic consulting with the College of Pharmacy on overall program decisions. As a result, generic-drug use is now at 83%. The number of

Figure 7-C. Aggregate health care trend, University of Minnesota, 2008–2015



Source: Office of Human Resources, University of Minnesota

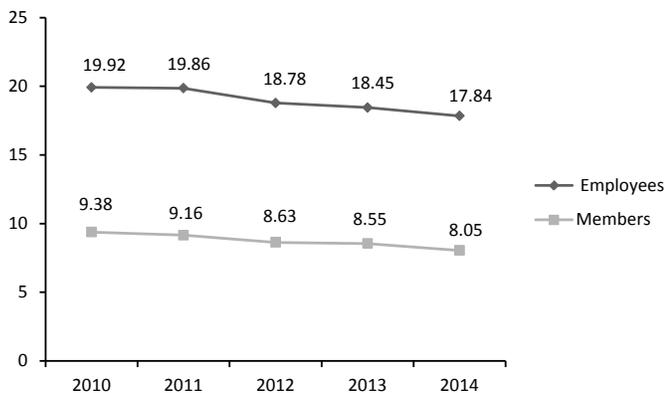
prescriptions per member has declined steadily since 2010 and is well below the number for non-member employees (Figure 7-D).

Strong Return on Investment for Wellness Program

For more than ten years, the University has offered an extensive Wellness Program to increase the health, fitness, and wellbeing of its faculty and staff on all of its campuses. The program has been very well received by employees, and the University is continually looking for ways to enhance its offerings. By participating in University-sponsored wellness programs, employees can earn points that translate into \$400 to \$600 in savings on their insurance premiums. Wellness programs include health assessments, weight management, exercise, and disease management. Enhancements for 2015–16 include:

- an improved StayWell website, as a result of testing with users;
- a diabetes management program;
- new recreation and wellness additions, such as yoga and fitness classes for all UPlan employees and spouses; and
- a group health-coaching program from Boynton Health Services.

Figure 7-D. Number of prescriptions per employee per year, and per member per year, 2010–2014



Source: Office of Human Resources, University of Minnesota

In 2015, the Wellness Program won two Wellness by Design awards from Hennepin County. The Gold award honors organizations in the county that have demonstrated a strong commitment to a healthy workplace. The Green award recognizes workplaces that minimize their impact on the environment.

Emphasizing the health, wellbeing, and quality of life of our faculty and staff in turn leads them to be more fully engaged and positive about their jobs. As an important byproduct, it also significantly reduces the University’s health insurance costs. The Wellness Program has been shown to return \$1.63 to the University for every dollar invested.

Financial Counseling Program

Last year the University began offering employees and their families confidential financial counseling through LSS Financial Counseling, Minnesota’s largest provider of community-based financial education. Employees and family members can receive up to six free sessions a year with a certified financial counselor, who can help create a budget, increase retirement savings, manage student loans, and set financial goals. In the first year of the program, more than 700 employees took part in workshops or one-on-one counseling. The average debt reduction after counseling was \$4,161.

Community Fund Drive

University employees believe in giving back to their community. The annual Community Fund Drive, an employee-run campaign to raise funds for local nonprofit organizations, has been a University tradition since 1931. In the last 20 years alone it has raised nearly \$20.5 million for worthy causes in Minnesota. The campaign works with seven nonprofit federations, such as the Greater Twin Cities United Way and Community Health Charities of Minnesota, representing nearly 500 organizations. Giving back is itself a component of wellbeing. Recent research has found that the simple act of donating money or volunteering enhances personal wellbeing and can lead to improved psychological and physical health.



Operational Excellence: Organization

Stewarding an outstanding organization that is responsible with resources, dedicated to measuring and improving performance, and aligned to support the University's core missions of teaching, research, and outreach.

The University’s mission is delivered through its people and its space. After people, the construction, operation, and maintenance of the University’s campuses represents the next largest share of University spending. Exceptional faculty and staff are free to do their best work when the campus is safe, the facilities are optimized, and operational efficiencies maximize resources available for direct mission. Stewarding the investments made by generations of students and their families—as well as state lawmakers, citizens, and donors—is a responsibility University leaders take very seriously.

A Productive, Efficient Organization

Optimizing the University’s Physical Assets

The University’s capital strategy group guides planning and vision for the future of capital assets system-wide. A key initiative underway is the development of a building-by-building strategy. Under this initiative, Facilities Management is working to identify needs in each of the University’s 916 buildings, and to classify them as “keep up / catch up,” “sustain,” or “dispose” based on a combination of factors including facility condition, historic consideration, programmatic relevance, and adaptability. With this information, the University and its colleges and departments can plan investments and prioritize projects accordingly. The effort is nearly complete for buildings on the Twin Cities campus, and will be expanded to system campuses at a later date.

Enterprise Systems Upgrade Program

This comprehensive upgrade to the student, human resources, and finance systems launched on April 20 with minimal business disruption after nearly three years of planning, design, development, and testing. Hundreds of technologists and business partners played key roles in this effort, which involved the deployment of the new MyU portal, a new Reporting Center, and the connection of more than 700 tertiary and linked systems to the new PeopleSoft environment. Prior to The Upgrade, the University’s PeopleSoft environment was ranked the second most customized implementation in the world. It was outdated and inefficient, with most systems having not been updated since 1998. The Upgrade allowed

the University to maintain support and compliance, while providing additional benefits such as decreased reliance on customizations, streamlined and updated processes, and a platform for continued development and implementation of technologies that drive the University’s academic mission. Specific benefits include:

- Integration of business processes
- Automation of employee time sheets and time-off requests, expense management, purchasing, and hiring
- More detailed, consistent, and accurate data and reports
- A personalized online portal that allows:
 - Employees to get individualized notifications and financials
 - Employees to update personal and benefits information electronically
 - Employees to make purchases and order supplies online
 - Students to see real-time class schedules, grades, and wait lists
 - Students to get billing and financial aid information online
 - Faculty to get easy access to research, teaching, grading, and advising tools
 - Supervisors to coordinate recruiting and hiring online
- Streamlined financial workflow, approvals, and budget checking
- Improved data for workforce trend analyses so managers can make better, more informed decisions
- Tax and regulatory compliance

eProcurement

In 2012, the President’s Operational Excellence committee endorsed a recommendation to implement a robust eProcurement tool now known as U Market. The purpose of implementing U Market was to provide the University community with clear, simple, integrated, and efficient product/supply shopping, invoice processing, and purchase reporting, as well as one-stop assistance for customer support,

distribution, and materials management. U Market went live July 1, 2013, on time and under budget. In FY 2015, surpassing the successes of the initial year of operations, U Market increased sales volume by 17 percent, increased the number of electronic purchase orders by 21 percent, and decreased purchasing card spend with represented suppliers by 31 percent. Based on the second-year volumes, U Market saved the University an estimated \$2.5 million in procurement costs.

System-Wide U Card

The U Card, the University's official identification card, underwent a redesign in 2014. The card's design was simplified and moved from a horizontal to vertical orientation to allow the card to be used as an ID badge as well as an access card, eliminating the need to produce two separate IDs. All five campuses participated in the design and the plastics request for proposal. Coordinating efforts saved all five campuses on the overall cost of cards and, for the first time, the University has a consistent U Card look across the system. Existing cards will remain valid and will be in circulation until they reach the end of their useful life.

Housing Strategy

A cross-functional team has developed a comprehensive Twin Cities campus housing strategy addressing students' housing needs across their time at the institution. Recognizing the need for greater coordination and strategy between University and non-University housing, this group put forward fourteen recommendations for action. Key among those are a reaffirmation of the University's commitment to providing a residence hall experience for all first-year students, limiting the use of expanded housing to residential spaces beginning in the fall of 2016, the development of a second-year experience program to be delivered in privately operated housing, and establishing a scholarship fund for students who would otherwise not be able to afford a residence hall experience.

System-Wide Admissions Communications

System admissions directors were charged to identify system-wide approaches to admissions at the University. In response to recommendations of this group, a system-wide admissions website was

developed to act as a portal to the University of Minnesota for prospective students. This portal page functions as a "front door" to the University and promotes the unique nature of our distinct campuses. The site includes a general overview and important statistics for each campus, links to campus athletics, clubs, and organizations, campus imagery, and testimonials specific to each campus. A coordinated promotional campus and major/program poster was designed, printed, and mailed to all high schools in Minnesota. This mailing includes overview information and a major/program offering chart that helps high school counselors and teachers promote options and opportunities available at campuses across the University of Minnesota system. Additional events for high school counselors and educators were promoted with materials that coordinate with the website and mailings.

Consolidation of Helpdesk and User Support Functions

The Office of Information Technology (OIT) continues to work with administrative and academic units to align the provision of direct helpdesk support to end users. By rethinking the use of a key helpdesk service management tool, the University has realized an administrative savings in excess of \$750,000, which enabled OIT to expand core helpdesk services to nearly every college and unit in the University at no additional cost.

Cross-Organizational IT Capital Planning Governance

Administrative and academic unit leaders across the organization worked with the Office of Information Technology to implement a new cross-organizational Information Technology Capital Planning process. Developed using best practices from peer institutions and the private sector, the process is designed to engage broad leadership engagement in IT priority setting and decision making for IT initiatives requiring a spend of \$1 million or more.

Ensuring a Safe University

The Twin Cities campus building access program was completed in fall 2014, and automated the primary entrances of all buildings on the East Bank, West Bank, and Saint Paul campuses while reducing hours those facilities are open to the public. In addition,

UMPD worked in collaboration with Federal agencies to conduct an investigation into and serve warrants on a cell phone trafficking ring. This effort drastically reduced the market for stolen mobile devices and is one factor among many credited with a significant reduction in crime in the near-campus neighborhoods. A continued focus on sharing responsibility for safety, especially among transportation modes and during evening and nighttime hours, will remain an important part of campus safety efforts.

Research Safety

The Research Safety Program completed the second cycle of laboratory audits. Comparison data indicate measurable improvement in the 2014 data when compared to 2013. The total number of laboratories audited dropped from 880 to 630 as the program has reduced auditing of lower hazard labs to every other year while continuing to visit higher risk labs annually. In addition to tracking improvements in key safety indicators, the 2015 lab auditing program is being used to track implementation of laboratory hazard warning signage and laboratory specific emergency preparedness plans.

Building Codes Realignment

The University's Building Code Division (BCD) has realigned the Building Inspector (BI) territories, dividing the state from north to south. BCD will be providing dedicated BI inspection services to the north campuses and any University properties roughly north of Itasca with a mobile office presence on both the Crookston and Duluth campuses. The BI role will expand to include not only inspections but also to plan review and inspection coordination between the campuses, project managers, contractors, and the Twin Cities inspection office. This change will increase efficiencies in permit issuance, inspection scheduling and coordination, travel, as well as provide a greater BCD presence in these locations. In addition, the use of new permit software modules and mobile devices have increased efficiencies for field inspectors in approving and accessing permit and inspection information from statewide locations.

Emergency Planning and Preparedness

The Department of Emergency Management (DEM) received a nationwide competitive pre-disaster

mitigation grant to write a system-wide all-hazards mitigation plan. An in-depth hazard identification and risk/vulnerability assessment is part of the planning activity and has included important stakeholders in the process. The result will be a strong mitigation plan at each campus that will lead to well defined projects for future federal funding opportunities. DEM also updated guidance and policy for critical operating units for Continuity of Operations Plans. The plan is divided into steps which identify the critical actions to be taken when an emergency occurs that affects the operations of a department. It also identifies day-to-day proactive steps to be taken by the department to ensure that critical systems are backed-up and available with limited to no interruption. This is a system-wide initiative.

Financial Effectiveness

The desired financial outcome for the University of Minnesota is support for the vision of the University through the generation and allocation of resources; the control of costs; and the conscientious management of tuition and fees. The University must meet current and future financial needs, while remaining financially solvent and viable. One measure of financial effectiveness is the set of ratios used by Moody's Investors Services for the purpose of assigning a debt rating to the University. These ratios, compared to Moody's Aa1 median, paint a picture of the University's financial health (Table 8-1).

Based on these ratios, and a variety of other financial considerations, such as the University's strength of management, the demand for University mission activities (instruction, research, and public service), and the predicted state support for the University, Moody's has consistently assigned a debt rating of Aa1, one notch below AAA, the top rating possible.

A second measure of financial effectiveness is the ability of the University to produce an operating budget on an annual basis that appropriately balances planned expenditures within available resources, addresses the existing or emerging financial challenges in specific units, invests in priority initiatives, holds costs down for students, and is ultimately approved by the Board of Regents. The University has continued to achieve this goal by developing an annual budget process that holds all units accountable for the

Table 8-1. Moody's Investor Service ratios

<p>1. Total Financial Resources to Direct Debt University 6/30/14 = 3.42 Median = 2.33</p>	<p>Measures the ability of the University to cover its direct obligations with all its financial resources: divide total financial resources (all net assets, except capital assets) by direct debt. The higher the ratio, the stronger the financial condition of the institution.</p>
<p>2. Expendable Financial Resources to Direct Debt University 6/30/14 = 2.43 Median = 1.77</p>	<p>Similar to the first ratio, but this one includes only "expendable" resources, those available for immediate expenditure, divided by direct debt. If expendable funds = long term debt, the ratio would be 1.0. Again, the higher the ratio, the stronger the financial condition of the institution.</p>
<p>3. Actual Debt Service to Operations University 6/30/14 = 3.62 Median = 3.3</p>	<p>Measures the debt service burden on the annual operating budget: debt service (principal plus interest) divided by total operating expenses. A high ratio indicates a greater burden on the budget, which could compromise the ability of the institution to meet its goal of supporting the vision of the University.</p>
<p>4. Expendable Financial Resources to Operations University 6/30/14 = .95 Median = .73</p>	<p>Measures the relative time the University could operate without new additional revenue: "expendable resources" divided by the total operating expenses for the year. A ratio of .5 would mean the institution could operate for six months without additional resources. The higher the ratio, the better the financial outlook.</p>

Source: Office of Budget and Finance, University of Minnesota

financial activities that occur within them, and yet allows leadership to make decisions that advance University priorities and address significant financial needs. The financial model requires transparency in decision making by academic leadership and a concentrated effort on the part of all support and administrative units to provide value-added, excellent service. It promotes incentives for sound fiscal management and continuous improvement, as all units benefit from lowering costs and maximizing revenues. Under this model, the University has consistently produced a balanced budget while improving quality, growing revenues, and increasing the demand for its programs and services.

Financial/Budget Efficiency

In recent years, the global economic downturn resulted in budget challenges at the state level and for the University. From 2008 to 2012, the state appropriation to the University dropped by almost \$140 million. This drop in revenue, coupled with the need to maintain quality and cover regular and unavoidable increases in operating costs, led the University to implement moderate tuition increases and extensive expense reductions and internal reallocation of resources. The budget process required every unit to review its operations and make decisions that would increase revenues where possible and reduce expenses throughout. Even with a slight uptick in state appropriations for the current and last biennia (an incremental \$31 million in fiscal year 2014, \$14

million in fiscal year 2015, \$26.6 million in fiscal year 2016, and \$0 in fiscal year 2017), the University has continued to increase efficiency; to produce more and better outcomes with less waste and financial burden on students. Two bold efforts demonstrate this continued commitment:

- **Administrative Reductions:** Following discussions with the state legislature during the 2013 legislative session, President Kaler announced that he would meet and exceed their expectations for administrative reduction at the University. He committed the University to implementing \$90 million of strategic reductions in administrative costs over a six-year period (fiscal years 2014–19). Through the annual budget process, every unit is asked to propose actions that will result in identifiable expense cuts to activities outside of direct mission (instruction, research, and public service). In the first two fiscal years of this plan (2014 and 2015), \$40.4 million of such reductions were implemented, and the approved budget for fiscal year 2016 includes an additional planned reduction of \$17.4 million. After three years, the University has achieved and specifically planned \$57.8 million toward the \$90 million goal.
- **Tuition Relief:** For the last two biennium, the University's request to the state included a renewed partnership related to tuition. If the state would commit to supporting the University with an incremental increase in appropriations

of \$14.2 million in both fiscal years 2014 and 2015, the University would commit to holding the resident undergraduate tuition rate at the 2012–13 academic year level for both years of the biennium. The first proposal was successful: both the state and the University made and honored that commitment. For the current biennium, the University again proposed a tuition freeze: if the state would commit to supporting the University with an incremental increase in appropriations of \$21.5 million in fiscal year 2016 and \$22.2 million in fiscal year 2017, the University would commit to holding the resident undergraduate, graduate, and professional tuition rates at the 2014–15

academic year level (resulting in a four-year freeze for resident undergraduate students). The state supported this request in part with an appropriation increase of \$11.1 million in fiscal year 2016. In response, the University followed through this year with tuition rate increases that reflect the appropriation change: an increase of 1.5 percent on the resident undergraduate rate and an average increase of 2.5 percent on the resident graduate and professional rates. In addition, the University budgets during this time frame have included historically low increases in other required fees and room and board costs, with total increases 2.2 percent or less on all campuses.

APPENDIX A: KEY DATA SOURCES AND WEB LINKS

Key Data Sources

Association of American Universities Data Exchange	aaude.org
Association of American Universities	www.aau.edu
Association of Research Libraries	www.arl.org
Institute of International Education	www.iie.org
National Center for Education Statistics	nces.ed.gov/ipeds
National Institutes of Health	www.nih.gov
National Research Council	www.nationalacademies.org/nrc
National Science Foundation	www.nsf.gov

University of Minnesota Links

Twin Cities Campus	www.umn.edu
Strategic Plan	strategic-planning.umn.edu
Duluth Campus	www.d.umn.edu
Strategic Plan	www.d.umn.edu/chancellor/planning
Morris Campus	www.morris.umn.edu
Strategic Plan	digitalcommons.morris.umn.edu/camp_doc/11
Crookston Campus	www.crk.umn.edu
Strategic Plan	www3.crk.umn.edu/chancellors-office/strategic
Rochester Campus	www.r.umn.edu
University of Minnesota Extension	www.extension.umn.edu
Research and Outreach Centers	
North Central Center at Grand Rapids	ncroc.cfans.umn.edu
Northwest Center at Crookston	www.nwroc.umn.edu
Southern Center at Waseca	sroc.cfans.umn.edu
Southwest Center at Lamberton	swroc.cfans.umn.edu
UMore Park at Rosemount	www.umorepark.umn.edu
Urban Research and Outreach-Engagement	uroc.umn.edu
West Central Center at Morris	wcroc.cfans.umn.edu

University of Minnesota Links, Continued

Academic Health Center	www.health.umn.edu
Board of Regents	www.regents.umn.edu
Controller's Office	www.controller.umn.edu
Global Programs & Strategy Alliance	www.global.umn.edu
Office for Equity and Diversity	diversity.umn.edu
Office for Public Engagement	www.engagement.umn.edu
Office for Student Affairs	www.osa.umn.edu
Office of Budget and Finance	www.budget.umn.edu
Office of Senior Vice President for Academic Affairs and Provost	www.academic.umn.edu/provost
Office of Institutional Research	www.oir.umn.edu
Office of the President	www.umn.edu/president
Office of University Relations	university-relations.umn.edu
Office of Vice President for Research	www.research.umn.edu
University Libraries	www.lib.umn.edu
University of Minnesota Alumni Association	www.minnesotaalumni.org
University of Minnesota Foundation	www.giving.umn.edu/foundation

APPENDIX B: BOARD OF REGENTS

Honorable Dean Johnson, Chair

At-Large Representative
Elected in 2007, 2013
Term expires in 2019

Honorable David McMillan, Vice Chair

Congressional District 8
Elected in 2011
Term expires in 2017

Honorable Thomas Anderson

Congressional District 7
Elected in 2015
Term expires in 2021

Honorable Richard Beeson

Congressional District 4
Elected in 2009, 2015
Term expires in 2021

Honorable Laura Brod

At-Large Representative
Elected in 2011
Term expires in 2017

Honorable Linda Cohen

At-Large Representative
Elected in 2007, 2013
Term expires in 2019

Honorable Thomas Devine

Congressional District 2
Elected in 2012
Term expires in 2017

Honorable Michael Hsu

Congressional District 6
Elected in 2015
Term expires in 2021

Honorable Peggy Lucas

Congressional District 5
Elected in 2013
Term expires in 2019

Honorable Abdul Omari

At-Large Representative
Elected in 2013
Term expires in 2019

Honorable Darrin Rosh

Congressional District 3
Elected in 1989, 2015
Term Expires in 2017

Honorable Patricia Simmons

Congressional District 1
Elected in 2003, 2009, 2015
Term Expires in 2021

Brian Steeves

Executive Director and Corporate Secretary
600 McNamara Alumni Center
200 Oak Street S.E.
University of Minnesota
Minneapolis, MN 55455

APPENDIX C:

Senior Leadership

Eric W. Kaler	President
Karen Hanson	Senior Vice President for Academic Affairs and Provost
Ann Aronson	Chief Marketing Officer and Deputy Chief of Staff to the President
Kathryn Brown	Vice President for Human Resources
Erin Dady	Special Assistant to the President for Government and Community Relations
William Donohue	General Counsel
Beth Goetz	Interim Athletic Director
Bernard Gulachek	Interim Vice President and Chief Information Officer
Brian Herman	Vice President for Research
Brooks Jackson	Vice President for Health Sciences and Dean of Medical School
Gail Klatt	Associate Vice President for Internal Audits
Lisa Lewis	President and CEO of the University of Minnesota Alumni Association
Richard Pfutzenreuter	Vice President and Chief Financial Officer
Amy Phenix	Chief of Staff to the President
Kathleen Schmidlkofer	President and CEO of the University of Minnesota Foundation
Chuck Tombarge	Chief Public Relations Officer and Deputy Chief of Staff to the President
Pamela Wheelock	Vice President for University Services
Lendley Black	Chancellor, University of Minnesota Duluth
Jacqueline Johnson	Chancellor, University of Minnesota Morris
Stephen Lehmkuhle	Chancellor, University of Minnesota Rochester
Fred E. Wood	Chancellor, University of Minnesota Crookston

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APPENDIX E:

Progress Card Measures

Definitions

GOLD MEASURES

Measure

4- and 6-year graduation rates, by campus

Definition/Discussion

The percentage of first-time, full-time new entering freshmen that graduated within four or six years. The University counts as a successful completion a student that first enrolls at any U of M campus and graduates from any U of M campus in the given timeframe. (For federally reported measures, a student must begin and graduate from the same campus to be counted as a successful completion for that institution.)

The four-year graduation rates reported in 2021 will be based on the 2017 entering cohorts, while the six-year graduation rates in 2021 will be based on the 2015 entering cohorts (this year's cohorts). The Provost on the Twin Cities campus and Chancellors on the system campuses were asked to set reasonable stretch goals for their individual campuses given incoming student characteristics, availability of degree programs, and peer comparisons.

Measure

4-year graduation rates of Pell-awarded students (system)

Definition/Discussion

The percentage of first-time, full-time new entering freshmen who received federal Pell grants their first year and graduated within four years.

This is a system-level measure of undergraduates at all campuses. Similar to overall 4-year graduation rates, this measure takes an incoming cohort of students receiving Pell grants and examines their graduation levels four years later. Ideally financial need would not be a barrier to graduation, yet we know that Pell eligibility can also correlate with other graduation risk factors such as being a first-generation student.

The ultimate goal for these students would be to bring their graduation rate up to that of the student body as a whole. Although this may be unrealistic in a shorter time frame, the proposed goal grows the graduation rate of Pell-awarded students at twice the rate of the proposed growth rate for the student body overall

Measure

Twin Cities entering freshman average ACT

Definition/Discussion

The composite score on the ACT for entering students. The ACT uses a 36-point scale on four multiple-choice testing areas: Math, English, Science, and Reading.

A long-time measure of the academic preparedness of the incoming class, the average score of the freshmen class has been rising steadily, from 24.8 in 2003 to 27.9 in 2014. However, given state demographics, natural limits, and the desire to meet multiple goals for the incoming class (including opportunity for students of color, students from diverse socio-economic backgrounds, and students across Minnesota), it is unlikely that the University will see or desire a significant increase in this measure in the near future.

The University is proposing a goal of exceeding an average ACT of 28.0 while continuing to monitor student access to a University education.

Measure

Institutional gift aid (system)

Definition/Discussion

The total amount of student gift aid provided by the University across all campuses. Gift aid includes Promise scholarships, admissions scholarships, collegiate and department scholarships, athletic scholarships, Regents scholarships, and graduate assistant tuition benefits. This measure does not include state or federal grants, student employment, or loans.

While there is no “correct” level of institutional gift aid, the University has a long standing commitment to making education as affordable as possible for our students, and increasing gift aid through fundraising and institutional resources is an important strategy in meeting that commitment. The goal represents a 3 percent annual increase in institutional gift aid through 2021.

Measure

R&D expenditures

Definition/Discussion

The total dollar amount of research and development expenditures defined and collected annually by the National Science Foundation through the Higher Education Research & Development Survey. All institutions receiving federal research funding are required to participate in the survey, and the data is comprehensive of all sources of R&D expenditures.

Though this measure includes the many sources of institutional R&D funding, the largest source continues to be federally sponsored funding. The federal investment in sponsored research projects has been flat for several years and is predicted to remain so for the foreseeable future. Despite this, the Office of the Vice President for Research has proposed a goal that would increase our R&D expenditures by nearly 5 percent over the next few years.

Measure

Medical School ranking

Definition/Discussion

An annual ranking based on the total amount of grants from the National Institute of Health to medical schools as analyzed by the Blue Ridge Institute for Medical Research.

Medical school rankings have traditionally been based on National Institute of Health (NIH) awards to U.S. medical schools in a given year. In 2014, the University of Minnesota's medical school received nearly \$145 million in NIH awards, ranking it 30th in the country. As additional context, the University of California – San Francisco Medical Center was the top-ranked school in the country, with \$480 million in NIH awards. Minnesota was 4th in the Big 10, behind Michigan (12th), Northwestern (22nd), and Wisconsin (27th). The Mayo Clinic in Rochester was 19th in the country in 2014.

Senior Vice President and Dean of the Medical School Brooks Jackson has stated the desire to return to being a “Top 20” medical school. The 20th ranked school in 2014 was the Baylor College of Medicine with \$191 million of NIH awards, so this is an ambitious goal over a relatively short time period.

Measure

Faculty awards

Definition/Discussion

The number of prestigious national awards received by faculty in the arts, humanities, sciences, engineering, and health fields as measured annually by the Center for Measuring University Performance (MUP) at Arizona State University.

The MUP analyzes and ranks research universities in nine different areas, including the number of prestigious national faculty awards. The twenty-four awards included in their analysis are the Guggenheim Fellowships, MacArthur Foundation Fellowships, National Humanities Center Fellowships, and NSF CAREER awards.

This measure can be quite variable from year to year, but the University desires to maintain its place among the top 10 public research universities with regard to prestigious national awards. The ranking goal requires approximately 25-30 of these faculty awards annually, and the numeric goal of 35 or more faculty with annual awards aligns with our strategic emphasis on faculty excellence.

Measure

Participation in the employee engagement survey (system)

Definition/Discussion

The system-level survey response rate for faculty and staff on the annual Employee Engagement survey. Though employee engagement is a nebulous concept to attempt to measure at the all-University level, a private-sector standard is to measure participation in such a survey, such that local-level units can receive as much rich and comprehensive data as possible. The University proposes to measure faculty and staff participation in this survey.

Although employee survey participation is already high compared to other higher education institutions, the University proposes to increase participation by 2 percent with each administration of the survey.

Measure

Operational excellence

Definition/Discussion

The President has set as a goal a minimum of \$90M in cost savings over a six-year period (FY14-FY19). The cost savings are identified annually in the budget process, and must come from categories not directly related to mission activities of instruction, research, or public service.

The goal for this measure is \$90M by FY19.

MAROON MEASURES

Measure

Twin Cities transfer student 3-year graduation rate

Definition/Discussion

The percentage of students who previously attended a postsecondary institution outside the University system and graduated within three years of transferring to the Twin Cities campus.

Though not generally reported on a nation-wide basis, the ability to graduate transfer students is an equally important and worthy goal to our traditional freshman graduation rate. There is, of course, more variability in these cohorts, with some students entering with 30 credits or less, while a few come in with as many as 90 credits. The 3-year graduation rate would be roughly approximate to the 5-year traditional rate, understanding the additional variability among these students. Much like goals for increasing the traditional 4- and 6-year rates, the University believes it should also increase these graduation rates.

The University is proposing a goal of exceeding a 65 percent graduation rate for transfer students.

Measure

Graduate and professional degrees awarded (system)

Definition/Discussion

The total number of master's, doctoral, and professional degrees awarded annually across the University.

The University is the primary generator of graduate and professional degree recipients for the State of Minnesota. The ongoing need for an educated workforce, both throughout the general population but also at the highest levels of education, requires the University to maintain our priorities in this area.

Graduate enrollments have predictably been falling as the economy has improved. However, the University has been opening new programs at the professional master's level, filling demand for new emerging areas in technology, business intelligence, international law, and other fields. The University will need new programs such as these to maintain current degree completions above 5,250 per year.

Measure

Median undergraduate debt at graduation (system)

Definition/Discussion

The median amount of student debt accumulated by undergraduates with student debt at the time of their graduation.

This measure can be heavily influenced by many factors, only some of which the University controls. Along with tuition and institutional aid policies, other factors that influence student debt include federal and state financial aid policies, program choice and time to degree, and student and parent behaviors and choices. Because this measure is relevant to all students in the U of MN system, we monitor this at the all-University level.

The University proposes a goal of limiting increases in the median amount of cumulative debt for undergraduates with debt to no greater than the consumer price index, with adjustments according to state and federal policy changes. Although a wide variety of factors will influence this measure, it is an important priority for the Board and administration to continue to monitor.

Measure

Students of color with a favorable sense of belonging on campus (SERU survey)

Definition/Discussion

Percentage of undergraduate students of color responding agree or strongly agree to the statement “I feel that I belong at this campus.” Data is collected as part of the Student Experience in the Research University (SERU) survey, administered annually to all undergraduates on the Twin Cities campus.

The University’s goal is to improve the campus climate and sense of campus belonging for all students. The goal for this measure would be to have the student of color favorable sense of belonging metric match the non-student of color response. The data source for this measure is the SERU survey.

Measure

Percent of Minnesota high school graduates enrolling at the University of Minnesota as freshmen

Definition/Discussion

The percentage of all Minnesota public high school students receiving a diploma who enroll the following fall on a University of Minnesota campus. This measure is then sensitive to increases and decreases to the number of high school graduates over time, while still ensuring that the University is accountable for serving Minnesotans in the important area of undergraduate education.

The goal for this measure is to maintain the historical access of Minnesota high school graduates to the University of Minnesota.

OR

Measure

Percent of Minnesota high school graduates that elect to attend college in Minnesota and enroll at the University of Minnesota as freshmen

Definition/Discussion

This measure differs from the percent of Minnesota high school graduates attending the University of Minnesota only in that it restricts the analysis to those students electing to go to college and choosing to stay in Minnesota. About 40% of Minnesota high school graduates either elect to attend a post-secondary institution outside of Minnesota, or do not go to any college immediately after high school. Those high school graduates are not included in this metric.

The goal for this measure is to maintain the historical access of Minnesota high school graduates to the University of Minnesota.

Measure

Enrollment in health science specialties with shortages (Nursing, Pharmacy, Dentistry)

Definition/Discussion

The annual fall enrollments in health sciences fields identified by the Minnesota Department of Employment and Economic Development’s Labor Market Information Office as leading to Occupations in Demand in Minnesota.

The University has a crucial role in meeting the need for growing the health care workforce across the state. In particular, the University recognizes its ability to meet the needs for health care professionals in high demand

throughout the state, and has prioritized enrollments at all educational levels in the fields of nursing, dentistry, and pharmacy.

The University proposes to increase enrollments to greater than 2,100 students in these fields.

Measure

Total enrollment in the AHC schools and Center for Allied Health

Definition/Discussion

The total combined fall enrollments in the Academic Health Center schools of Dentistry, Medicine, Nursing, Pharmacy, Public Health, and Veterinary Medicine, and the Center for Allied Health. This measure includes enrollments on the Twin Cities, Duluth, and Rochester campuses.

In keeping with the goals of the AHC’s strategic plans and recommendations from the Governor’s blue-ribbon committee on the medical school, expanding access to health education across the AHC is a key component in returning to national leadership in healthcare training, research, and care. In addition to the state-level demand for healthcare workers identified in the preceding measure, expanding enrollments across the AHC addresses the growing needs for doctors and other health professionals across a wide variety of in-demand specialties at the state and national levels.

The University proposes to increase enrollments to above 6,350 students, an increase of over 156 students.

Measure

National public research university ranking

Definition/Discussion

The annual ranking by the National Science Foundation of public higher education institutions according to total annual research and development expenditures.

Reported annually by the Vice President for Research, the public research university rankings are compiled from the Higher Education Research & Development Survey completed by all institutions receiving federal research funding. While the total R&D expenditures metric is our primary measure of research productivity, monitoring the ranking allows the administration and Board to evaluate the relative competitiveness of the University.

The University continues to be among the top 10 public institutions on this measure and should strive to stay at this high level understanding that there will be year-to-year variance.

Measure

Minnesota intellectual property agreements

Definition/Discussion

The total number of intellectual property agreements executed annually through the MN-IP Program.

Over the past few years the University has as a priority making it easier for business to partner with the University to transform discoveries into innovative solutions. MN-IP is designed to improve access to university-developed technology while reducing the risk and cost associated with licensing intellectual property (IP) and sponsoring research. Programs to both help create and license University IP have been developed, and increasing the number of agreements is an important policy direction.

With limited “trend” data for this emerging program, it is unclear what the optimal rate for increasing the annual number of MN-IP agreements should be. Thus, we suggest a goal of increasing agreements 10 percent year-over-

year, with updated information provided by the Vice President for Research as it becomes available.

Measure

Public service expenditures (system)

Definition/Discussion

The University’s total annual expenditures on public service. The University records its mission-related expenditures into instruction, research, and public service categories.

There are no agreed-upon comprehensive measures of public service and outreach in higher education, in part because public service and outreach informs so much of what we do as a land-grant institution. The wide range of activities and expenditures included broadly under public service and outreach makes it difficult to identify a single measure of progress. While exploring and defining a more comprehensive measure, the University proposes to continue to monitor our overall expenditures.

The University has had a staunch commitment to public service and outreach as a core mission function and plans to keep its expenditures above \$245 million annually.

Measure

Average citations per faculty member

Definition/Discussion

The number of times a recent faculty publication is cited by scholars during a five-year period as measured by Academic Analytics, a data analytics source provider. The total number of citations is averaged across all faculty at the institution and pertains to works published within that same five-year period.

There are several different services for faculty citation counts, none of which are comprehensive. The University proposes to further discussion of this measure by using currently available data from Academic Analytics, a national leader in academic scholarship data and analytics, and exploring data options for use across campus, including by the libraries and the Faculty and Academic Affairs office.

The specific goal of maintaining an average citation count per faculty above 125 annually may be updated with different data sources, but the goal’s emphasis on faculty scholarship and excellence will continue.

Measure

National scholarship awards to students

Definition/Discussion

The number of prestigious national awards annually received by University undergraduates. The seven leading student awards included in this measure are the Beinecke, Churchill, Truman, Rhodes, Fulbright, Goldwater, and Astronaut awards.

These awards represent a wide variety of fields and expertise and are some of the most prestigious student awards in the world. Any given year can be quite variable in the number of awards our students apply for and receive; additionally, many of these leading awards have limitations based on location of the students’ institution or home residence.

For these reasons, we are proposing looking at the next five year block (2015-20) of awards, with an attempt to exceed the previous half decade. However, we will be able to give the Board annual updates on our progress on this measure.

Measure

Spending on leadership & oversight vs. mission and mission support

Definition/Discussion

The percentage of University expenditures on leadership and oversight as determined by the University's internal cost benchmarking study, which has divided all University expenditures into mission, mission-support, and leadership & oversight categories since 2012.

One purpose of this study is to ensure that the university continues to make investments in mission-related activities, while limiting new investment where possible in oversight and overhead. The University now has three years of data, and has shown the ability to contain leadership & administrative costs. However, monitoring levels vs. setting an actual target is probably prudent, as many variables go into this metric.

The University proposes to maintain and continue to try to decrease the percentage of spend on leadership & oversight, understanding that there is a natural floor for this percentage of expenditures.

Measure

University square feet considered in "poor" or "critical" condition

Definition/Discussion

The number of gross square feet of University facilities system wide rated through the Facilities Condition Assessment as being in "poor" or "critical" condition.

The University has for a number of years completed a comprehensive facility condition assessment (FCA) on many of its buildings. Beginning in 2013 this was extended to all buildings system wide with an enhanced methodology.

The University proposes a goal of tracking the total number of gross square feet considered either "poor" or "critical" by this methodology and decreasing the total square footage in these categories over time.

Measure

Sustainability – Metric tons of greenhouse gasses

Definition/Discussion

The number of metrics tons of greenhouse gasses produced annually across the University.

Board of Regents policy on Sustainability and Energy Efficiency directs campus operations to reduce emissions to the environment. In addition, the institution has committed to regular greenhouse gas inventories as part of the American College and University Presidents' Climate Commitment, and the Minnesota state legislature has also established emission reduction requirements for buildings constructed with state funds.

In 2008, when we first began measuring greenhouse gas emissions, the University set as a goal a 50 percent reduction in emissions (364,000 metric tons) by 2021.

Measure

University credit rating

Definition/Discussion

Moody's Investors Services routinely monitors the University's credit rating and takes into account several factors related to the University's overall financial health, student demand, financial statement analysis, state support, and analysis of the University's management strength. Moody's credit ratings range from a high of Aaa to C.

The University wishes to maintain its current credit rating per Board policy.

Measure

Athletics graduation success rate (GSR)

Definition/Discussion

The percentage of first-time, full-time undergraduates in Division I athletics who begin at the Twin Cities campus as freshmen or transfers, receive athletic aid their first year, and graduate within six years of their first term at any institution. The GSR excludes student athletes who leave the University in good academic standing with remaining athletic eligibility.

Though it functions much like a traditional graduation rate statistic, the GSR is a measure unique to intercollegiate athletics. The GSR holds colleges accountable for graduating those student athletes who transfer into the University and but also does not penalize an institution's graduation rate for student athletes that transfer or leave an institution with athletic eligibility and in good academic standing.

The University ranks very highly already in this measure and would like to maintain the significant gains of the past several years.

Regents' Progress Card

Gold Measures

Entering Year		2008	2009	2010	2011	Goal/Year
4-year graduation rate	Crookston	35.5%	34.7%	42.5%	44.5%	45%/2017 cohort
	Duluth	37.4%	37.5%	38.2%	39.0%	45%/2017 cohort
	Morris	57.4%	53.2%	53.4%	52.6%	60%/2017 cohort
	Rochester	NA	50.0%	50.0%	63.1%	60%/2017 cohort
	Twin Cities	58.1%	59.1%	60.9%	63.3%	65%/2017 cohort
Entering Year		2006	2007	2008	2009	Goal/Year
6-year graduation rate	Crookston	53.4%	46.6%	51.7%	48.4%	60%/2015 cohort
	Duluth	59.6%	66.7%	65.5%	66.5%	68%/2015 cohort
	Morris	64.2%	68.2%	73.5%	68.1%	80%/2015 cohort
	Rochester	NA	NA	NA	60.0%	60%/2015 cohort
	Twin Cities	73.2%	75.7%	78.7%	77.6%	82%/2015 cohort
Entering Year		2007	2008	2009	2010	Goal/Year
4-year graduation rates of Pell-eligible students—system		35.8%	41.7%	41.9%	43.9%	54%/2017 cohort
		2011–12	2012–13	2013–14	2014–15	Goal
Twin Cities freshman average ACT		27.5	27.7	27.9	27.9	>28.0
		2010–11	2011–12	2012–13	2013–14	Goal/Year
Institutional gift aid		\$177M	\$209M	\$217M	\$224M	\$275M/2021
		FY2010	FY2011	FY2012	FY2013	Goal/Year
R&D expenditures		\$786M	\$847M	\$826M	\$858M	\$900M/2021
		FY2011	FY2012	FY2013	FY2014	Goal/Year
Medical School ranking		29	28	27	30	Top 20/2021
		2008–09	2009–10	2010–11	2011–12	Goal/Year
Faculty awards N and (Rank: Public Universities)		23 (16th)	34 (7th)	25 (10th)	33 (5th)	35+ (Top 10)/2021
				2013	2014	Goal/Year
% Participation in Employee Engagement Survey				57%	64%	72%/2021
		FY2014	FY2015	FY2016	Goal/Year	
Op-Ex—continued progress on \$90M			\$18.8M	\$40.4M	\$57.8M	\$90.M/FY19

See page 4 for background on this progress card, and Appendix E for definitions of the measures.

Kirby Student Center

In the fall of 2015, UMD completed the two-year phased renovation of the Kirby Student Center. The project was intentionally implemented in stages to reduce the impact on students. A significant goal for this project was to create additional space for students within the existing footprint. By combining services, downsizing office space, and making effective use of architectural designs, the project created more than 4,000 square feet of new lounge, study, and meeting space for UMD students without increasing the size of the building.

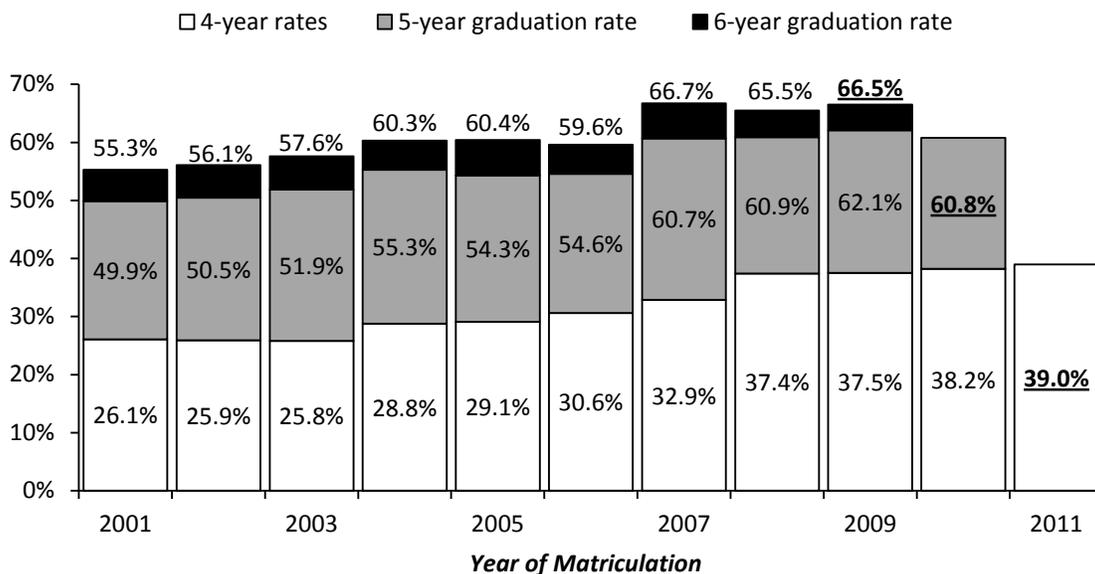
The current renovation gives greater visibility to student government, programming board, student newspaper, and Greek Life organizations. A new meeting and performance space accessible to all 260 student organizations further highlights the contributions these groups make to student involvement at UMD.

Preparing Duluth Campus Graduates for Success

Retention and Graduation

UMD achieved its five- and six-year enrollment goals set by the Board of Regents in 2006. (Figure 4-H). Improvements in graduation rates have been achieved through a concerted effort to engage students in planning their degree progress using tools such as the Academic Progress Auditing System, the Graduation Planner, and the 30-60-90 Student Success Roadmap, which emphasizes credit goals and success-oriented activities on the path to timely graduation. During fall 2013, 68.4 percent of undergraduates were enrolled in 15 or more credits, a key benchmark of the Roadmap. This compares to 52.3 percent in 2006. Table 4-6 shows how the Duluth campus compares to its peer group institutions, using rates for the class matriculating in 2007, the most current data available.

Figure 4-H. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2001–2011



*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-6 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-6. Source: Office of Institutional Research, University of Minnesota

2015 University Plan, Performance, and Accountability Report

Board of Regents
December 11, 2015

Karen Hanson, Senior Vice President For Academic Affairs and Provost



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

Student Diversity

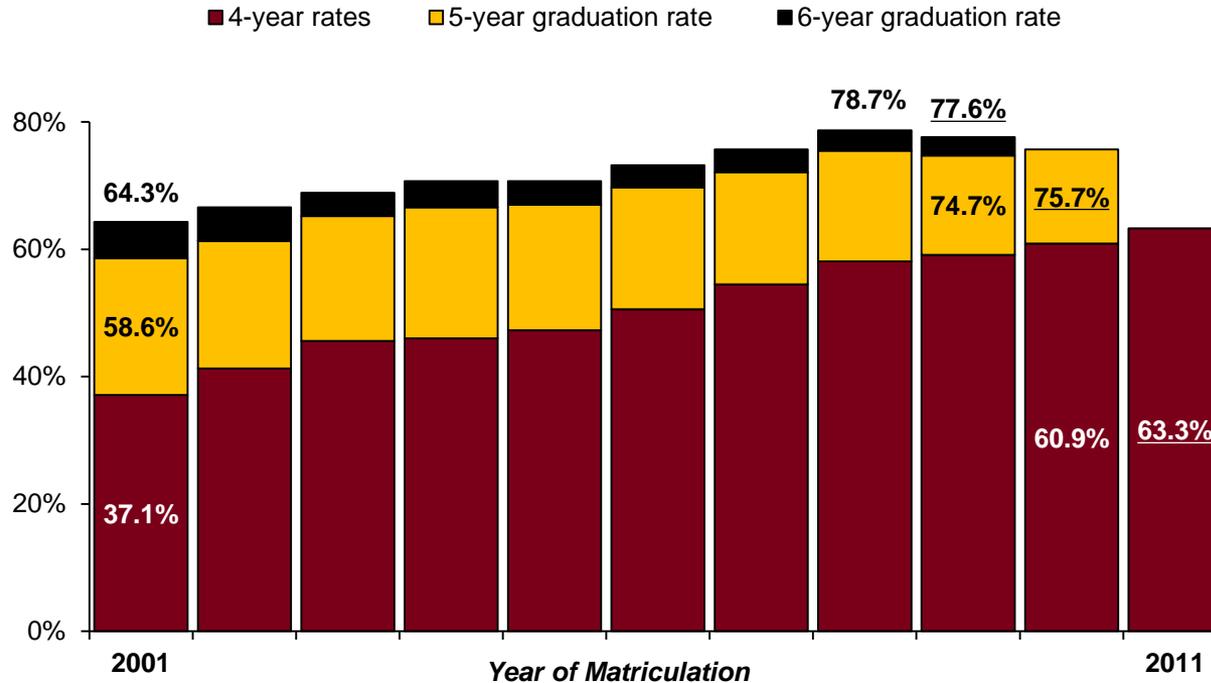
Select Examples:

- Over 700 veterans undergraduates at Twin Cities
- Nearly 6,000 (19.6%) undergraduates of color at Twin Cities
- Over 2,700 international undergraduates at Twin Cities
- Steady growth in undergraduates of color at UMD (now 11.5%)
- 27 percent of undergraduates at Morris are students of color
- 18 percent of Morris undergraduates are American Indian students
- 46% are first generation college students at Crookston
- 14.7% undergraduates of color on the Crookston campus
- 20.4% undergraduates of color on the Rochester campus

University Six-year Graduation Rates

	2006 Entering Class	2011 Entering Class	5-year Change
Rochester Campus	-	60%	-
Morris Campus	72%	68%	-4 pts
Crookston Campus	40%	48%	8 pts
Duluth Campus	60%	67%	6 pts
Twin Cities Campus	71%	78%	7 pts

Twin Cities Campus Graduation Rates



Student debt trends, Twin Cities campus, 2010–2015

	2010–11	2014–15
% of Bachelor's Degree Recipients with no student debt	34%	40%
Average loan debt for those with debt	\$27,086	\$26,091
Median loan debt for those with debt	\$24,337	\$24,000

Overall Rank	Public Rank	Institution	2013	-year Percent Change
1		Johns Hopkins	2,169 million	3%
2	1	Michigan	1,375 million	4%
3	2	Washington	1,193 million	7%
4	3	Wisconsin	1,124 million	-4%
5	4	UC San Diego	1,076 million	0%
6	5	UC San Francisco	1,043 million	1%
7		Harvard	1,013 million	21%
8		Duke	993 million	-2%
9	6	North Carolina	973 million	9%
10	7	UCLA	967 million	-4%
11		Stanford	945 million	4%
12		MIT	901 million	8%
13		Columbia	889 million	0%
14	8	Pittsburgh	873 million	1%
15	9	Minnesota	858 million	4%

2012-13 NSR Survey of Higher Education R&D Expenditures

University Mission

The University of Minnesota, founded in the belief that **all people are enriched by understanding**, is dedicated to the **advancement of learning** and the **search for truth**; to the **sharing of this knowledge** through education for a diverse community; and to the **application of this knowledge** to benefit the people of the state, the nation, and the world.













UNIVERSITY OF MINNESOTA

Driven to DiscoverSM



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UMNews



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BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Annual Report on the Status of University Research & Commercialization of Intellectual Property

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Brian Herman, Vice President for Research

PURPOSE & KEY POINTS

The purpose of this item is to brief the Board on the status of the University's research and technology commercialization programs. Key points of the presentation include:

- Research statistics
- National and global analysis
- Technology commercialization statistics and outcomes
- Institutional funds financing research
- Strategic planning outcomes and future priorities

BACKGROUND INFORMATION

The Vice President for Research provides an annual report to the Board, summarizing the University's research metrics for the past year, documenting the trends in research productivity, and benchmarking the University's performance and ranking among its peers. The report addresses progress on a set of broad, interconnected strategic priorities that build upon the University's history of strength in research and highlights the obstacles facing large research institutions.

UNIVERSITY OF MINNESOTA

Annual Report on the Status of University Research and Commercialization of Intellectual Property

FIVE YEARS FORWARD



Brian Herman, Vice President for Research

12/11/2015

PREFACE

Each year the Vice President for Research provides the Annual Report on the Status of University Research for the Board of Regents, summarizing the University's research metrics for the past year, documenting the trends in research productivity, scholarship and commercialization of intellectual property as well as benchmarking the University's performance and ranking among its peer group. In addition, the Vice President reports progress on a broad set of strategic priorities and principles that build upon the University of Minnesota's historical research strengths and strategies to address barriers to research success.

Our guiding principles are:

Produce **excellence**
Be **transformative**, lead not follow
Advance **transdisciplinary** work
Focus on critical **global challenges**
Present real, **measurable results**

These principles are the foundation for the strategic priorities of the University of Minnesota system-wide research strategic plan endorsed by the Board of Regents in February 2014.

The FY2015 annual report includes:

Research Statistics (award data)

- Externally sponsored research funding totals and comparison with previous year
- Year-to-year trends by: source of funds, CIC/Big 10 universities

National and Global Analysis (R&D expenditure data)

- Higher education research and development (R&D) expenditures and peer performance
- National and global rankings among public research universities

Technology Commercialization

Institutional Funds Financing Research

Five Years Forward – The University's Research Strategic Plan

Results and Opportunities

- Enhance research excellence/Advance transdisciplinary partnerships
- Accelerate transfer of knowledge for the public good
- Promote culture of serendipity

Conclusion

RESEARCH STATISTICS: Fiscal Year 2015

University of Minnesota faculty and staff competed successfully for **\$754 million** in externally sponsored research awards in FY2015, **up 1.8% from FY2014**. This \$13 million increase continues a sustained growth trajectory since FY2012. Also continuing to trend upward was the average total amount received per award, which increased from \$157,000 per award in FY2014 to \$165,000 per award in FY2015.

Figures 1 and 2 display more detail about the \$754 million awarded from externally sponsored research, aggregating these data by funding source, and by college or system-wide campus, respectively. Figure 1 shows the University's total federal funding level at \$463 million, which is down \$27 million (5.5%) from the previous year; Private funding (Business & Industry and Other Private) together totaled \$211 million and was up \$25.4 million (13.7%) compared to last year; and funding from State & Local sponsors was up \$14.7 million (22.7%). Overall the increases in nonfederal sources overcame the decrease on the federal side. The federal government continues to be the largest source for external research funding at 61% of new funding received in FY2015.

The drop in federal funding to the University tracked a decrease in overall NIH awards, which were down \$67.6 million (23.5%). Roughly half the decrease was due to a financing delay of a \$30.3 million award to James Neaton in the School of Public Health. (If the \$30.3 million School of Public Health award had been received, the University's NIH funding drop would have been \$37.3 million (13%)). Along with the funding decline, 583 NIH grants were awarded to University of Minnesota researchers in FY2015, compared with 802 in FY2014.

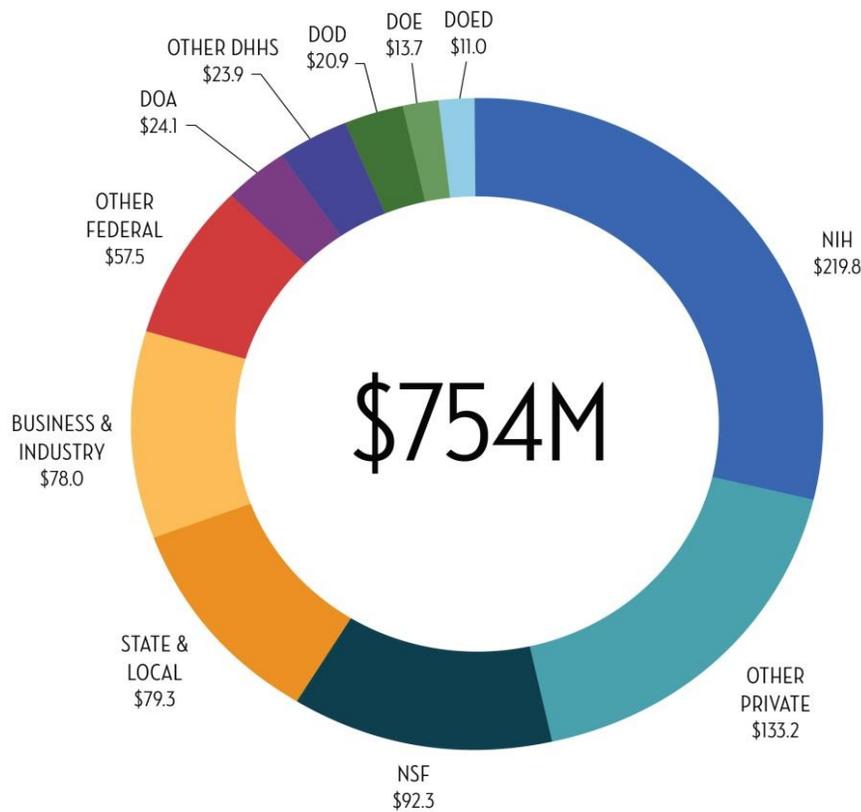
National Science Foundation, the second largest federal sponsor of research, funding was up \$13.3 million, although there were fewer awards—306 in FY2015 compared to 339 in FY2014. Also showing an increase was the Other Federal group. When combined, the Other Federal agencies' funding was up \$27.3 million (22%). The most significant contributor in the Other Federal category was USAID funding for a large award of \$27.9 million received by John Deen in the College of Veterinary Medicine for his project One Health Workforce. The NSF and Other Federal increases in federal funding were not enough to keep overall federal funding from dropping.

State of Minnesota funding increased this year by nearly a quarter (22.7%), primarily due to two \$8 million awards from the Minnesota Department of Human Services for the Minnesota Supplemental Nutrition Assistance Program Education (SNAP-ED). And as was true last year, this increase is separate from the state's investment in Minnesota's Discovery, Research and Innovation Economy (MnDRIVE), which is accounted for separately and not included in sponsored research totals.

Business & Industry funding was up \$22.8 million (41.3%) in FY2015. This represents the largest increase in new Business & Industry funds in the last 10 years. **This funding source now accounts for more than 10% of all externally funded research.** In addition to the increased funds there are also a greater number of such awards received—1,239 this year compared with

1,190 in FY2014. Among the new funding highlights for the year was \$15.7 million to James Neaton from Leidos Biomedical Research, Inc. for a flu study project and a clinical operations center for Ebola. Medtronic provided Paul Anthony Iaizzo \$5.1 million in funding for a medical device research project. Richard Bianco received \$9.2 million in funding from W.L. Gore & Associates, Inc. for several different projects in the Experimental Surgical Services unit. The increase in Business & Industry funding can be attributed in part to a University strategy focused on enhancing public-private partnerships. We describe more about these partnerships later in the report.

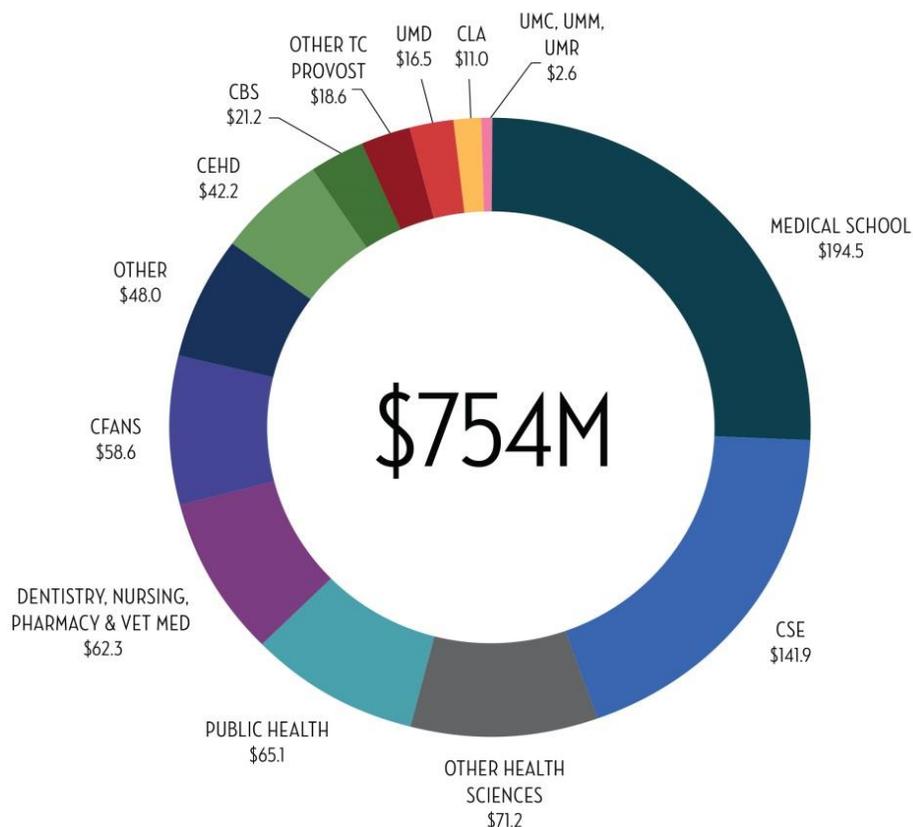
FIGURE 1 | AWARDS BY SOURCE, FISCAL 2015



*Dollar amounts represented in millions
Office of the Vice President for Research Data Services*

Figure 2 illustrates how the \$754 million of externally sponsored research funding is distributed within the University by college and campus. Those with the largest annual increases include the College of Veterinary Medicine, up \$26.7 million (180.4%), and the Other group, which was up \$15.3 million (46.8%), primarily because of the aforementioned SNAP-ED awards to University of Minnesota Extension. Other Health Sciences was up \$6.8 million (10.6%). Those with the largest decreases included the School of Public Health (SPH), down \$29.4 million (31.2%), due to the previously referenced delay of a \$30.3 million award, the Medical School, down \$6.9 million (3.4%), and the College of Liberal Arts, down \$1 million (8.2%).

FIGURE 2 | AWARDS BY COLLEGE & CAMPUS, FISCAL 2015



*Dollar amounts represented in millions
Office of the Vice President for Research Data Services*

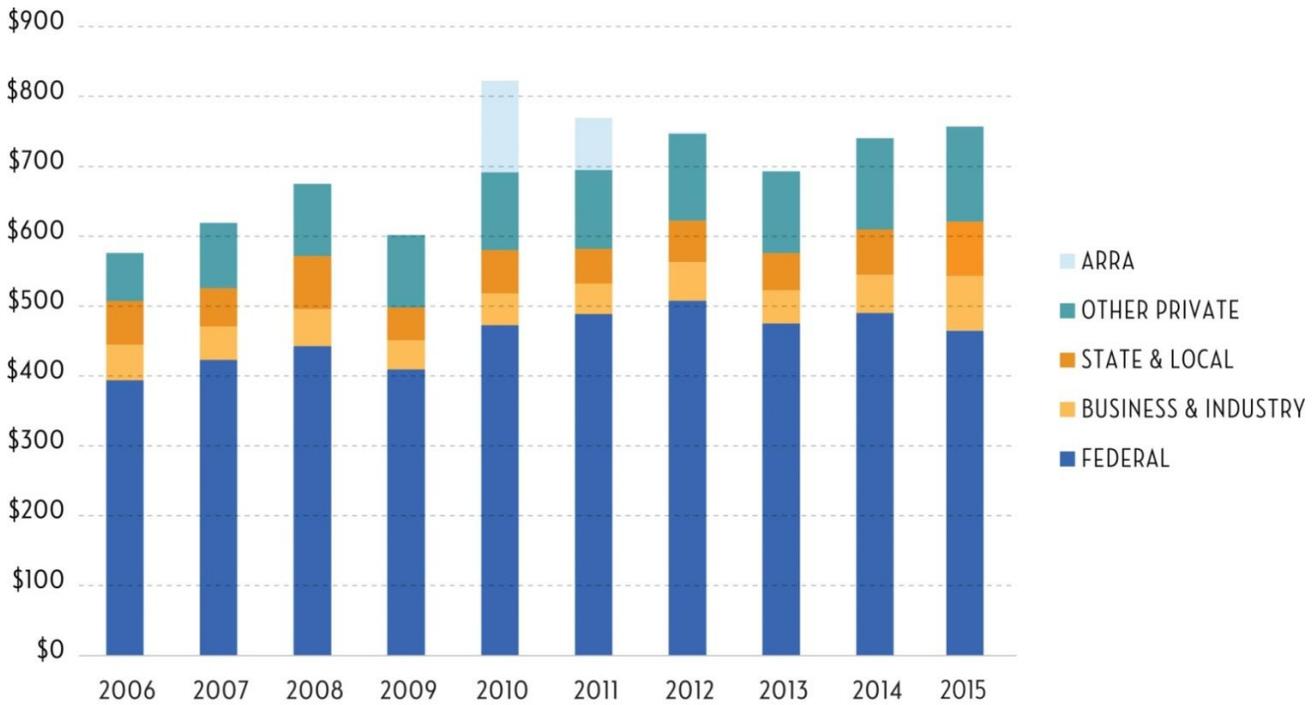
YEAR TO YEAR TRENDS

Figure 3 and Table 1 below summarize a ten year distribution trend of externally sponsored research for FY2006 to FY2015. When adjusted for inflation, annual award funding totals to the University over that period increased by 10.8 %. Federal awards to the University for that same 10-year period fell by 0.4%. This decline in federal awards is actually a success because national overall inflation adjusted federal R&D funding fell by a far greater amount (22.6% in defense categories and by 1.5% in non-defense categories) over that same period.

Despite some year-to-year variations in the proportions of funding (Figure 3), the \$754 million funding total for FY2015 was roughly the same as FY2012, if funds from the one-time American Recovery and Reinvestment Act of 2009 (ARRA) are excluded, evidence of sustained funding levels for the University.

Table 1 demonstrates the reduction of federal funding and how it is being replaced by Business & Industry and Other Private support. Adjusted for inflation, Business & Industry awards grew by 23.4% and awards from the Other Private category by 38.9%.

FIGURE 3 | AWARD FUNDING BY MAJOR SOURCE CATEGORY, FISCAL YEARS 2006-2015



Dollar amounts represented in millions
Office of the Vice President for Research Data Services

TABLE 1 | AWARD FUNDING BY CATEGORY BY FISCAL YEAR, FISCAL YEARS 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ARRA	–	–	–	–	\$131.4	\$74.2	\$2.5	\$0.8	\$0.6	\$0.2
OTHER PRIVATE	\$68.8	\$93.6	\$103.2	\$104.1	\$111.3	\$112.8	\$123.9	\$116.8	\$130.1	\$133.0
STATE & LOCAL	\$62.8	\$55.0	\$75.9	\$46.8	\$61.8	\$50.0	\$59.7	\$53.1	\$64.6	\$79.3
BUSINESS & INDUSTRY	\$50.7	\$47.8	\$52.8	\$41.7	\$45.5	\$43.6	\$55.2	\$47.6	\$55.2	\$78.0
FEDERAL	\$393.8	\$422.9	\$442.9	\$409.3	\$472.7	\$488.5	\$507.7	\$475.2	\$490.0	\$463.1
TOTAL	\$576.1	\$619.2	\$674.8	\$601.9	\$822.7	\$769.1	\$749.1	\$693.4	\$740.6	\$753.6

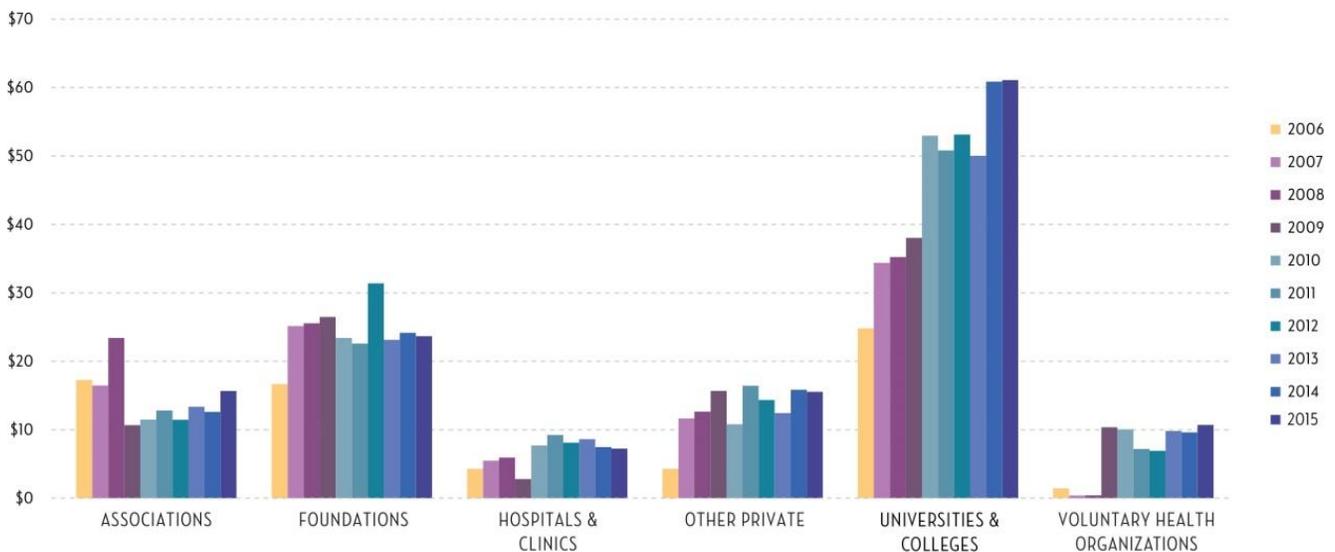
Dollar amounts represented in millions
Office of the Vice President for Research Data Services

Diversification is the key to a research universities' ability to adequately support their research mission, as a recent qualitative survey of senior research officers at major research universities confirmed. "Our big push right now is to diversify our funding sources. We need to increase the share that comes from non-NIH and non-federal sources,"¹ read one representative quote. Combined, FY2015 totals for Business & Industry and Other Private funding now comprise 28.0% of new funding to the University, **underscoring the increasing importance of our public-private partnerships in a period of declining federal resources.**

As was noted in Table 1, new Business & Industry funding reached an all-time high of \$78 million in FY2015. Even more important is the positive growth trend that Business & Industry funding has shown since FY2011's total of \$43.6 million. This trend aligns with two significant public-private partnership strategies launched since FY2011: the MN-IP (Minnesota Innovation Partnerships) program and the Corporate Engagement Workgroup (CEW). As will be discussed later in the technology commercialization section, 69 new sponsored research MN-IP agreements have been signed with industry partners in the past year and 175 have been signed since its inception.

The vision for CEW (a partnership between OVPR and the University of Minnesota Foundation), is to connect the University's extensive innovation and talent resources with the needs and goals of private sector partners. CEW helped facilitate a master agreement with PepsiCo (\$2.3 million) and sponsored research funding with St. Jude Medical, Target Corp., and Boston Scientific to name just a few successful projects, including location of some of these companies on our campus.

FIGURE 4 | OTHER PRIVATE AWARDS BY SOURCE CATEGORY



*Dollar amounts represented in millions
Office of the Vice President for Research Data Services*

Growth in the Other Private sources category grew the most dramatically over the ten year period, with **the largest portion of that growth due to collaborations with other Universities and**

¹ Education Advisory Board (2015, August 25). Growing Research Funding: Representative Comments from VPR Interviews [PowerPoint slides]. Presented at Charter Advisor Roundtable for Chief Research Officers at EAB Headquarters, Washington.

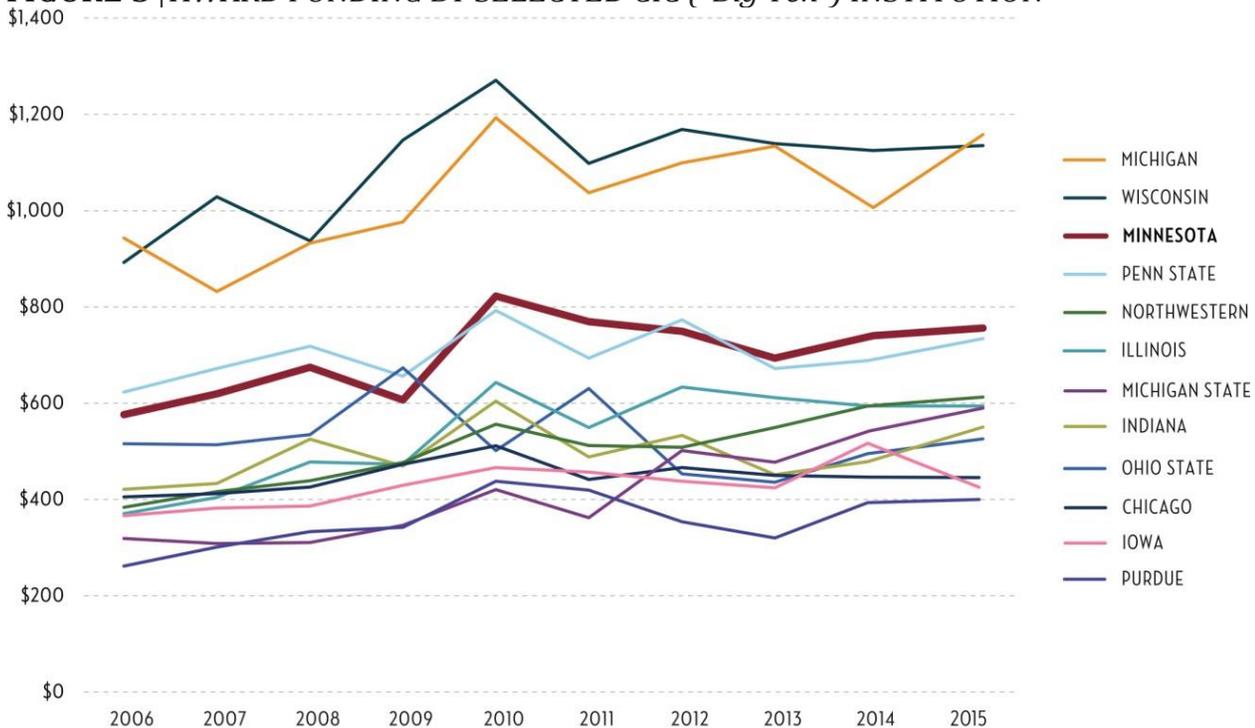
Colleges (Figure 4). Collaborations with other Universities and Colleges represent 46% of the FY2015 Other Private category, its largest share.

One current example of multi-university collaboration is a new study led by Dorothy Hatsukami, professor in U’s Department of Psychiatry and associate director of Cancer Prevention and Control for the Masonic Cancer Center, evaluating nicotine standards for cigarettes. Working with researchers from the University of Pittsburgh, the study has found that cigarettes with lower nicotine levels could lead to lower levels of dependence and help more smokers quit. The study is funded by the U.S. National Institutes of Health.

These multi-university relationships underscore the words of Herman B. Wells, former chancellor of Indiana University and a founder of the Committee on Institutional Cooperation (CIC): “Academic isolation has long been impractical; in today’s world, it is impossible...no single institution has the resources in faculty or facilities to go it alone.”²

Figure 5 expands the ten year research award funding analysis with selected members of the Committee on Institutional Cooperation (CIC or more commonly referred to as the “Big Ten” plus Chicago). Within this elite group of universities, which occupy five of the top 12 spots for public universities by expenditures (Table 3), the U of M continued to rank third in new award funding.

FIGURE 5 | AWARD FUNDING BY SELECTED CIC (“Big Ten”) INSTITUTION



Big Ten-CIC database. Dollar amounts represented in thousands

Note: Maryland, Rutgers and Nebraska were omitted due to non-reporting of data to the CIC.

² Wells, H.B. (1967). A Case Study on Interinstitutional cooperation, Educational Record, Fall 1967. Retrieved Nov. 23, 2015 from <https://www.cic.net/docs/default-source/news-pub/historyofcic.pdf?sfvrsn=0>

NATIONAL AND GLOBAL ANALYSIS: PEER COMPARISON

Analysis of FY2014 Research Expenditures

According to the National Science Foundation's Higher Education Research and Development (HERD) Survey data for FY2014, the University maintained its top 10 ranking and moved up in ranking from the ninth to the eighth position among public research universities, posting over \$877 million in research expenditures (Table 3). The HERD survey is the primary source of comparative information on R&D expenditures at U.S. colleges and universities. It is completed by over 900 universities and colleges every year, producing the most accurate statistics possible on U.S. higher education R&D spending. Because of survey reporting requirements, the University's \$877 million represented research expenditures for the Twin Cities campus only. **If all U of M campuses were reported together, the total would grow to \$901 million.**

TABLE 3 | TOP 20 INSTITUTIONS

	NSF - 2014		CMUP - 2013 **	ARWU (Shanghai) - 2015		
	Public	Expenditures	Public	World	US	US - Public
Michigan	1	\$1,349,262	9 of 9	22	17	7
Washington	2	\$1,176,340	8 of 9	15	13	4
Wisconsin	3	\$1,108,564	9 of 9	24	18	8
UC San Francisco*	5	\$1,084,031	7 of 9	18	16	6
UC San Diego	4	\$1,067,388	8 of 9	14	12	3
North Carolina	6	\$989,766	9 of 9	39	29	14
UCLA	7	\$948,197	9 of 9	12	10	2
Minnesota – Twin Cities	8	\$876,870	9 of 9	30	22	10
Pittsburgh	9	\$856,806	8 of 9	70	41	24
Texas A&M	10	\$854,214	6 of 9	100	51	31
Ohio State	11	\$815,075	8 of 9	67	40	23
Penn State	12	\$800,773	8 of 9	60	36	20
Univ Texas M.D. Anderson Cancer Ctr.*	13	\$794,980	4 of 9	101-150	52-65	59
UC Berkeley	14	\$744,343	9 of 9	4	4	1
Georgia Tech	15	\$725,550	7 of 9	101-150	52-65	55
UC Davis	16	\$711,721	5 of 9	57	35	19
Florida	17	\$708,526	9 of 9	83	44	25
Rutgers	18	\$644,116		64	39	22
Illinois	19	\$621,733	9 of 9	29	21	9
Arizona	20	\$588,088	5 of 9	90	46	26
Texas	21	\$585,251	9 of 9	37	27	12

Dollar amounts represented in thousands

National Science Foundation's HERD Survey <http://www.nsf.gov/statistics/srvyherd/>

*The University of California - San Francisco and University of Texas M.D. Anderson Cancer Center are stand-alone medical schools without undergraduate education programs. Therefore, the highest CMUP ranking they can obtain is 8 rather than 9 as they do not have SAT scores for ranking purposes.

** As of 10/13/2015 the 2013 CMUP data is the latest available.

As is evidenced in Table 3, the University remains among an elite group of top U.S. public research universities. While there is no single indicator or composite number that accurately represents what an individual institution has done, can do, or will do, the HERD survey data does provide a credible and nationally accepted basis for comparison. The University of Minnesota is among the top 1% of all universities reporting in the HERD survey.

In addition, Table 3 also includes two other widely accepted and cited ranking systems, the Center for Measuring University Performance (CMUP) and the Academic Ranking of World Universities (ARWU). These systems rely on a number of indicators that serve as a proxy for accomplishments and strength relative to the best performing research institutions in the country and the world. By both these additional measures, the University remains highly competitive with its peers.

Technology Commercialization

The Office for Technology Commercialization continued its strong performance and productivity in FY2015. With a few exceptions, all metrics show growth over the previous fiscal year (Table 2). A record 16 startup companies were launched in FY2015, topping the previous year's high performance.

TABLE 2 | UNIVERSITY TECHNOLOGY COMMERCIALIZATION DATA

	2011	2012	2013	2014	2015
GENERAL					
INVENTION DISCLOSURES	250	321	331	343	354
NEW LICENSES*	76	71	91	154	268
CURRENT REVENUE GENERATING AGREEMENTS*	457	426	331	429	544
GROSS REVENUES	\$10.1	\$45.7	\$39.5	\$27.4	\$20.2
OUTGOING MATERIAL TRANSFER AGREEMENTS	271	313	281	288	297
PATENTS					
ISSUED PATENTS (U.S. AND FOREIGN)	100	153	129	104	136
NEW U.S. PATENT FILINGS	78	115	148	138	146
MN-IP					
MN-IP RESEARCH AGREEMENTS	-	14	41	51	69
COMPANIES W/ MN-IP RESEARCH AGREEMENTS	-	15	38	44	54
SPONSORED RESEARCH COMMITMENTS	-	\$2.6	\$3.8	\$4.3	\$10.8
STARTUPS					
STARTUP COMPANIES	9	12	14	15	16

Dollar amount represented in millions

InfoEd System - Office for Technology Commercialization, U of M; Enterprise Financial System - U of M

Note: Starting in FY2014, New Licenses and Current Revenue Generating Agreements include Express Licenses with revenue greater than \$1,000. This accounts for an increase of 56 agreements over FY2013. Starting in FY2015, New Licenses and Current Revenue Generating Agreements include 94 FAST IBU licenses.

Table 2 also reflects the University meeting the State's biennial appropriations performance goal of a 3% increase on invention disclosures between FY2014 and FY2015. This metric is one of the five accountability measures the University tracked in FY2015 as a condition to receive its full biennial appropriation from the State of Minnesota.

In FY2015, 69 new sponsored research agreements were signed through the MN-IP program, a program known and recognized by our national peers for its innovative approach, bringing the total number of MN-IP agreements signed since the inception of the program to 175.

The Discovery Capital investment program, which provides seed investments for the most promising University startups, has had notable success in its first year. Launched in 2014, the program offers \$350,000 in seed funding with a requirement that the investment be matched by an external partner. To date, three startup companies have been approved for funding. In addition to the University investment, aggregate outside capital in the amount of \$3 million has been identified by these companies.

INSTITUTIONAL FUNDS FINANCING RESEARCH

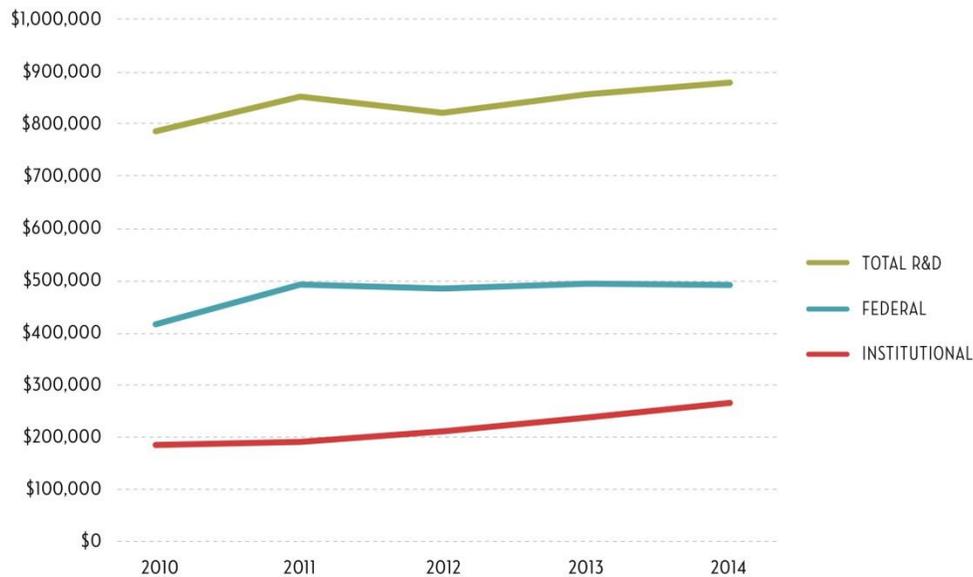
A growing and significant portion of the University of Minnesota's \$877 million total R&D spending in FY2014 is the institution's \$256 million spending of its own funds on research. The \$256 million is a 7.9% increase from the previous year's \$237 million. Institutional funds, which now account for 29% of the University's total R&D spending, can when invested strategically catalyze additional research with high return, as seen in the Grant-in-Aid and Minnesota Futures sections below. However the increased magnitude of this investment over the past five years is a different story and depicts an R&D funding shift that is mirrored nationally and is not sustainable long term.

Figure 6 shows a five-year comparison between federal and institutional sources at the University and when combined, federal and institutional sources of R&D spending represent 85% of total R&D for the University. The remaining 15% represents all other external sources of R&D revenue. Figure 6 demonstrates federally funded expenditures at the University have been flat since 2011, and since then a downward trend.

Increased use of institutional funding for research is a national trend and largely a result of decreased federal investment in research, including federal rules governing the amount and uses

of indirect costs. For FY2014, the National Center for Science and Engineering Statistics³ reported a 5.3% increase in universities' use of their own funds for research. Similarly, this same report stated that federally funded expenditures have dropped 6% since FY2011 and represents a record low based on the history of that data.

FIGURE 6 | UMN R&D EXPENDITURES BY SOURCE OF FUNDS (FY2010 – FY2014)



*Dollar amounts represented in millions
Office of the Vice President for Research Data Services*

There are three components to institutional funds and in FY2014 they were represented as follows: direct funding of R&D, \$183 million (71.6%), cost sharing on externally sponsored projects, \$23.8 million (9.2%) and Facilities and Administrative (F&A, also referred to as indirect) costs on external projects that are not reimbursed by sponsors, \$49.2 million (19.2%).

The largest component, \$183 million of direct funding, represents the discretionary portion of institutional R&D spending. While the University can identify where this funding occurs within the institution, little analysis has been done on how these direct funds are invested in research. The University has an opportunity going forward to look systematically at direct institutional funding to determine if these resources are allocated optimally, providing the best return on investment.

Cost sharing and under-recovered F&A costs (\$73 million in total) represent the mandatory institutional cost of doing externally sponsored research. All F&A costs that are recovered from externally sponsored research go back to a researcher's college, which has the authority to determine how those funds are dispersed; colleges also have the responsibility to pay their

³ National Center for Science and Engineering Statistics. 2014. Universities Report Continuing Decline in Federal R&D Funding in FY 2014. Retrieved from <http://www.nsf.gov/statistics/2016/nsf16302/>

proportionate share of centrally provided services such as heating and cooling, libraries and administrative staff, and F&A dollars provide funds to help cover them. Under-recovered F&A costs (\$49.2 million) therefore represents the lack of funding provided by the research sponsor to fully support the cost of that research, which the institution then has to provide.

Nationally, institutional research funding is the fastest growing source in the last five years, and it has become an increasingly important part of University's research enterprise (Figure 6). For most universities, including our own, the growth in institutional funding of research is not sustainable. According to Meranze and Newfield (2014), it is critical that institutions report on and discuss the cost of research and their own institutional costs and point out that the federal government's "freezing public funding to hundreds of research universities is undermining the country's research ecosystem."⁴

FIVE YEARS FORWARD: The University's Research Strategic Plan



Results and Opportunities

FY2015 was the first full year of implementing the University's system-wide research strategic plan, **Five Years Forward through Collective Inspiration and Discovery**, and it unfolded through both short term and long term initiatives. The work continues to be faculty driven, highly collaborative and dynamic based on the changing research environment. The fundamental vision that drives the University's research enterprise is bringing people together in new ways, fostering discoveries and making our world a better place. Realization of this vision is organized around four thematic areas, or cornerstones, where the university will forge its path forward.

Enhance Research Excellence
Advance Transdisciplinary Partnerships
Accelerate Transfer of Knowledge for the Public Good
Promote Culture of Serendipity

Included below for each cornerstone of the plan are the accomplishments to date and planned work for the upcoming year.

⁴ Meranze and Newfield. 2014. How Can Public Research Universities Pay for Research?. Retrieved from <http://utotherescue.blogspot.com/2014/08/how-can-public-research-universities.html>

Enhancing Excellence and Advancing Partnerships

Advancing Human Research Protections: Enhancing Our Commitment to Research Ethics

In the past year, the University has undergone a rigorous review and assessment of its human research policies and practices, and is now implementing major enhancements to its human research protection program. Some key areas of enhancement include: reinforcing an ethical culture, more education and training for investigators and staff, changes to Institutional Review Board (IRB) processes and policies, new approaches for managing conflicts of interest, and increased community participation and oversight. Once fully implemented, these improvements will ensure that the well-being of research participants remains at the center of all University research activities and will establish a program that will serve as a national model.

The timeline for implementation is July 2015 – June 2016. Monthly progress updates are being posted to <http://advance-hsr-alerts.umn.edu/>

MnDRIVE (Minnesota’s Discovery, Research and Innovation Economy)

MnDRIVE is a groundbreaking partnership between the University of Minnesota and the state that aligns areas of University strength with the state’s key and emerging industries to produce breakthrough research that addresses our greatest challenges. The four primary research areas are: Robotics, Sensors and Advanced Manufacturing; Global Food Ventures; Advancing Industry, Conserving our Environment; and Discoveries and Treatments for Brain Conditions.

In the first biennium, \$34.5 million has been authorized for more than 210 projects across the four research areas involving 629 researchers in 103 departments, 21 colleges and three campuses (Twin Cities, Duluth and Morris) (Table 4). Because of this work and collaboration, MnDRIVE researchers in total leveraged \$57 million in state, federal and private funding from major companies such as Boston Scientific, and federal agencies including National Science Foundation, U.S. Department of Agriculture and the National Institutes of Health. MnDRIVE collaborators have also submitted 41 disclosures for inventions.

TABLE 4 | MnDRIVE BY THE NUMBERS

	Inception to Date
Number of MnDRIVE Projects	210
Related Publications	638
Number of Invention Disclosures	41
Successful External Proposals	\$57M
Outreach, Meetings, Conferences	500
Number of People Reached	30,000
Students Graduated	11

MnDRIVE's Transdisciplinary Research Program supports cross-disciplinary, collaborative research that addresses at least three of the four MnDRIVE research areas. In 2014, nearly \$6 million was awarded to 12 transdisciplinary research projects spanning three U of M campuses and involving researchers from across 10 colleges and 24 departments. The Transdisciplinary Research Program projects have already resulted in at least three new inventions.

- One representative project involves using precision agriculture systems to help farmers curb the harmful effects of soybean aphids. It brings together experts not only in entomology but also in industrial design, applied economics and aerospace engineering and mechanics.
- In another project, experts ranging from computer engineers to apparel designers, are working together to develop a groundbreaking new technology—thin, wearable electronics that attach to the skin and deliver low electric currents to specific regions of the brain and decrease symptoms of brain disorders.

International Research

The Five Years Forward plan has a goal of increasing the prominence of international research. University researchers collaborate in 152 countries across the globe, with over 30 percent of their publications including international co-authors, and, over the last 10 years, that collaborative international work grew twice as fast as U of M publications without an international author.

In February 2014, Vice President Herman appointed a faculty and staff committee to identify short- and long-term objectives and priorities to enhance the University's reputation as a leader of global research. The committee came up with several recommendations, which included a need to identify the greatest areas of opportunity for international research. Identifying areas of opportunity required a data source which either needed to be created with the assistance of University faculty or a surrogate found using existing data sources. By the end of FY2015, it was determined that existing data sources could provide enough information so that the areas of greatest geographical opportunity could be analyzed and discussed.

In FY2016, OVPR will bring together U of M researchers who currently collaborate or are interested in high-potential geographic regions. To catalyze promising collaborations, OVPR will provide seed funding to facilitate these partnerships, such as covering expenses for face-to-face meetings with international collaborators, or making core research infrastructure, such as supercomputing resources, accessible to researchers from developing countries. OVPR will also bring together academic and business leaders from high-priority geographic regions along with Minnesota industry, funding agencies and philanthropy to develop new relationships that University researchers can build upon.

University of Minnesota Research Computing

In FY2015, OVPR continued to shape research computing services in order to best serve University of Minnesota faculty across many disciplines and the broader research community.

The University of Minnesota Informatics Institute (UMII), founded in January 2014, has fostered and accelerated research across the University system in agriculture, arts, design, engineering, environment, health, humanities and social sciences through informatics services, competitive grants and consultation. UMII helps researchers manage information across the data life cycle and is working directly with high-throughput facilities to provide data analytics services to their users.

The Minnesota Supercomputing Institute (MSI) is a longstanding nexus for leading edge research in scientific computing, for fostering interdisciplinary research on campus and for enabling public-private collaborations. With approximately 600 research groups, MSI plays a key role in enabling high-impact research. MSI recently acquired a world-class supercomputing system, called Mesabi. Mesabi means “immense mountain” in Ojibwe and is the name of the chief iron ore deposit in the U.S., located in the Iron Range in northern Minnesota. Not only is this name steeped in Minnesota natural history, but it also tied to an informal term for supercomputers, “Big Iron.” Mesabi is among the top 10 fastest academic supercomputers in the U.S. It was purposefully designed to handle both complex and massive scientific data sets coming from the life, health and social sciences and the more traditional high-performance computing tasks from the engineering and physical sciences.

In early FY2016, the management of UMII and MSI was consolidated under a new umbrella, Research Computing, housed in OVPR. Research Computing will help create a user-centric environment where the data and computer infrastructure are made transparent and solutions can be tailor-made to a researcher’s needs.

Research Advancement

OVPR Research Advancement programs strive to support pre-award aspects of the proposal development process with tips, toolkits and other resources. In the past five years, OVPR has invested \$108 million in research funding across the University’s colleges and campuses, providing approximately \$20 million annually to research and supporting resources. These seed funds are designed to leverage other investments and promote collaborations across the University and with business and industry partners. Examples of programs being leveraged are:

Grant-in-Aid

The Grant-in-Aid (GIA) of Research, Artistry and Scholarship Program provides grants to support scholarly and artistic activities of faculty and their graduate students to foster excellence throughout the University. GIA projects represent the breadth and depth of University research in all disciplines and fields. While any faculty member can apply for GIA funding, it plays an especially important role by providing new professors and emerging researchers’ opportunities to pursue research and scholarship that may not yet have received external funding. University return on investment (ROI) for this program is for every \$1 GIA funding awarded; \$5.50 of extramural funds is received.

In the past five years, \$15 million has been awarded through the GIA program that benefited:

- 528 research projects
- All 5 University of Minnesota campuses
- 29 colleges/units

Research Infrastructure

The Research Infrastructure Investment awards are one way the University ensures it maintains robust, state-of-the-art equipment to support research and academic endeavors. These improvements to research infrastructure support the University's talented researchers as they explore new ideas, form new partnerships, and make groundbreaking discoveries.

This year's program impacted researchers in at least five colleges and 12 centers and institutes, supports transdisciplinary research and encourages collaboration across the U's colleges and campuses. Thirteen proposals were chosen for funding, ranging from a new 3D bioprinting facility to an expansion of the Multisensory Perception Laboratory, where researchers can measure audio-visual perception in a variety of simulated environments.

In the past five years, over \$33 million in infrastructure awards have been provided and benefited:

- 46 research projects
- 2 campuses
- 29 colleges/units; 58 including departments
- 2,027 infrastructure users

Minnesota Futures Program

The Minnesota Futures program nurtures extraordinary interdisciplinary research ideas. The two-year grants, which are supported by technology commercialization revenue, fund research opportunities that cross disciplinary and professional boundaries and support in-depth research that aims to address society's grand challenges. Since 2008, the Minnesota Futures grants have supported research by faculty who go on to win substantial grants with the potential for life changing innovation. University ROI for this program is for every \$1 Minnesota Futures has awarded, \$7.50 of extramural funds was received.

The 2015 Minnesota Futures grants include two projects that advance new approaches to disease treatment. One project combines the University's strengths in genome engineering and biotechnology to explore new methods to generate cells used in drug development. The other project explores an overlooked bacterial process that may play a crucial role in blocking beneficial phosphates, found in tooth paste and other topical therapies, from reaching the tooth.

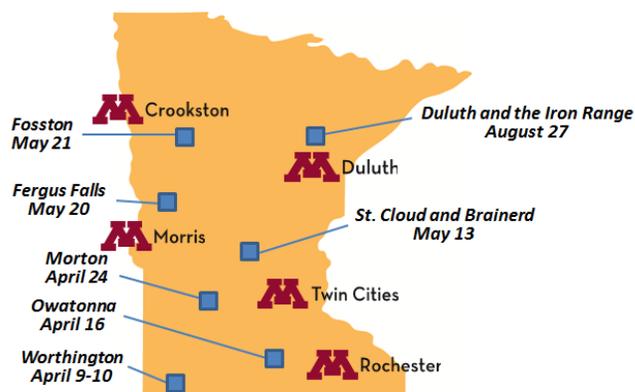
Accelerating Transfer of Knowledge for the Public Good

Economic Development

The U of M is among the top research institutions in the nation and is a powerful economic engine for the state, creating \$8.6 billion in total economic impact annually. The Office of University Economic Development (UED) was established in 2014 as part of OVPR's strategic plan, which identified an increasing need for public-private partnerships in economic development. The office's mission is to strengthen the University's ties to business and community partners and help grow and diversify Minnesota's economy. Today UED serves as a public face for economic development at the University, helping external partners connect with resources, services and expertise at the University and its system campuses, and promoting internal collaboration across the breadth of its economic development activities.

UED has had three primary focus areas during this past year:

- Providing a portal ("Front Door and More") for potential collaborators to connect with University resources and capabilities and helping University faculty and staff connect with external resources (e.g., industry). Over a 12-month period, UED received and dispatched over 200 requests for connectivity support and hosted events on campus that included local, national and international businesses and economic development groups.
- Co-leading the Corporate Engagement Workgroup (CEW) with the University of Minnesota Foundation. The vision of CEW is to connect the University's extensive innovation and talent resources with the needs and goals of private sector partners. The group includes representatives of each U of M college and system campus and meets regularly to strategically manage a portfolio of active corporate partners and a discovery portfolio. CEW's work to date has resulted in new public-private partnerships as well as a broadening of economic engagement with existing industry partners. This is apparent in the success seen this year in the business and industry funding (Table 1)
- Engaging in a series of economic development meetings around the state. UED has organized and made nine Greater Minnesota community visits to publicize the office's goals and resources, to discuss current community needs identified by local business and economic development leaders, and explore possible areas of partnership with the University. The visits allowed UED and OVPR to renew and strengthen connections with the University's campuses in Crookston, Duluth, Morris and Rochester and several Research and Outreach Centers, and Extension leaders across the state. Logging over 2,000 miles within the state, UED visited 16 communities representing 14 counties, including Owatonna, Austin, Morton, St. Cloud,



Brainerd, Fergus Falls and Fosston, and engaged with approximately 250 people. In early FY2016, destinations included Duluth and Eveleth.

Promoting a Culture of Serendipity

Promoting a culture of serendipity is central to connecting researchers across departments, colleges and disciplines—and with colleagues and communities outside of the University—to think creatively and cultivate new ideas. Connectors, individuals across and at all levels within the U of M, play essential roles in bringing together seemingly unrelated disciplines and ideas to foster creativity and innovation.

OVPR is pursuing a number of efforts intended to advance a culture of serendipity, including the new Convergence Colloquia series and Serendipity Grants. In addition, OVPR is working to identify, network and empower people at the University who are connectors, so that they can be even more effective.

Convergence Colloquia

Convergence Colloquia are a new series of day-long, multi-disciplinary gatherings that convene internal and external expertise around emerging research opportunities and societal challenges. According to a National Academy of Sciences report: “[C]onvergence is meant to capture two closely related but distinct properties: the convergence of expertise necessary to address a set of research problems and the formation of the webs of partnerships involved in supporting such scientific investigations and enabling the resulting advances to be translated into new forms of innovation and new products.”⁵

Based on this model of convergence, the University’s colloquia are action-oriented think tanks that bring together U of M researchers with private, public and nonprofit stakeholders in focused, facilitated discussions. Two colloquia, on smart cities and infrastructure, and aging, took place in FY2015, two more, on health equity and renewable energy, have happened thus far in FY2016, and two more are planned for sustainable food systems and water supply.

The four colloquia held thus far have had more than 340 participants, representation from 14 Twin Cities colleges, UMD and UMM, as well as the Metropolitan Council and several state agencies, 40 nonprofit organizations, and 25 private companies. Already, 29 proposals have been submitted to OVPR for new projects growing out of the colloquia. The proposals are eligible for follow-on Serendipity Grants of up to \$30,000 to kick start ideas and new collaborations that connect across disciplines and with organizations outside the U of M.

⁵ National Research Council 2014. *Convergence: Facilitating Transdisciplinary Integration of Life Sciences, Physical Sciences, Engineering, and Beyond*. Washington, D.C., The National Academies Press.

Connectors Network

In FY2016 OVPR will initiate and support two new committees. The Connectors Network will engage collegiate and research center staff involved in research advancement activities to explore capacity building needs and collaboration opportunities. The Serendipity team will draw on administrators and faculty who have demonstrated leadership advancing cross-disciplinary connections and who are motivated to play a strategic role in advancing serendipity at the U of M. The idea is for the two committees to engage different participants, but to come together occasionally to advance key initiatives.

CONCLUSION

In the face of a declining federal investment in research, the University continues to make steady progress in growing its research enterprise across a broad array of disciplines and ideas. That progress is a tribute to the creative and dedicated people of our research community, who have continued to advance academic scholarship, address global challenges and develop breakthrough research in an increasingly competitive research environment.

Despite the real challenges research institutions face in this funding climate, the University's research engine continues to thrive and be highly competitive and successful. The data presented here show the increasing importance of collaboration with other universities and public-private partnerships. Not only do those new partnerships hold the potential for additional research resources, they will also help connect our researchers' knowledge and creativity with the challenges our world faces.



THE STATE OF RESEARCH

2015 Annual Report



UNIVERSITY OF MINNESOTA
Driven to Discover™
263 of 421

RESEARCH PRIORITIES

Produce **excellence**

Be **transformative**, lead not follow

Advance **transdisciplinary** work

Focus on critical **global challenges**

Present real, **measurable results**

STATE OF RESEARCH

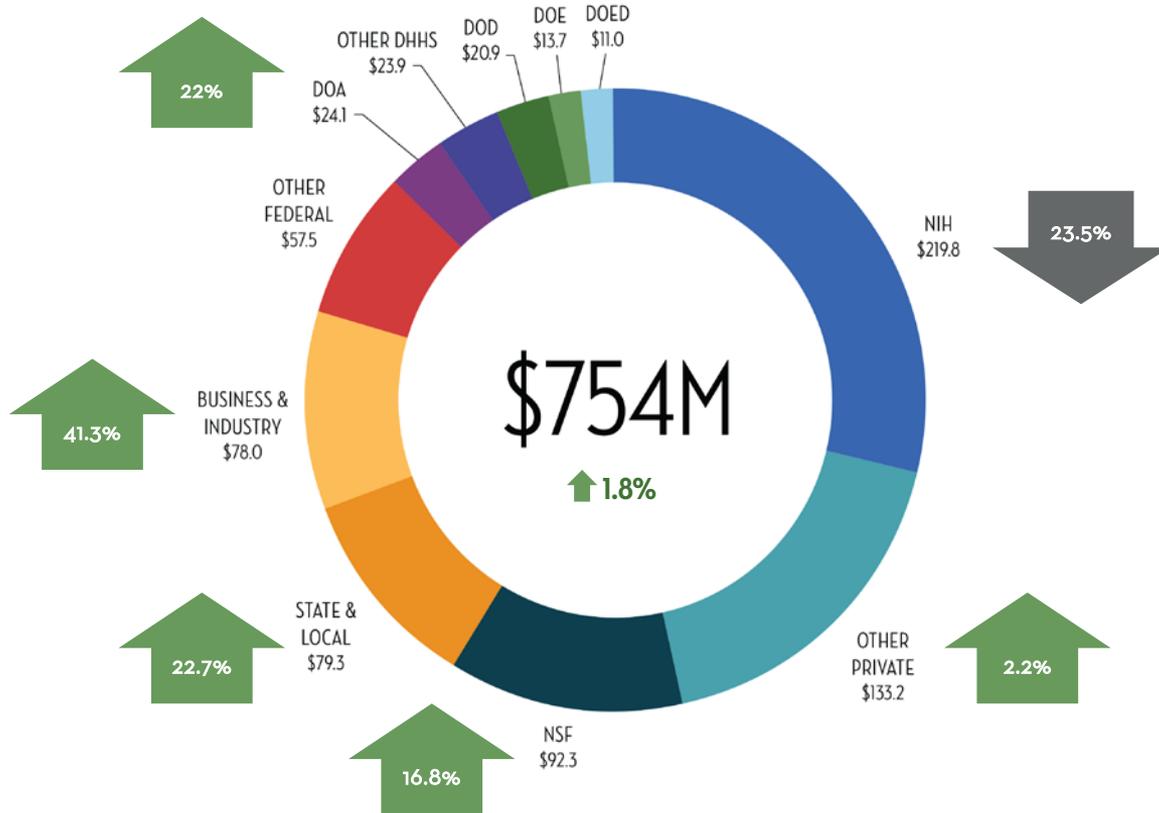
Research Growth: Research enterprise continues to grow and thrive, despite declining federal support

Collaborations and Partnerships: Increasing importance of collaboration, both public-private and academic partnerships, nationally and globally

Sustainable Funding Model: New research funding model needed to keep the academic enterprise thriving, generating ideas that make our lives better

RESEARCH STATISTICS

AWARDS BY SOURCE



Dollar amounts represented in millions



JOHN DEEN

Veterinary Medicine

John Deen in the College of Veterinary Medicine received a five-year award of up to \$50 million from USAID for the One Health Workforce project, an international effort that involves multiple U of M colleges, Tufts and 24 other universities across Africa and Asia to ensure nations have skilled health care workers to battle the spread of infectious diseases.





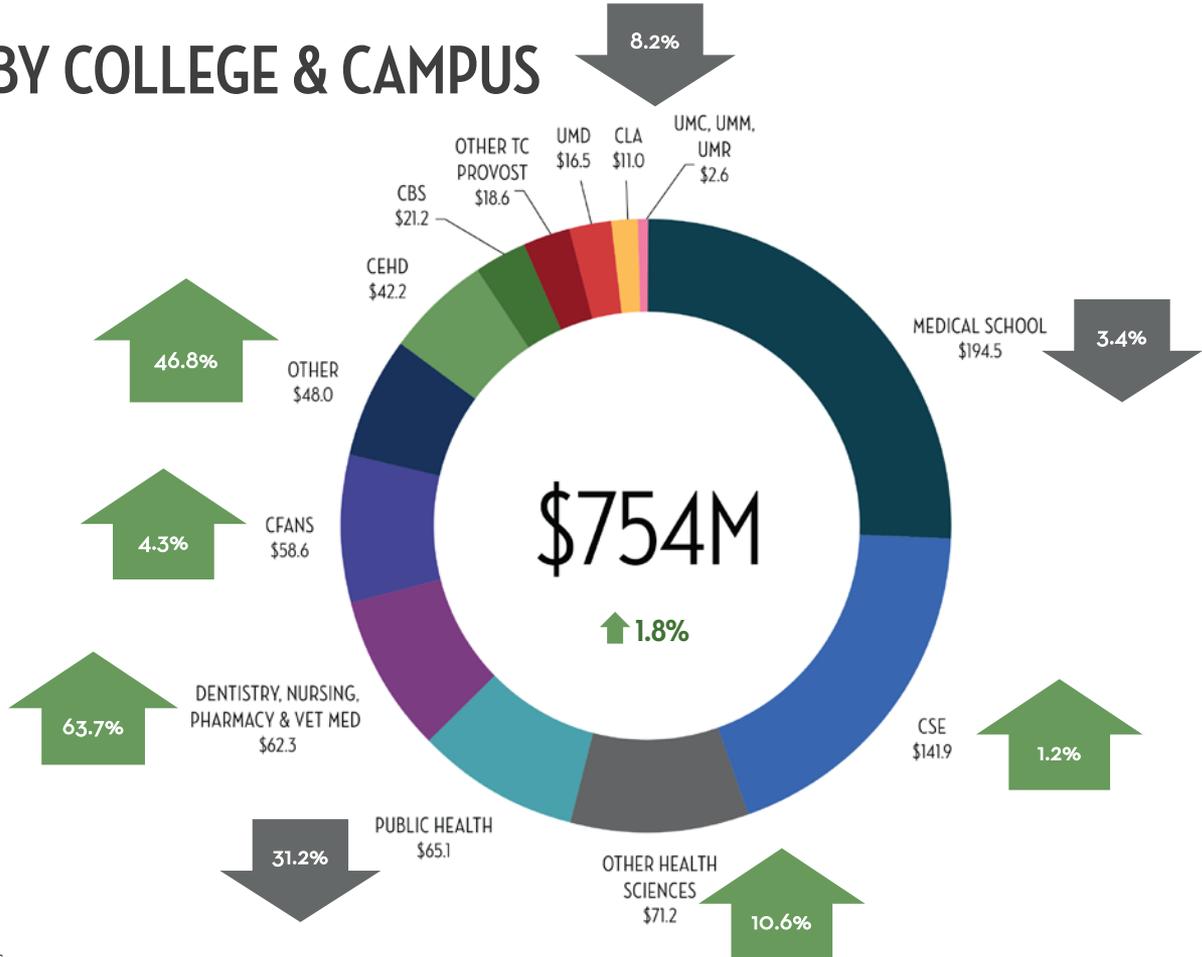
CENTER FOR SUSTAINABLE POLYMERS

Science and Engineering

In FY2015, the Center for Sustainable Polymers was awarded a Phase II NSF Center for Chemical Innovation grant totaling \$20 million over five years. The award will expand and enhance CSPs efforts to transform how plastics are made through innovative research, education and partnerships that foster environmental stewardship.

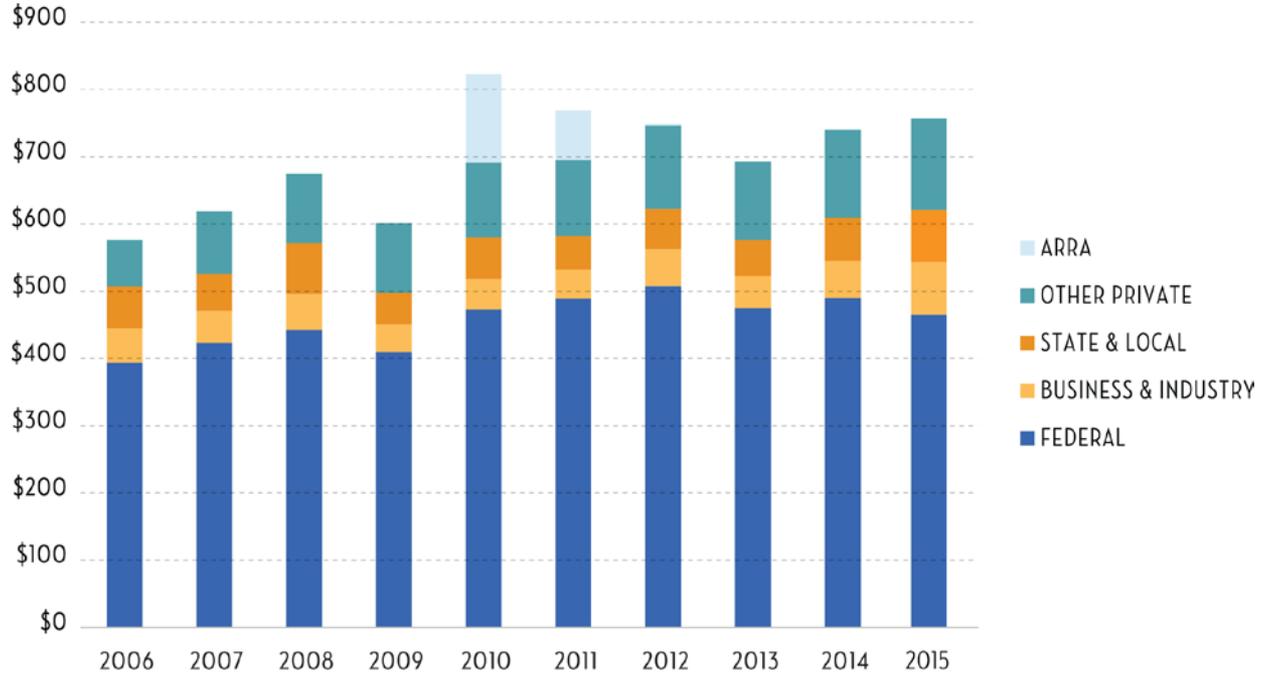
RESEARCH STATISTICS

AWARDS BY COLLEGE & CAMPUS



Dollar amounts represented in millions

AWARDS BY MAJOR SOURCE CATEGORY



**“Our big push right now is to diversify our funding sources.
We need to increase the share that comes from non-NIH
and non-federal sources.”**

-Education Advisory Board meeting, 2015

AWARDS BY MAJOR SOURCE CATEGORY

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ARRA	-	-	-	-	\$131.4	\$74.2	\$2.5	\$0.8	\$0.6	\$0.2
OTHER PRIVATE	\$68.8	\$93.6	\$103.2	\$104.1	\$111.3	\$112.8	\$123.9	\$116.8	\$130.1	\$133.0
STATE & LOCAL	\$62.8	\$55.0	\$75.9	\$46.8	\$61.8	\$50.0	\$59.7	\$53.1	\$64.6	\$79.3
BUSINESS & INDUSTRY	\$50.7	\$47.8	\$52.8	\$41.7	\$45.5	\$43.6	\$55.2	\$47.6	\$55.2	\$78.0
FEDERAL	\$393.8	\$422.9	\$442.9	\$409.3	\$472.7	\$488.5	\$507.7	\$475.2	\$490.0	\$463.1
TOTAL	\$576.1	\$619.2	\$674.8	\$601.9	\$822.7	\$769.1	\$749.1	\$693.4	\$740.6	\$753.6



0.4%

National inflation adjusted federal R&D funding: -22.6% defense categories, -1.5% non-defense categories

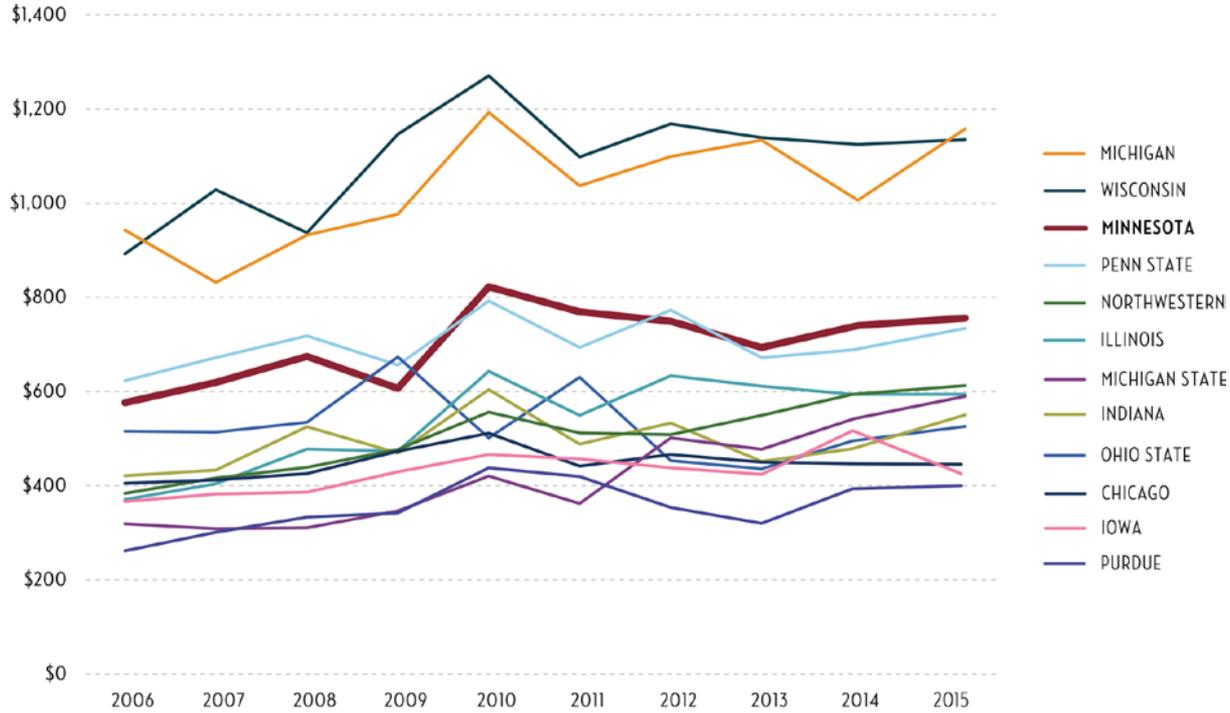
**“Academic isolation has long been impractical; in today's world,
it is impossible...no single institution has the resources in
faculty or facilities to go it alone.”**

-Herman B. Wells, CIC Founder, 1967

“No man is an island.”

-John Donne, 1624

AWARDS BY CIC INSTITUTION



Dollar amounts represented in thousands

NATIONAL & GLOBAL ANALYSIS

NATIONAL & GLOBAL ANALYSIS

TOP 20 INSTITUTIONS

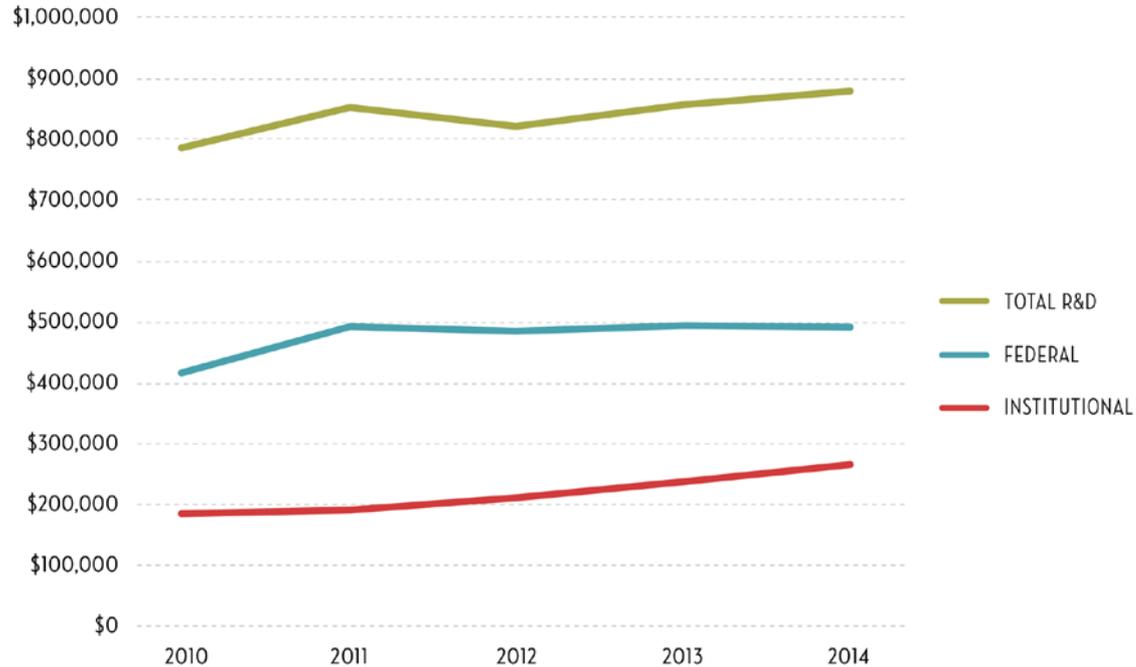
	NSF/HERD - 2014		CMUP - 2013*	ARWU (SHANGHAI) RANKINGS 2015		
	PUBLIC	EXPENDITURES	PUBLIC	WORLD	U.S.	U.S. PUBLIC
MICHIGAN	1	\$1,349,262	9 of 9	22	17	7
WASHINGTON	2	\$1,176,340	8 of 9	15	13	4
WISCONSIN	3	\$1,108,564	9 of 9	24	18	8
UC SAN FRANCISCO'	4	\$1,084,031	7 of 9	18	16	6
UC SAN DIEGO	5	\$1,067,388	8 of 9	14	12	3
NORTH CAROLINA	6	\$989,766	9 of 9	39	29	14
UCLA	7	\$948,197	9 of 9	12	10	2
MINNESOTA-TWIN CITIES	8	\$876,870	9 of 9	30	22	10
PITTSBURGH	9	\$856,806	8 of 9	70	41	24
TEXAS A&M	10	\$854,214	6 of 9	100	51	31
OHIO STATE	11	\$815,075	8 of 9	67	40	23
PENN STATE	12	\$800,773	8 of 9	60	36	20
TEXAS M.D. ANDERSON CANCER CENTER'	13	\$794,980	4 of 9	101-150	52-65	59
UC BERKELEY	14	\$744,343	9 of 9	4	4	1
GEORGIA TECH	15	\$725,550	7 of 9	101-150	52-65	55
UC DAVIS	16	\$711,721	5 of 9	57	35	19
FLORIDA	17	\$708,526	9 of 9	83	44	25
RUTGERS	18	\$644,116		64	39	22
ILLINOIS	19	\$621,733	9 of 9	29	21	9
ARIZONA	20	\$588,088	5 of 9	90	46	26
TEXAS	21	\$585,251	9 of 9	37	27	12

Dollar amounts represented in millions

*As of 10/13/2015 the 2013 CMUP data is the latest available.

*Total expenditures for all U of M campuses: \$901M

UMN R&D EXPENDITURES



INSTITUTIONAL FUNDING

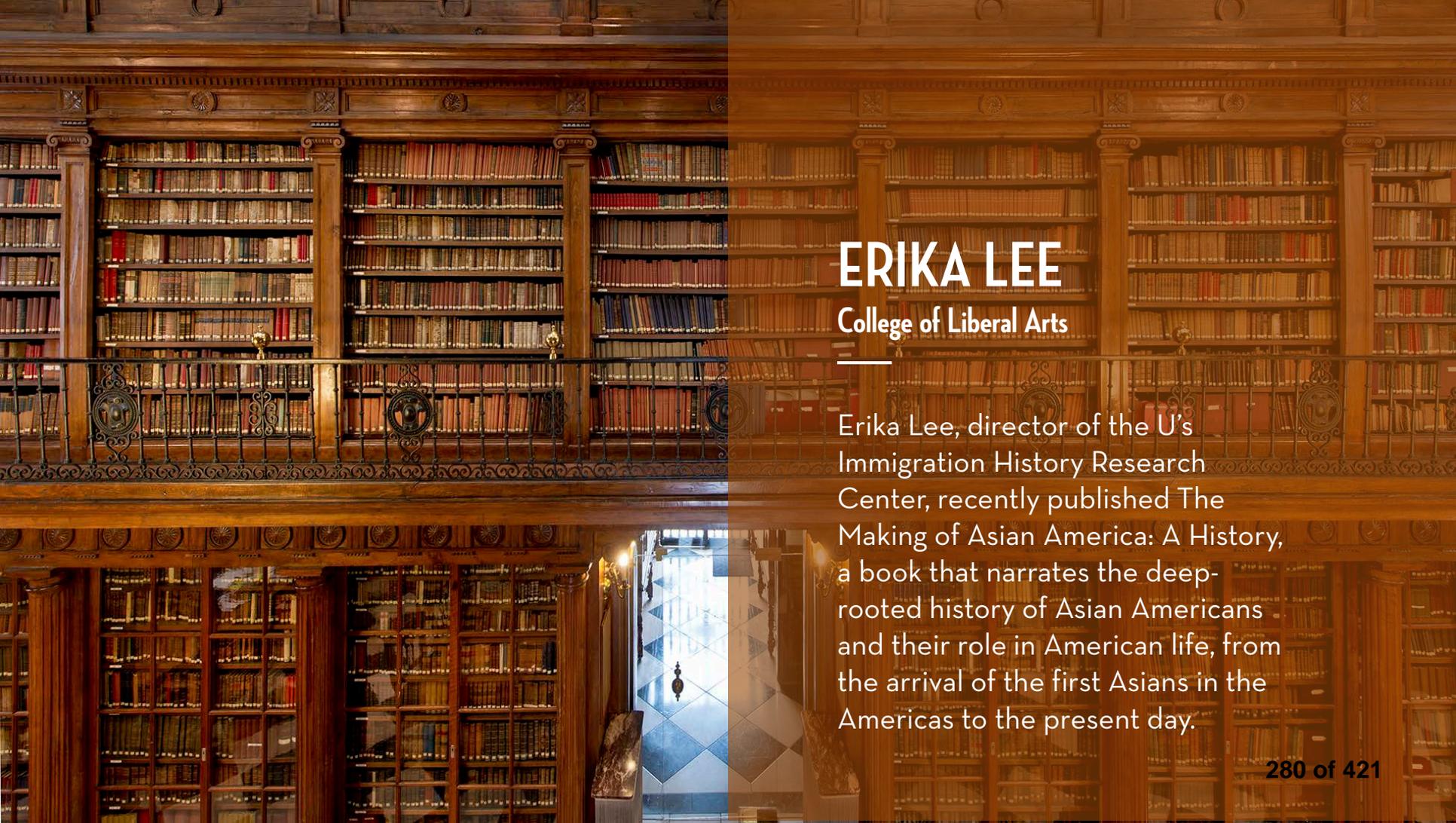
FY2014

\$256M total

\$183M direct funding

\$23.8M cost sharing

\$49.2M unrecovered F&A costs



ERIKA LEE

College of Liberal Arts

Erika Lee, director of the U's Immigration History Research Center, recently published *The Making of Asian America: A History*, a book that narrates the deep-rooted history of Asian Americans and their role in American life, from the arrival of the first Asians in the Americas to the present day.

TECHNOLOGY COMMERCIALIZATION

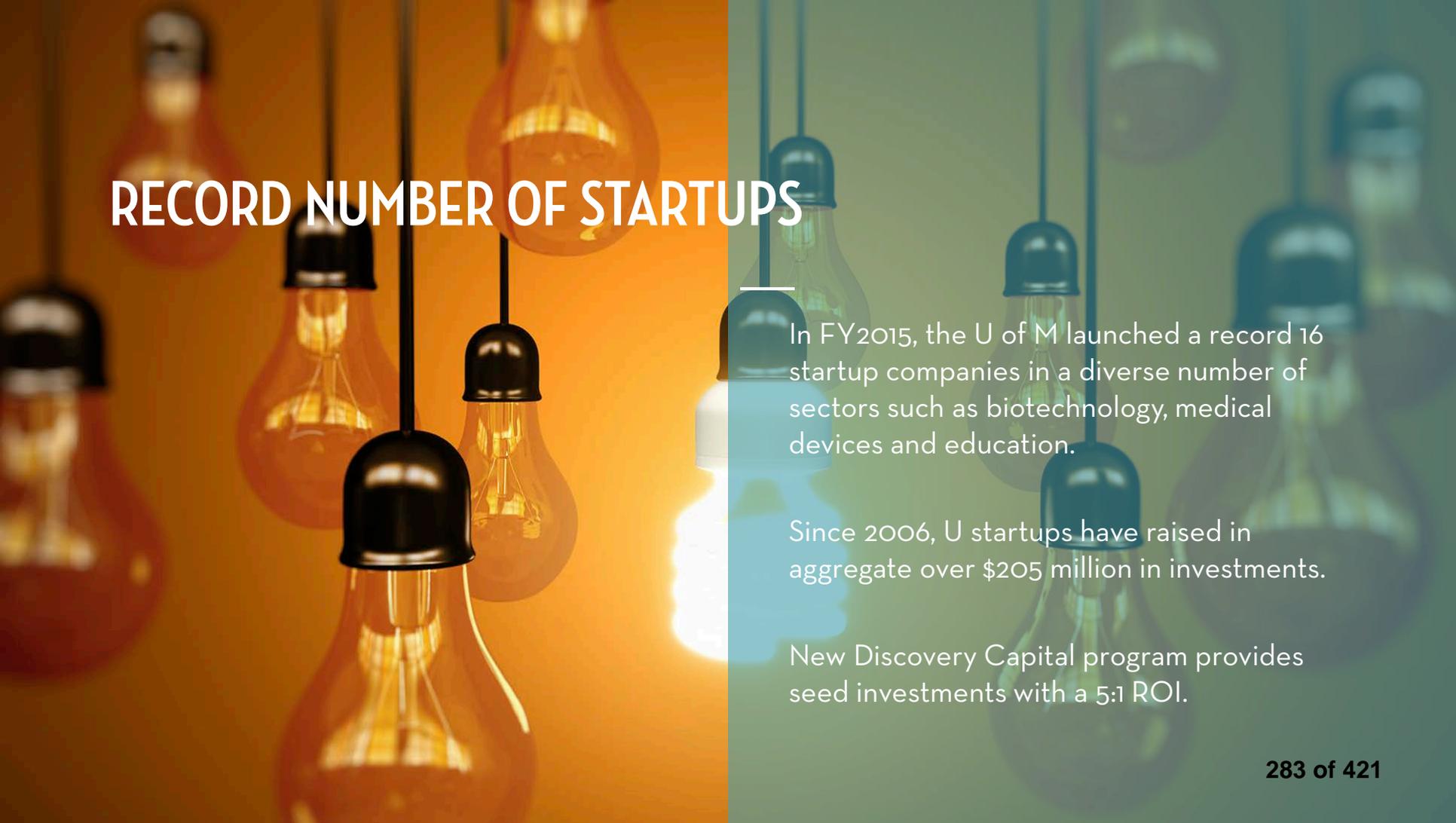
TECHNOLOGY COMMERCIALIZATION

	2011	2012	2013	2014	2015
GENERAL					
INVENTION DISCLOSURES	250	321	331	343	354
NEW LICENSES*	76	71	91	154	268
CURRENT REVENUE GENERATING AGREEMENTS*	457	426	331	429	544
GROSS REVENUES	\$10.1	\$45.7	\$39.5	\$27.4	\$20.2
OUTGOING MATERIAL TRANSFER AGREEMENTS	271	313	281	288	297
PATENTS					
ISSUED PATENTS (U.S. AND FOREIGN)	100	153	129	104	136
NEW U.S. PATENT FILINGS	78	115	148	138	146
MN-IP					
MN-IP RESEARCH AGREEMENTS	-	14	41	51	69
COMPANIES W/ MN-IP RESEARCH AGREEMENTS	-	15	38	44	54
SPONSORED RESEARCH COMMITMENTS	-	\$2.6	\$3.8	\$4.3	\$10.8
STARTUPS					
STARTUP COMPANIES	9	12	14	15	16

Dollar amounts represented in millions

* New Licenses and Current Revenue Generating Agreements now include Express Licenses with revenue greater than \$1,000. This accounts for an increase of 56 agreements over FY2013. Starting in FY2015, New Licenses and Current Revenue Generating Agreements include 94 FAST IBU licenses.

RECORD NUMBER OF STARTUPS



In FY2015, the U of M launched a record 16 startup companies in a diverse number of sectors such as biotechnology, medical devices and education.

Since 2006, U startups have raised in aggregate over \$205 million in investments.

New Discovery Capital program provides seed investments with a 5:1 ROI.

STRATEGIC & PROGRAM ACCOMPLISHMENTS

FIVE YEARS FORWARD

THROUGH COLLECTIVE INSPIRATION AND DISCOVERY



Enhance research
excellence



Advance transdisciplinary
partnerships



Accelerate transfer of
knowledge for the public
good



Promote culture of
serendipity

ADVANCING HUMAN RESEARCH PROTECTIONS

Reinforce an ethical culture

Provide more education training and training for investigators and staff

Improve IRB processes and policies

Develop new approaches to managing conflicts of interest

Increase community participation and oversight

MNDRIVE

629 researchers

210 projects funded

103 departments

21 colleges

3 campuses

\$57M external funding

41 invention disclosures



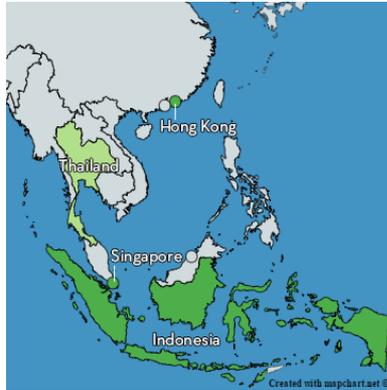
A woman with dark hair, wearing a patterned top and large earrings, is smiling and gesturing with her hands while speaking to a man in a light blue shirt. They are in a meeting setting with other people blurred in the background. The right side of the image is overlaid with a dark blue semi-transparent box containing text.

TRANSDISCIPLINARY RESEARCH PROGRAM

With funding from the MnDRIVE Transdisciplinary Research Program, a multi-disciplinary team of researchers is developing uninhabited aerial vehicles (UAVs) and computer monitoring technology to help farmers better detect and manage the threat of pests and decrease the environmental impact of pesticide use.

INTERNATIONAL RESEARCH

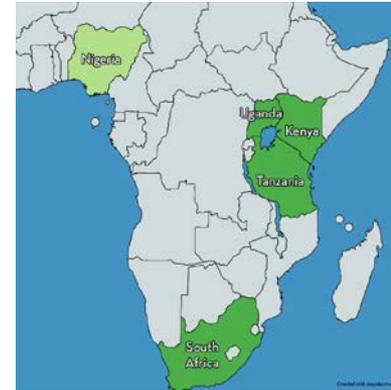
University researchers collaborate in 152 countries across the globe. We are supporting efforts to further advance international research in high-potential geographic regions.



Southeast Asia



South America



Africa

RESEARCH ADVANCEMENT

In the past five years, OVPR has invested **\$108 million** in research funding across the U of M campuses

Grant-in-Aid: \$15 million, 528 projects, 5 campuses, 29 colleges/units

ROI \$1:\$5.50

Minnesota Futures: Two, two-year grants of up to \$250,000

ROI \$1:\$7.5

Research Infrastructure: \$33 million, 46 projects, 2 campuses, 29 colleges/units, 2,027 infrastructure users

ECONOMIC DEVELOPMENT

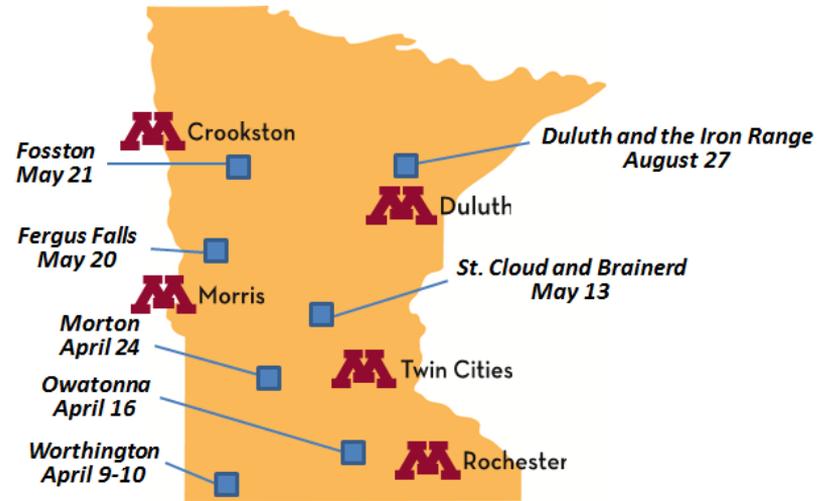
- Front Door and More
- Corporate Engagement Workgroup
- Economic development meetings around the state.

What we heard:

Meet workforce needs

Drive innovation and entrepreneurship

Access to University resources



CONVERGENCE COLLOQUIA

- 5 colloquia in 2015: smart cities and infrastructure, aging, health equity, renewable energy, sustainable food systems (4 in 2016)
- 340 participants from: 14 Twin Cities colleges, UMM and UMD 40 nonprofits, Met Council, state agencies and 25 private companies
- 29 proposals submitted for Serendipity Grants up to \$30K each
 - “Smart-Food-Flows” database to track/map food supply chains in the Minneapolis area to improve sustainability of local food production
 - Identify gaps in health care and aging services for transgender older adults in the Twin Cities and Arrowhead region

STATE OF RESEARCH

Research Growth: Research enterprise continues to grow and thrive, despite declining federal support **Opportunities:** Continue diversification, more efficient grants systems

Collaborations and Partnerships: Increasing importance of collaboration, both public-private and academic partnerships, nationally and globally **Opportunities:** Deepen and seed culture of collaboration, remove barriers to collaboration

Sustainable Funding Model: New research funding model needed to keep the academic enterprise thriving, generating ideas that make our lives better **Opportunities:** Institutional direct funding strategy, balance internal and external R&D investments



UNIVERSITY OF MINNESOTA
Driven to DiscoverSM

research.umn.edu

DATA SOURCES

AWARDS BY SOURCE

AWARDS BY COLLEGE & CAMPUS

AWARDS BY MAJOR SOURCE CATEGORY

OVPR Data Services

TECHNOLOGY COMMERCIALIZATION

OTC InfoEd System; UMN Enterprise Financial System

AWARDS BY CIC INSTITUTION

Committee on Institutional Cooperation
(researchadmin.iu.edu/cic.html)

ARTICLES AND QUOTES

Education Advisory Board (25 August, 2015). Charter Advisor Roundtable for Chief Research Officers, Washington, D.C.

Wells, H.B. (1967). A Case Study on Interinstitutional Cooperation, Educational Record, Fall 1967. Retrieved Nov. 23, 2015 from <http://bit.ly/1TwHw40>

TOP 20 INSTITUTIONS

UMN R&D EXPENDITURES

Association of American Universities Data Exchange (aaude.org)

University of California, San Francisco

University of Texas M.D. Anderson Cancer Center

National Science Foundation (nsf.gov/statistics/srvyherd/)

Center for Measuring University Performance (mup.asu.edu)

Note: Rankings are based on nine measures: Total Research, Federal Research, Endowment Assets, Annual Giving, National Academy Members, Faculty Awards, Doctorates Granted, Postdoctoral Appointees and SAT/ACT range.

Academic Ranking of World Universities (shanghairanking.com)

Note: Rankings are determined by several indicators, including alumni and staff winning Nobel Prizes and Fields Medals, highly cited researchers, papers published in Nature and Science, papers indexed in major citation indices, and the per capita academic performance of an institution.



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Annual Financial Report

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Richard Pfutzenreuter, Vice President & CFO
Michael Volna, Associate Vice President & Controller

PURPOSE & KEY POINTS

The annual financial report presents the financial position and results of operations for the University for FY 2015, with comparative data for FY 2014. The presentation will cover:

- Highlights of assets, liabilities, and net position.
- A discussion of revenues and expenses for FY 2015 with comparative results for FY 2014.
- An overview of the statement of cash flows.
- A summary of component unit information.
- Information about the impact of GASB 68.

A copy of the FY 2015 audited financial statements and a two-page summary of the major fluctuations in financial amounts between FY 2015 and FY 2014 are included in the docket materials.

BACKGROUND INFORMATION

This report is prepared annually and presented to the Finance Committee in conformance with Board of Regents Policy: *Board Operations and Agenda Guidelines*.

University of Minnesota
Summary of Impact of GASB Statements 68 & 71

GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued with the objective of improving the accounting and financial reporting for pensions, along with improving information regarding financial support for pensions provided by other entities. The provisions of this Statement are effective for fiscal year 2015.

GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, addresses an issue regarding application of the transition provisions of GASB 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are effective for fiscal year 2015, in tandem with GASB 68.

These two standards together collectively set new accounting and financial reporting requirements for employer pension plans administered through trusts or equivalent arrangements. The University is impacted by these two standards due to its participation in the State Employees Retirement Fund (SERF), and the Public Employee Police and Fire Fund (PEPFF) which are managed by the Minnesota State Retirement System (MSRS) and the Public Employees Retirement Association (PERA), respectively—both of which are cost-sharing multiple-employer pension plans. As such, the University has included its proportionate share of the total long-term liability for benefits in its statement of net position and statement of revenues, expenses, and changes in net position for the fiscal year ending June 30, 2015.

According to the SERF portion and PEPFF portion of the MSRS and PERA 2014 Comprehensive Annual Financial Reports as of June 30, 2014, respectively, an actuarial calculation of the combined Net Pension Liability (NPL) of \$2.7 billion was recorded. The University's proportionate share of the combined NPL is approximately \$266.5 million. In addition, GASB 68 requires the reporting of changes in actuarial assumptions and other actuarial factors to be categorized as deferred inflows of resources or deferred outflows of resources, both of which are to be amortized over a five-year period. Also, due to the actuarial valuation measurement date being July 1, 2014, GASB 71 requires any subsequent contributions related to fiscal year 2015 be recorded as a deferred outflow of resources, which are not amortized. Currently, the estimated deferred outflows of resources to be recorded in the University's financial statements are approximately \$23.0 million and the estimated deferred inflows of resources are approximately \$368.2 million. The University recorded a cumulative effect of the change in accounting principle of \$682.5 million against net position in 2015.

MSRS' employer and employee contribution rates (based on "covered payroll") for SERF are currently 5.5% for both employer and employee, and PERA's contribution rates for PEPFF are 16.2% for employer and 10.8% for employee, respectively. Contribution rates are set by the Minnesota State Legislature, not by GASB. Therefore, the University's adoption of GASB 68 & 71 will have no direct impact on changes to plan documents, the legal obligation to fund the plans through employer and employee contributions, or the payment of participant benefits. Any additional cash flow impacts would be a direct result of the Legislature making future changes to the contribution rates associated with the plans.

University of Minnesota

*Consolidated Financial Statements for the Years
Ended June 30, 2015 and 2014, Independent
Auditors' Report, and Management's Discussion
and Analysis*

Financial Report

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Benefits Plan and Other Postemployment Benefits
- 80 Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of net position of the University of Minnesota (the "University") as of June 30, 2015 and 2014, the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of the discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended and the financial statements of the discretely presented component units as of and for the years ended June 30, 2015 and 2014, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, the University adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress, as listed in the table of contents, which are the responsibility of the University's management, be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Deloitte & Touche LLP

November 10, 2015

Management's Discussion and Analysis

(Unaudited)

Introduction

This discussion and analysis of the University of Minnesota's (the University) consolidated financial statements provides an overview of the consolidated financial position and activities of the University for the years ended June 30, 2015, 2014, and 2013. The discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the accompanying notes.

The University of Minnesota is both the state's land-grant university, with a strong tradition of education and public service, and a major research institution, with faculty of national and international reputation. Its mission is to offer undergraduate, graduate, and professional instruction through the doctoral degree, and to be the primary state-supported academic institution for research and extension services.

The University of Minnesota, founded in 1851, has five campuses (Twin Cities, Duluth, Morris, Crookston, and Rochester), research and outreach centers, and extension service offices throughout the state.

The University's enrollment for all five campuses is approximately 68,000 students, with the Twin Cities campus having the largest student enrollment of approximately 52,000 students. The University is among the top nine public research institutions nationally. The University is the state's major research institution with expenditures of approximately \$700.2 million, \$679.7 million, and \$656.6 million in fiscal years 2015, 2014, and 2013, respectively, for research under various programs funded by governmental and private sources.

The Duluth campus is a comprehensive regional university that offers instruction through the doctoral degree and has unique research strengths in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities.

The Morris campus is ranked as one of the top public liberal arts colleges in the nation and is a leader in environmental issues.

The Crookston campus provides career-oriented education at the baccalaureate level, primarily in polytechnical disciplines.

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and post-baccalaureate levels and conducts research in the areas of health sciences and biotechnology.

Mission

The University of Minnesota's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery, teaching and learning, and outreach and public service.

- **Research and Discovery**—To generate and preserve knowledge, understanding, and creativity by conducting high quality research, scholarship, and artistic activities that benefit students, scholars, and communities across the state, the nation, and the world.
- **Teaching and Learning**—To share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and to prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students

interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.

- **Outreach and Public Service**—To extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

Operations

The University of Minnesota conducts its mission activities at its campuses and other facilities throughout the state. Each year, the University of Minnesota:

- provides instruction for approximately 68,000 students;
- graduates approximately 15,800 students, 40 percent with graduate or first professional degrees on the Twin Cities campus;
- provides over 300 student exchange programs, ranking third nationally with learning abroad programs;
- conducts research sponsored by the National Institutes of Health, the National Science Foundation, other federal, state, and governmental agencies, and numerous private companies and foundations;
- reaches out to more than one million Minnesotans through various outreach and public service activities.

Consolidated Financial Statements

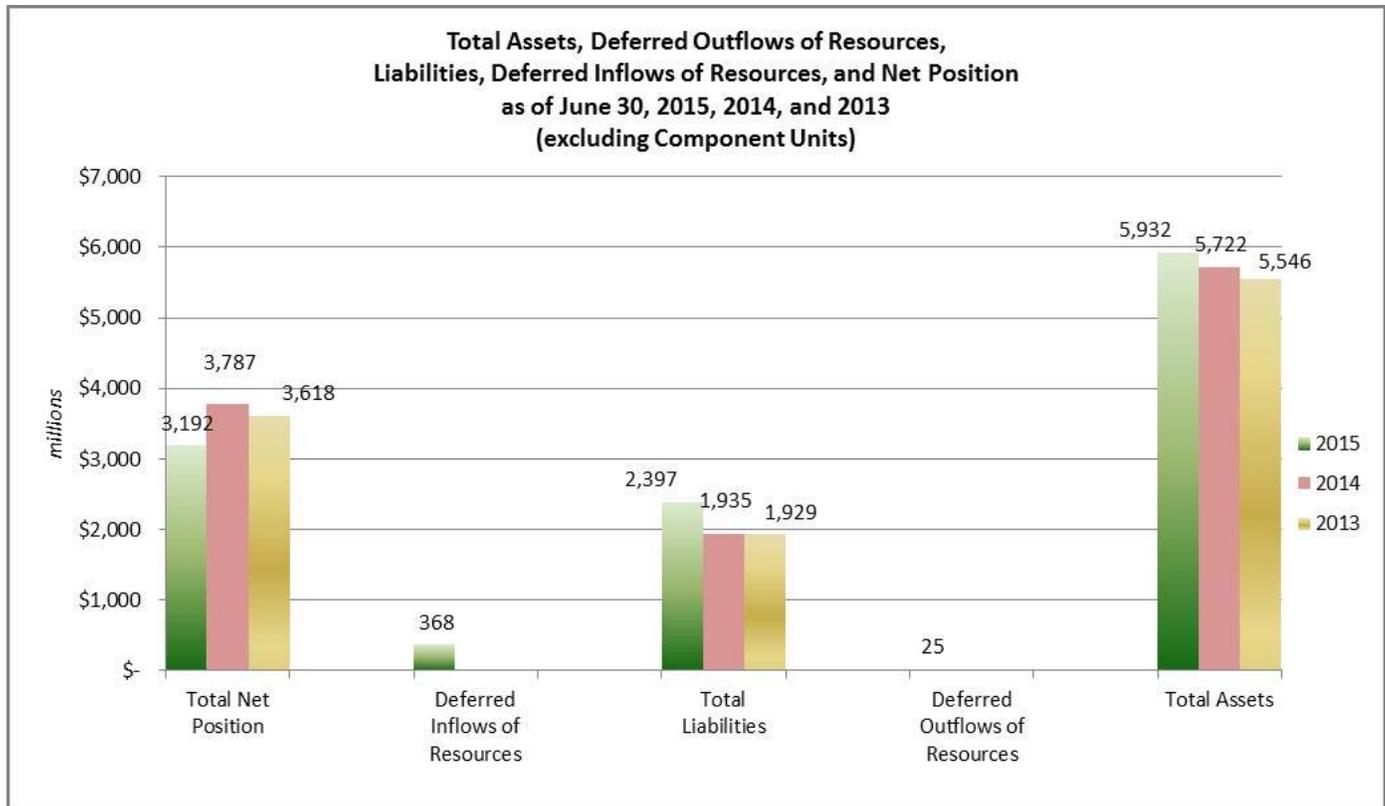
The consolidated financial statements are prepared in accordance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). The consolidated financial statements required under these reporting standards include the Consolidated Statements of Net Position; the Consolidated Statements of Revenues, Expenses, and Changes in Net Position; and the Consolidated Statements of Cash Flows. All are reported on a consolidated basis for the University as a whole. Also required are the financial results of the University's legally separate component units.

In fiscal year 2015, the University implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. GASB 68 and 71 require state and local government employers to recognize a net pension liability for defined benefit plans where the entity is a participant. The University pension plans impacted by GASB 68 and 71 are the State Employees' Retirement Fund (SERF and MSRS) and Public Employee Police and Fire Fund (PEPFF and PERA). The University recorded a deferred outflow of resources, a net pension liability and a deferred inflow of resources of \$25.1 million, \$266.5 million, and \$368.2 million, respectively. Refer to Footnote 1 and Footnote 6 for additional information related to the implementation of GASB 68 and 71.

Financial Highlights

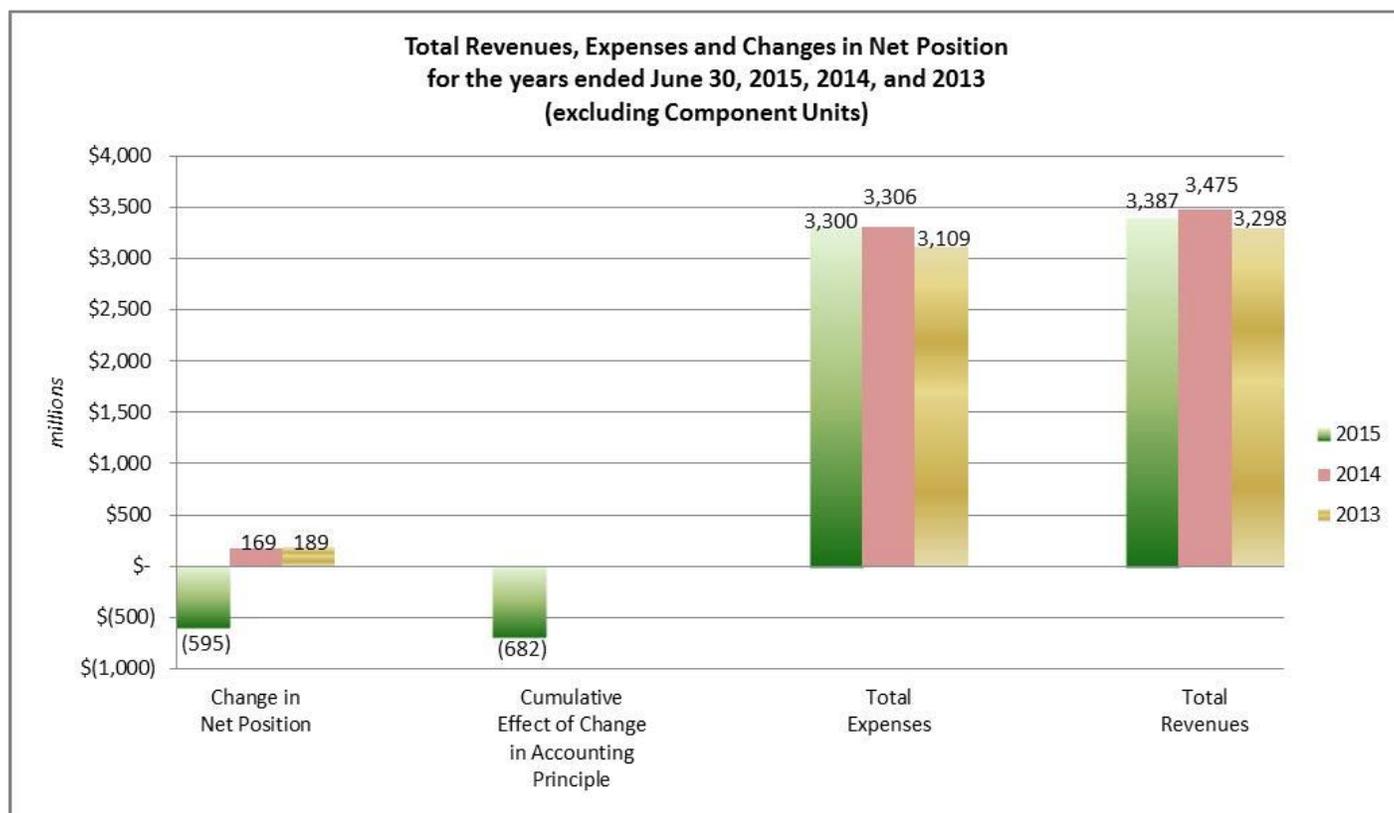
The University's financial position remains strong with assets of \$5.9 billion, an increase of \$0.2 billion from fiscal year 2014. Liabilities increased to \$2.4 billion compared to \$1.9 billion for fiscal year 2014. The University's net position, the difference between total assets, deferred outflows of resources, total liabilities, and deferred inflows of resources, decreased year over year to \$3.2 billion as of June 30, 2015 compared to \$3.8 billion as of June 30, 2014, primarily because of the impact from adopting GASB 68 and 71.

The following chart summarizes total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2015, 2014 and 2013, respectively:



The change in net position represents the financial results during the fiscal year and is the difference between total revenue and total expense. The University's net position decreased \$595.1 million in fiscal year 2015 compared to an increase of \$169.3 million in fiscal year 2014. With the implementation of GASB 68 and 71, the University recorded a cumulative effect of a change in accounting principle of \$682.5 million. A cumulative effect of a change in accounting principle is the cumulative impact to the consolidated financial statements related to prior fiscal years.

The following chart summarizes total revenues, expenses and the changes in net position for the years ended June 30, 2015, 2014 and 2013, respectively:



The University experienced a decrease in total revenue of \$87.7 million or 2.5 percent predominately due to decreases in investment income. Operating revenues increased \$62.3 million or 3.0 percent. Total expenses decreased \$5.9 million or 0.2 percent primarily due to decreases in operating expenses. The University continues to focus on instruction, research and public service while continuing to emphasize controlling operating expenses.

Consolidated Statements of Net Position

The Consolidated Statements of Net Position present the consolidated financial position of the University at the end of the fiscal year, under a classified balance sheet format that reflects current and noncurrent assets, deferred outflows of resources, current and noncurrent liabilities, deferred inflows of resources, and reports net position under four separate classifications.

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2015, 2014 and 2013 is summarized in the table below:

Condensed Statements of Net Position
(in thousands)

	2015	2014	2013
Assets			
Current assets	\$ 694,115	\$ 589,977	\$ 629,376
Noncurrent assets, excluding capital assets	2,281,179	2,231,939	2,040,048
Capital assets, net	2,957,133	2,900,494	2,876,914
Total assets	5,932,427	5,722,410	5,546,338
Deferred outflows of resources	25,100		
Liabilities			
Current liabilities, excluding long-term debt	473,587	444,319	443,100
Noncurrent liabilities, excluding long-term debt	502,318	208,518	184,726
Long-term debt	1,421,428	1,282,507	1,300,730
Total liabilities	2,397,333	1,935,344	1,928,556
Deferred inflows of resources	368,220		
Net position			
Unrestricted	290,546	812,356	820,146
Restricted—expendable	927,440	1,004,191	865,819
Restricted—nonexpendable	297,469	289,366	277,601
Net investment in capital assets	1,676,519	1,681,153	1,654,216
Total net position	\$ 3,191,974	\$ 3,787,066	\$ 3,617,782

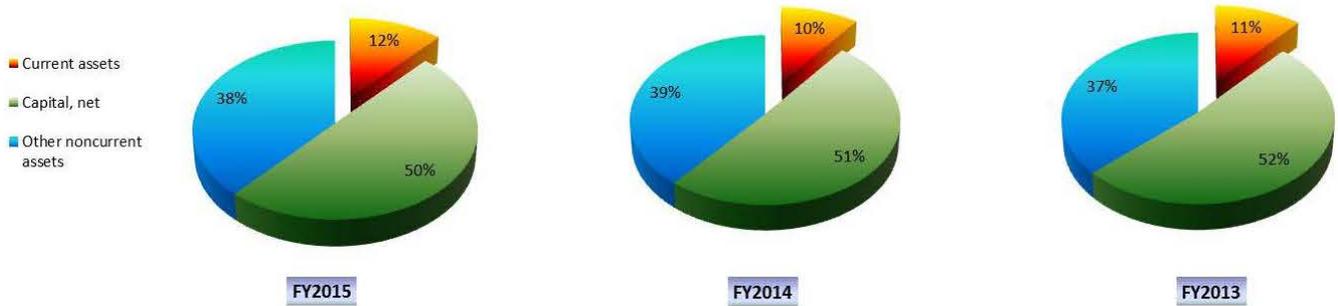
Assets

Current assets are used to support current operations and consist primarily of cash and cash equivalents, net receivables and short-term investments.

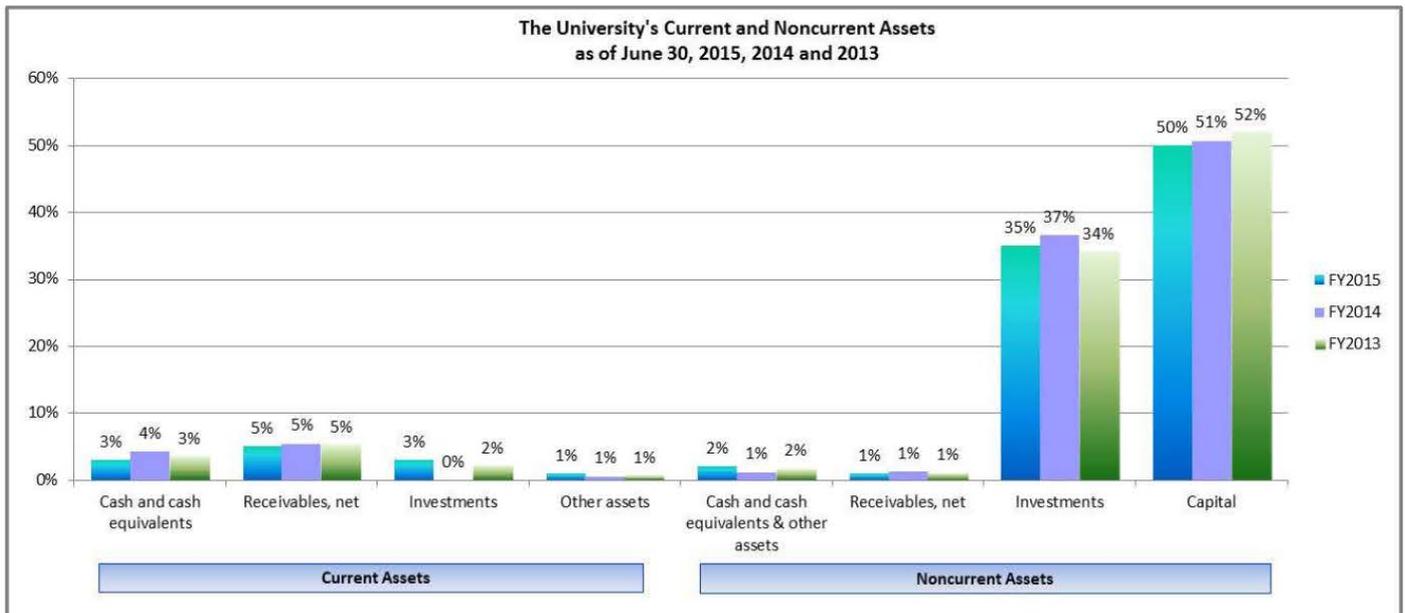
Noncurrent assets consist primarily of investments, capital assets net of accumulated depreciation, and student loan receivables.

The following charts illustrate the composition of total assets:

The University's Total Assets as of June 30, 2015, 2014 and 2013



The University's Current and Noncurrent Assets as of June 30, 2015, 2014 and 2013



The University's current and noncurrent assets as of June 30, 2015, 2014 and 2013

(in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Current assets							
Cash and cash equivalents	\$ 183,451	\$ 243,049	\$ 194,006	\$ (59,598)	(24.5%)	\$ 49,043	25.3%
Receivables, net	285,336	312,323	310,878	(26,987)	(8.6%)	1,445	0.5%
Investments	185,724	676	89,534	185,048	27374.0%	(88,858)	(99.2%)
Other assets	39,604	33,929	34,958	5,675	16.7%	(1,029)	(2.9%)
Total current assets	694,115	589,977	629,376	104,138	17.7%	(39,399)	(6.3%)
Noncurrent assets							
Capital	2,957,133	2,900,494	2,876,914	56,639	2.0%	23,580	0.8%
Other noncurrent assets							
Cash and cash equivalents & other assets	150,656	68,522	92,656	82,134	119.9%	(24,134)	(26.0%)
Receivables, net	72,444	71,699	58,236	745	1.0%	13,463	23.1%
Investments	2,058,079	2,091,718	1,889,156	(33,639)	(1.6%)	202,562	10.7%
Total other noncurrent assets	2,281,179	2,231,939	2,040,048	49,240	2.2%	191,891	9.4%
Total assets	\$ 5,932,427	\$ 5,722,410	\$ 5,546,338	\$ 210,017	3.7%	\$ 176,072	3.2%

As of June 30, 2015, total assets increased \$210.0 million primarily due to increases in cash and cash equivalents, investments and capital. Investments increased \$151.4 million primarily due to increases in both the Consolidated Endowment Fund fair market value and in Temporary Investment Pool investment activity. Cash and cash equivalents increased \$22.5 million. Noncurrent cash and cash equivalents consist of unspent bond proceeds of \$148.3 million and \$66.9 million in fiscal year 2015 and 2014, respectively. Capital assets, net of accumulated depreciation, increased \$56.6 million due to increased spending on construction projects, specifically the Ambulatory Care Clinic, the Microbiology Research Facility and the Combined Heat and Power Plant. Refer to Footnote 4 for additional information related to capital assets.

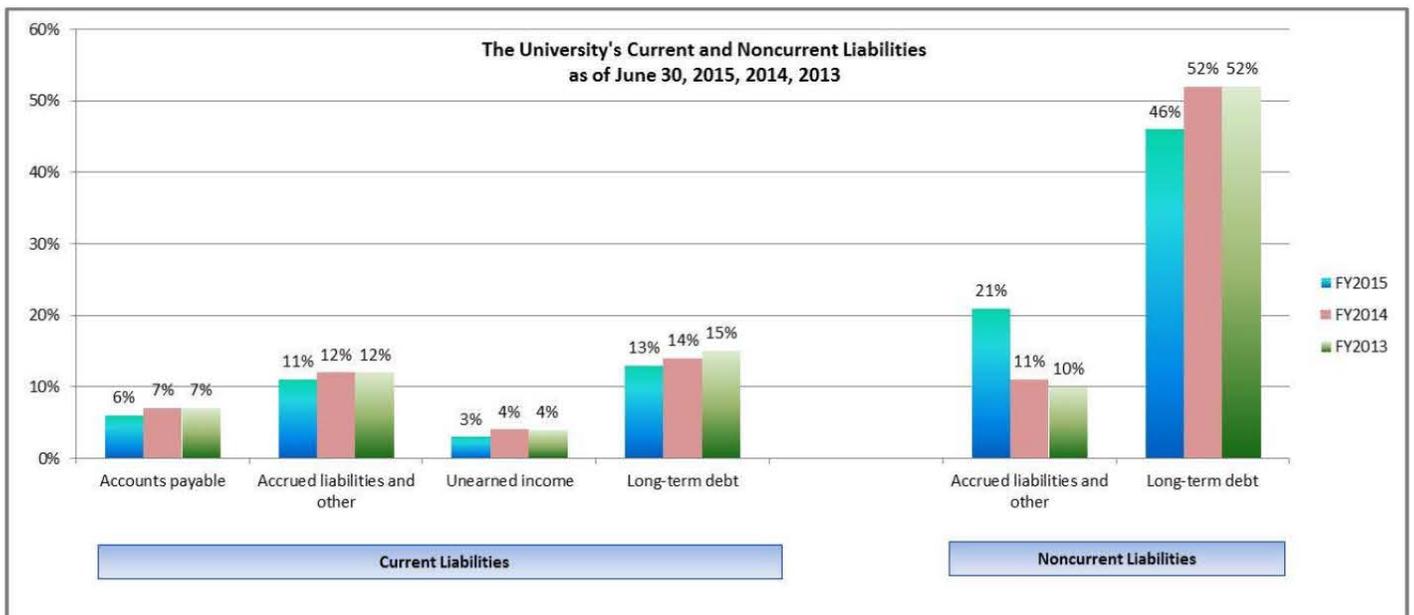
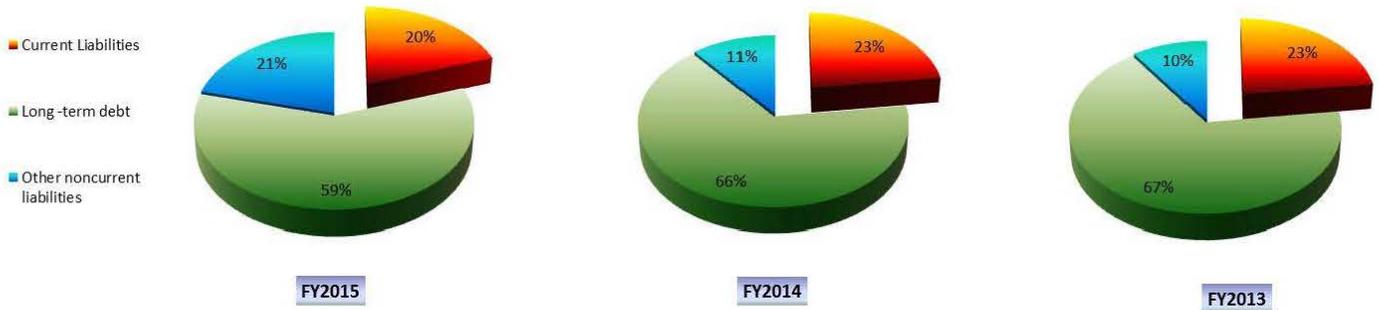
Liabilities

Current liabilities are obligations that are expected to become due and payable during the next fiscal year. Current liabilities consist primarily of accounts payable and accrued liabilities including salaries and compensation-related expenditures, and unearned income. Current unearned income is comprised of revenue related to summer session tuition and fees deferred to the following fiscal year, and funds received in advance of expenditures on sponsored accounts.

The University's noncurrent liabilities consist primarily of accrued liabilities, capital obligations, notes payable, leases and bonds payable (long-term debt). The University's long-term debt represents 59 percent of total liabilities or \$1,421.4 million as of June 30, 2015 compared to 66 percent or \$1,282.5 million as of June 30, 2014.

The following charts illustrate the composition of total liabilities:

The University's Total Liabilities as of June 30, 2015, 2014 and 2013



The University's current and noncurrent liabilities as of June 30, 2015, 2014 and 2013
(in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Current liabilities							
Accounts payable	\$ 140,114	\$ 131,403	\$ 134,954	\$ 8,711	6.6%	\$ (3,551)	(2.6%)
Accrued liabilities and other	259,912	244,389	239,401	15,523	6.4%	4,988	2.1%
Unearned income	73,561	68,527	68,745	5,034	7.3%	(218)	(0.3%)
Long-term debt	309,805	272,026	285,416	37,779	13.9%	(13,390)	(4.7%)
Total current liabilities	783,392	716,345	728,516	67,047	9.4%	(12,171)	(1.7%)
Noncurrent liabilities							
Accrued liabilities and other	502,264	205,360	184,564	296,904	144.6%	20,796	11.3%
Unearned income *	54	3,158	162	(3,104)	(98.3%)	2,996	1849.4%
Long-term debt	1,111,623	1,010,481	1,015,314	101,142	10.0%	(4,833)	(0.5%)
Total noncurrent liabilities	1,613,941	1,218,999	1,200,040	394,942	32.4%	18,959	1.6%
Total Liabilities	\$ 2,397,333	\$ 1,935,344	\$ 1,928,556	\$ 461,989	23.9%	\$ 6,788	0.4%

* Total is less than 1 percent - not included in the graph.

As of June 30, 2015, total liabilities increased \$462.0 million primarily due to increases in accrued liabilities and long-term debt. Accrued liabilities increased \$312.4 million primarily due to the recording of the University's net pension liability of \$266.5 million as a result of GASB 68 and 71 implementation and the gradual amortization of the University's full liability related to Other Post-Employment Benefits (OPEB). The University recorded an increase in the OPEB liability of \$18.9 million in fiscal years 2015 and 2014. As of June 30, 2015, the cumulative OPEB liability of \$120.2 million was recorded as a current liability of \$4.4 million and a noncurrent liability of \$115.8 million.

Long-term debt increased \$138.9 million or 10.8 percent. The University issued General Obligation Bonds Series 2014B, with a par amount of \$145.8 million and Taxable Commercial Paper Series E in the amount of \$51.6 million in fiscal year 2015. Additions from the issuance were offset by normal amortization of the bonds, premiums and discounts. Refer to Footnote 5 for additional information related to long-term debt.

Deferred Outflows and Inflows of Resources

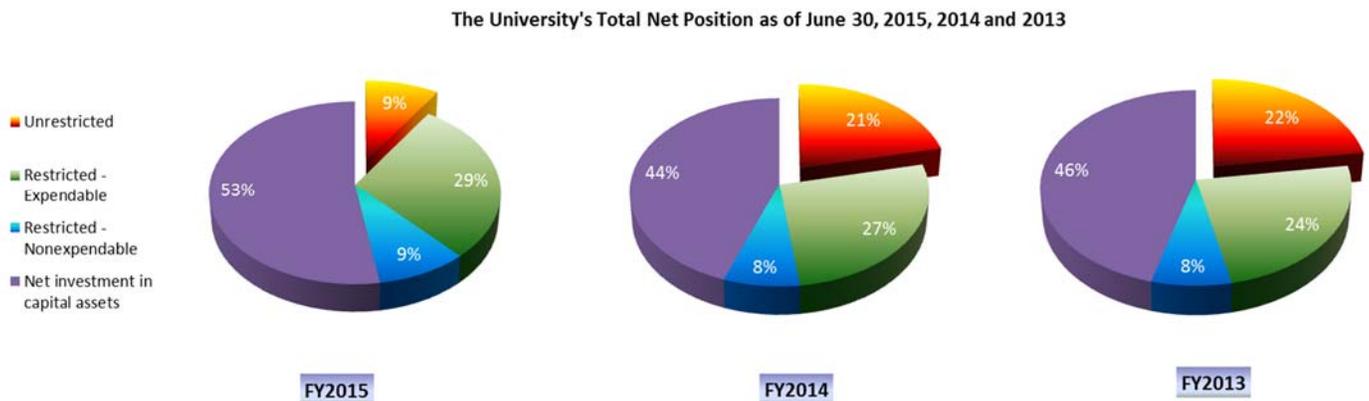
In fiscal year 2014, the University implemented GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. GASB 65 specifies certain items that were previously reported as assets and liabilities must be reclassified and reported as deferred outflows and inflows of resources. Deferred outflows of resources are items previously reported as assets that result in the outflow of net position in the current reporting period for activities applicable to a future reporting period. Likewise, deferred inflows of resources are items previously reported as liabilities that result in the inflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2015, the deferred outflows of resources and deferred inflows of resources increased \$25.1 million and \$368.2 million, respectively.

Net Position

Net position represents the residual value of the University's assets and deferred outflows of resources, after deducting liabilities and deferred inflows of resources and consists of the following three classifications:

- **Unrestricted net position**—Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the institution and include resources that may be designated for specific purposes as determined by management or the Board of Regents.
- **Restricted net position, which is divided into two categories—expendable and nonexpendable**—Expendable assets are available for expenditure by the institution, but only in accordance with restrictions placed on their use by donors and other external entities. Nonexpendable assets are also externally restricted, but are required to be retained in perpetuity, including the University's true endowments and institutional contributions to refundable loan programs.
- **Net investment in capital assets**—Includes property, plant, and equipment, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to these capital assets.

The following charts illustrate the composition of the University's total net position:



The University's total net position as of June 30, 2015, 2014 and 2013

(in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Unrestricted	\$ 290,546	\$ 812,356	\$ 820,146	\$ (521,810)	(64.2%)	\$ (7,790)	(0.9%)
Restricted:							
Expendable	927,440	1,004,191	865,819	(76,751)	(7.6%)	138,372	16.0%
Nonexpendable	297,469	289,366	277,601	8,103	2.8%	11,765	4.2%
Net investment in capital assets	1,676,519	1,681,153	1,654,216	(4,634)	(0.3%)	26,937	1.6%
Total net position	\$ 3,191,974	\$ 3,787,066	\$ 3,617,782	\$ (595,092)	(15.7%)	\$ 169,284	4.7%

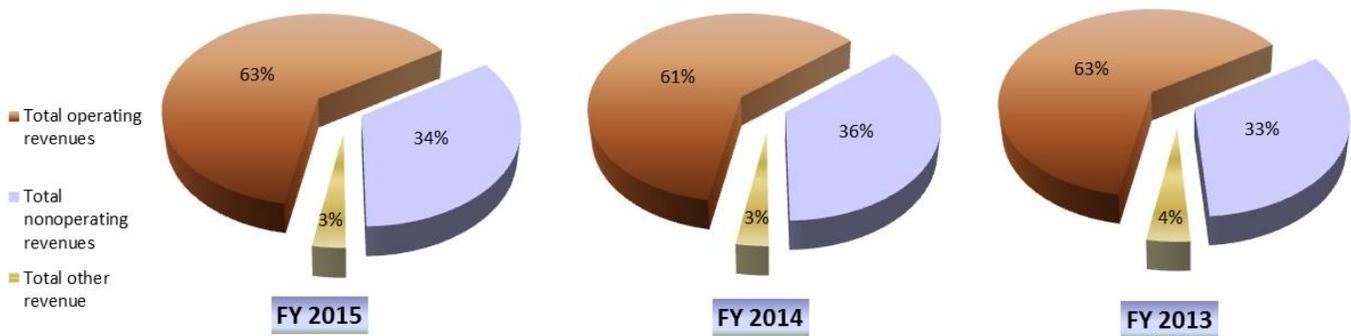
The University's unrestricted net position decreased \$521.8 million in fiscal year 2015 due to the implementation of GASB 68 and 71 which was partially offset by fiscal year 2015 activity. The University's restricted expendable net position decreased \$76.8 million in fiscal year 2015 compared to an increase of

\$138.4 million in fiscal year 2014 due to changes in market values related to endowments and the recording of the University's net pension liability.

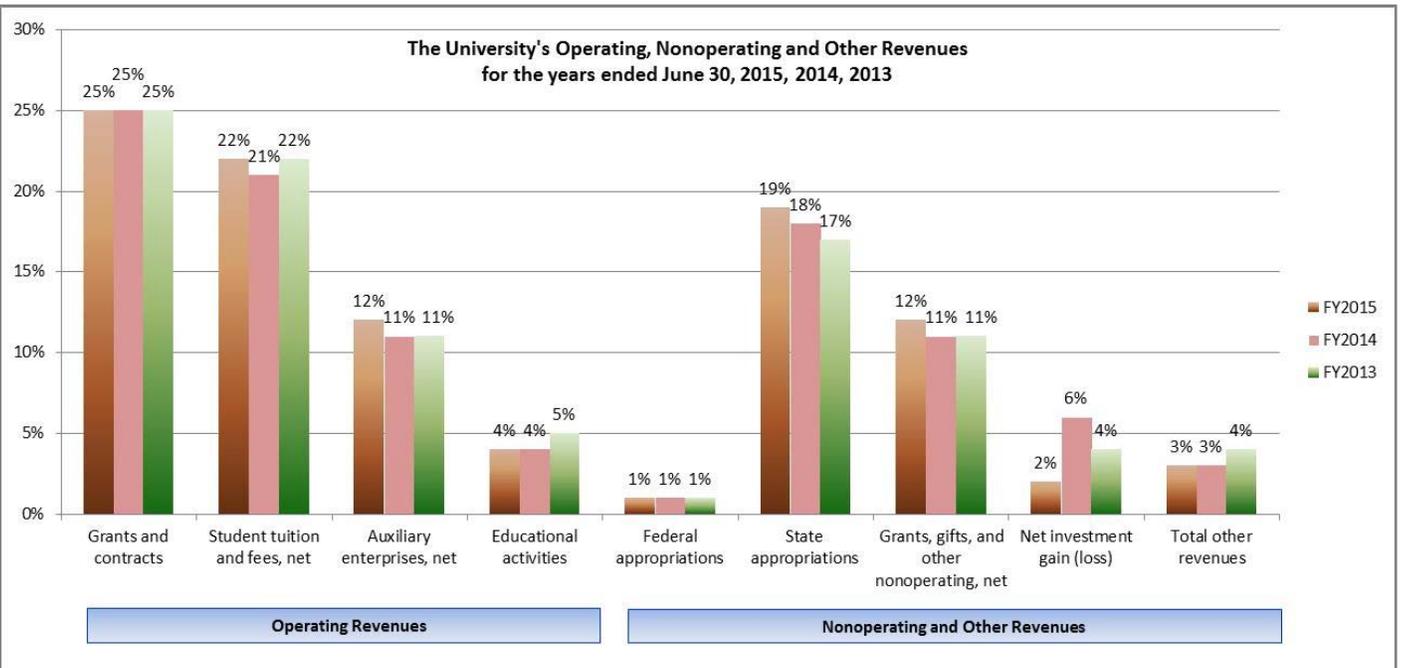
Consolidated Statements of Revenues, Expenses and Changes in Net Position

The Consolidated Statements of Revenues, Expenses, and Changes in Net Position present the institution's operating, nonoperating, and capital and endowment related financial activity during the year. This statement differentiates between operating and nonoperating revenues and expenses, and it displays the net income or loss from operations. Operating revenues are those generated by the University's principal ongoing operations such as tuition, sponsored research grants and contracts, and sales and services provided by the University's educational and self-supporting auxiliary units. State appropriations are reported as nonoperating revenues, as are gifts and other revenues for which the University does not give equal value in exchange for the resources received. Operating revenues were 63 percent and 61 percent of total revenues for fiscal year 2015 and 2014, respectively.

The University's Revenues for the years ended June 30, 2015, 2014, and 2013



The University's Operating, Nonoperating and Other Revenues for the years ended June 30, 2015, 2014, 2013



The University's Operating, Nonoperating and Other Revenue for the years ended June 30, 2015, 2014 and 2013
(in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	\$ 872,420	\$ 836,819	\$ 836,423	\$ 35,601	4.3%	\$ 396	0.0%
Student tuition and fees, net	740,540	732,821	720,510	7,719	1.1%	12,311	1.7%
Auxiliary enterprises, net	399,256	376,449	365,459	22,807	6.1%	10,990	3.0%
Educational activities	143,339	147,134	157,840	(3,795)	(2.6%)	(10,706)	(6.8%)
Other operating revenue *	99	137	135	(38)	(27.7%)	2	1.5%
Total operating revenues	2,155,654	2,093,360	2,080,367	62,294	3.0%	12,993	0.6%
Nonoperating revenues							
Federal appropriations	18,192	19,072	22,039	(880)	(4.6%)	(2,967)	(13.5%)
State appropriations	642,069	614,791	575,491	27,278	4.4%	39,300	6.8%
Grants, gifts, and other nonoperating, net	395,208	396,147	357,741	(939)	(0.2%)	38,406	10.7%
Net investment gain	82,078	234,407	122,797	(152,329)	(65.0%)	111,610	90.9%
Total nonoperating revenues	1,137,547	1,264,417	1,078,068	(126,870)	(10.0%)	186,349	17.3%
Total other revenues	94,298	117,438	139,655	(23,140)	(19.7%)	(22,217)	(15.9%)
Total revenues (noncapital)	\$ 3,387,499	\$ 3,475,215	\$ 3,298,090	\$ (87,716)	(2.5%)	\$ 177,125	5.4%

* Total is less than 1 percent - not included in the graph.

Total revenues decreased in fiscal year 2015 by \$87.7 million primarily due to decreases in net investment gains partially offset by increases in State appropriations. Operating revenues increased \$62.3 million or 3.0 percent mainly due to increases in grants and contracts, and auxiliary enterprises. Revenues from sales and services of educational activities decreased \$3.8 million due to timing of normal business activity.

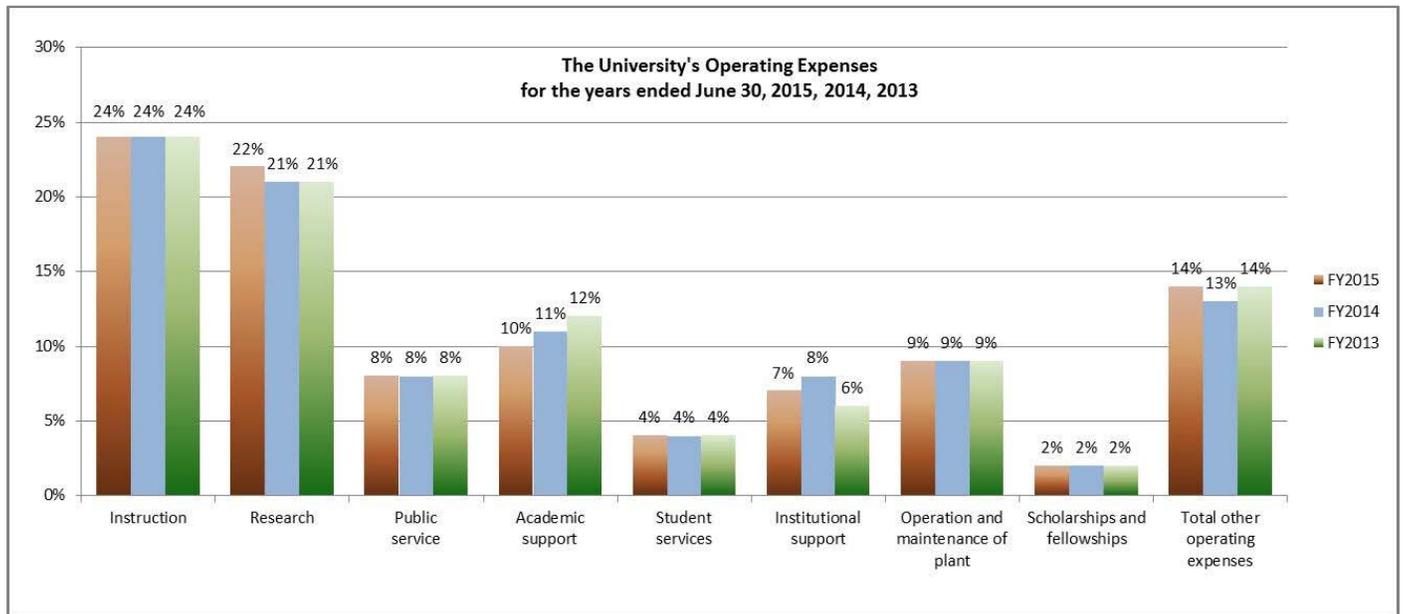
State appropriations increased \$27.3 million compared to fiscal year 2014 increasing to \$642.1 million in fiscal year 2015 from \$614.8 million in fiscal year 2014. New State appropriations for fiscal year 2015 included appropriations for the Regenerative Medicine project, tuition relief and the Terrestrial Invasive Species project.

Tuition, educational and auxiliary activities and State appropriations, in addition to other sources of unrestricted revenue, funded a number of University priorities including competitive compensation plans for faculty and staff; various academic initiatives; enhancement of services to students including technology improvements; upgrades to the financial aid process and freshman seminars; and increases in facilities costs.

Other significant sources of nonoperating revenue to the University included gifts in support of operating expenses of \$182.3 million, \$197.2 million, and \$159.2 million, and grants and gifts for capital purposes of \$19.2 million, \$22.9 million, and \$28.8 million in fiscal years 2015, 2014, and 2013, respectively.

For the year ended June 30, 2015, other revenues, which consist of capital appropriations, and capital endowments gifts and grants decreased \$23.1 million or 19.7 percent and \$22.2 million or 15.9 percent in fiscal years 2015 and 2014, respectively.

Total Operating Expenses



The University's Operating Expenses by Functional Category for the years ended June 30, 2015, 2014 and 2013 (in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Education and general							
Instruction	\$770,325	\$769,479	\$737,596	\$846	0.1%	\$31,883	4.3%
Research	700,208	679,718	656,551	20,490	3.0%	23,167	3.5%
Public service	248,451	253,141	249,257	(4,690)	(1.9%)	3,884	1.6%
Academic support	366,992	394,927	367,265	(27,935)	(7.1%)	27,662	7.5%
Student services	116,016	116,575	110,230	(559)	(0.5%)	6,345	5.8%
Institutional support	243,153	256,641	197,319	(13,488)	(5.3%)	59,322	30.1%
Operation and maintenance of plant	276,783	285,938	266,994	(9,155)	(3.2%)	18,944	7.1%
Scholarships and fellowships	57,879	54,519	50,435	3,360	6.2%	4,084	8.1%
Depreciation	218,565	192,705	193,139	25,860	13.4%	(434)	(0.2%)
Total education and general	2,998,372	3,003,643	2,828,786	(5,271)	(0.2%)	174,857	6.2%
Other operating expenses							
Auxiliary enterprises	256,271	256,068	235,411	203	0.1%	20,657	8.8%
Other operating expenses, net	93	583	19	(490)	(84.0%)	564	2968.4%
Total other operating expenses	256,364	256,651	235,430	(287)	(0.1%)	21,221	9.0%
Total operating expenses	\$3,254,736	\$3,260,294	\$3,064,216	(5,558)	(0.2%)	196,078	6.4%

Total operating expenses decreased \$5.6 million or 0.2 percent in fiscal year 2015 compared to an increase of \$196.1 million or 6.4 percent in fiscal year 2014. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at \$2.0 billion or 62.2 percent, \$2.1 billion or 63.3 percent and \$2.0 billion or 63.8 percent of operating expenses in fiscal years 2015, 2014 and 2013, respectively. Compensation related expenditures decreased \$40.4 million or 2.0 percent in fiscal year 2015 and increased \$108.7 million or 5.6 percent in fiscal year 2014. Decreases in compensation related expenditures in fiscal year 2015 are primarily due to the implementation of GASB 68 which resulted in reductions in fringe related expenses being recorded in deferred inflows of resources. These decreases were partially offset by increases due to the University's salary increase of 2.5 percent, in addition to increases in compensation related liabilities.

Consolidated Statements of Cash Flows

The University's cash flows for the years ended June 30, 2015, 2014 and 2013

(in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Cash (used in) provided by							
Operating activities	\$ (891,340)	\$ (924,284)	\$ (781,600)	\$ 32,944	3.6%	\$ (142,684)	(18.3%)
Noncapital financing activities	1,079,210	1,038,968	925,488	40,242	3.9%	113,480	12.3%
Capital and related financing activities	(93,844)	(204,533)	(223,374)	110,689	54.1%	18,841	8.4%
Investing activities	(72,236)	118,775	4,977	(191,011)	(160.8%)	113,798	2286.5%
Net increase (decrease) in cash	21,790	28,926	(74,509)	(7,136)	(24.7%)	103,435	138.8%
Cash, beginning of year	309,937	281,011	355,520	28,926	10.3%	(74,509)	(21.0%)
Cash, end of year	\$ 331,727	\$ 309,937	\$ 281,011	\$ 21,790	7.0%	\$ 28,926	10.3%

The Consolidated Statements of Cash Flows present information about changes in the University's cash position using the direct method of reporting sources and uses of cash. The direct method reports all major cash inflows and outflows at gross amounts, differentiating these activities into cash flows arising from operating activities; noncapital financing such as nonexchange grants and contributions; capital financing, including bond proceeds from debt issued to purchase or construct buildings and other capital assets; and investing activities.

As illustrated in the above table, the University's cash and cash equivalents increased \$21.8 million due to favorable cash flows from capital and related financing activities and noncapital financing activities, partially offset by investing activities. The cash used by capital and related financing activities decreased \$110.7 million primarily due to a reduction in construction project costs due to the completion of larger projects such as Amundson Hall. During fiscal year 2015, the University issued \$211.2 million in new bond issuances compared to \$48.2 million in fiscal year 2014. The most significant sources of cash provided by noncapital financing activities included State appropriations totaling \$642.2 million and \$616.4 million, grants totaling \$189.1 million and \$197.3 million and gifts totaling \$187.3 million and \$190.1 million in 2015 and 2014, respectively. Cash inflows for capital acquisitions from State appropriations, gifts and grants, and bonds issued during the year funded a portion of the University's equipment needs and ongoing renovation and construction initiatives.

Investing Activities

The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are benchmarked over three-to five-year periods.

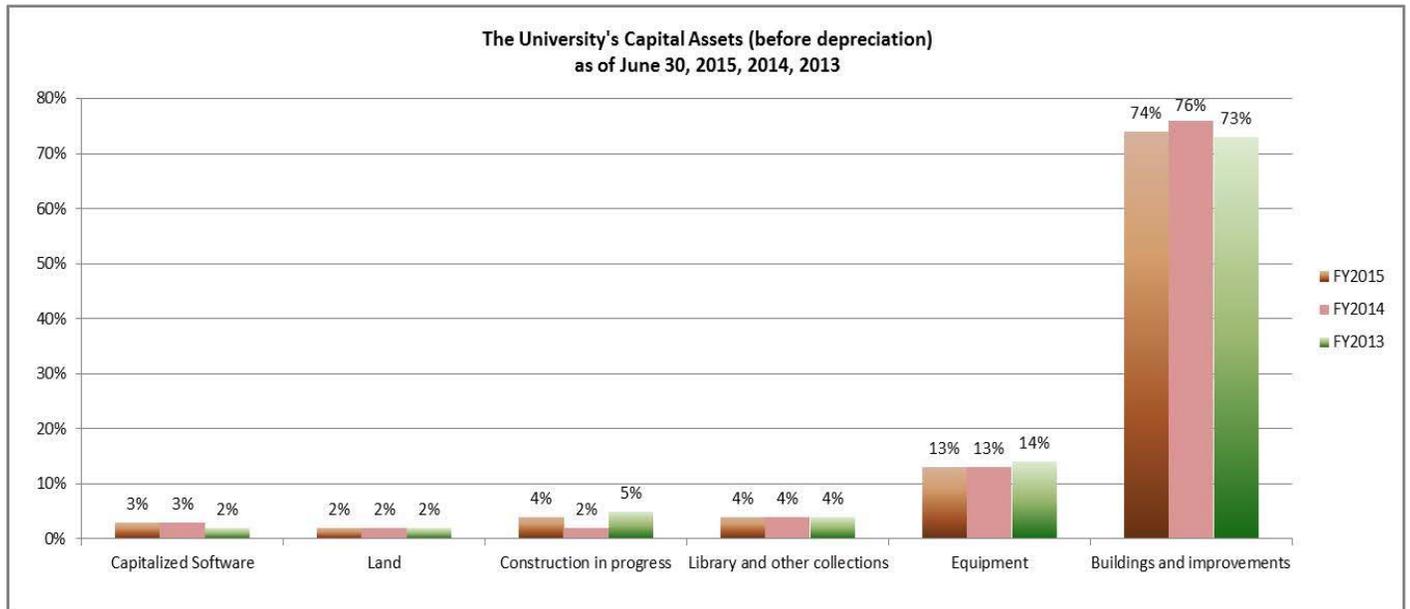
Long-term endowment and other investments included decreases from net unrealized gains on the endowment and other investments of \$45.1 million compared to increases in fiscal year 2014 and 2013 of \$120.6 million and \$13.5 million, respectively. Annual distributions of the endowment to departments, partially offset by reinvested endowment earnings decreased investments by \$50.0 million and \$46.7 million in 2015 and 2014, respectively.

To provide a relatively stable level of support for endowed programs, a specified percentage rate based on a five-year, moving-average market value of the endowment is distributed each year. These distributions

provide funds for a variety of purposes, including instructional needs, research activities, scholarships, and academic support. An endowment spending policy requires balancing current needs with the long-term focus of the institution. The endowment funds distribution rate was 4.5 percent in fiscal years 2015 and 2014.

Capital and Debt Activities

The following charts illustrate the composition of capital assets before depreciation:



The University's Capital Asset Categories (before depreciation) for the years ended June 30, 2015, 2014 and 2013 (in thousands)

	2015	2014	2013	Increase (Decrease)			
				From 2014 to 2015		From 2013 to 2014	
				Amount	Percent	Amount	Percent
Capital assets (gross)							
Buildings and improvements	\$ 4,315,157	\$ 4,256,855	\$ 3,966,992	\$ 58,302	1.4%	\$ 289,863	7.3%
Equipment	783,921	742,667	741,166	41,254	5.6%	1,501	0.2%
Library and other collections	220,470	211,287	199,366	9,183	4.3%	11,921	6.0%
Construction in progress	224,866	120,380	278,103	104,486	86.8%	(157,723)	(56.7%)
Land	111,563	94,015	91,089	17,548	18.7%	2,926	3.2%
Software and other intangibles	168,440	140,259	122,991	28,181	20.1%	17,268	14.0%
Total capital assets (gross)	\$ 5,824,417	\$ 5,565,463	\$ 5,399,707	\$ 258,954	4.7%	\$ 165,756	3.1%

Capital additions totaled \$277.9 million, \$225.8 million, and \$375.3 million in fiscal year 2015, 2014 and 2013, respectively. Fiscal year 2015 spending included the completion of the Amundson Hall Addition and the Itasca Biological Station and Laboratories, in addition to spending on existing projects such as the Tate Science and Teaching Renovation, the Combined Heat and Power Plant and the Ambulatory Care Center. Project spending continuing in fiscal year 2016 is projected to be \$88.5 million, \$73.7 million, and \$64.4 million for the Tate Science and Teaching Renovation, the Combined Heat and Power Plant and the Ambulatory Care Center, respectively. See Footnote 4 of the consolidated financial statements for more detailed information about capital assets.

Fiscal year 2015 debt activity included the issuance of General Obligation Bonds, Series 2014B and Taxable Commercial Paper Notes Series E to fund the costs of construction of a new Ambulatory Care Center and a portion of the new James Ford Bell Natural History Museum and Planetarium, respectively.

Capital leases of \$2.7 million and \$1.9 million were issued in fiscal year 2015 and 2014, respectively. Refer to Footnote 5 for additional information.

Factors Affecting Future Economic Conditions

Following completion of the 2013 legislative session, the University received sufficient new resources to hold Minnesota resident undergraduate tuition increase to zero percent in both 2014 and 2015. The completion of fiscal year 2015 brought to a close the State of Minnesota's two year financial support for Minnesota resident undergraduate tuition freezes.

As the new fiscal biennium begins, the Minnesota legislature provided funding for only a portion of the University's request to hold tuition steady for all resident undergraduate, graduate and professional programs. Failure to provide full funding for this initiative required the University to increase resident tuition rates for the 2015-16 academic year, though still at historically modest levels.

For fiscal year 2016, Minnesota resident tuition rates will increase 1.5 percent on all campuses, and a 2.5 percent increase for most graduate and professional programs. As a result, resident undergraduate tuition on the Twin-Cities campus will increase by \$180 for a total of \$12,240. This modest increase is offset by continued investment in need-based grant programs available to large sections of the student body.

There are three primary need-based grant programs that address the planned increase in resident undergraduate tuition.

University Promise Scholarship Program: For fiscal year 2016, the University's Promise Scholarship Program for Minnesota resident students will continue to help ensure that the University remains affordable for students from low and middle-income families. The number of students eligible for the program is projected to be more than 13,000, and they will be supported with \$30 million in Promise scholarships. Key attributes of the Promise Scholarship Program are:

1. **Equity:** All Minnesota resident undergraduates on all campuses with family incomes under \$100,000 per year will receive between \$750 and \$4,000 in scholarship aid.
2. **Progressivity:** The lowest income students receive the largest Promise scholarships.
3. **Predictability:** The Promise scholarship is guaranteed in the same amount for four years for students who matriculate as freshmen and for two years for transfer students.
4. **Measurable:** The cohort of Promise scholarship recipients is well-defined, so it is possible for the University to track the progress of Promise students and provide special support services, as appropriate, to ensure timely academic progress and success.

Given the plan to hold resident undergraduate tuition increases to 1.5 percent (coupled with changes in the Minnesota State Grant program detailed below), the University is proposing a modest increase to the Promise awards, at some income levels, in order to ensure that all Minnesota resident students qualifying for the Promise scholarship will, at a minimum, see no net tuition increase for the third year in a row. This change will add approximately \$600,000 in annual scholarship awards.

Minnesota State Grant Program: The Minnesota Office of Higher Education administers the State Grant Program, which awards need-based aid to low and moderate income students and families across the state.

State Grant awards are available to Minnesota residents generally up to \$80,000 in annual income. Over 11,000 University of Minnesota students are assisted by this program.

Given changes in the 2015 legislative session, as well as surpluses in the program, the Office of Higher Education will make formula changes to the State Grant Program that will benefit University of Minnesota students that qualify. Though every student has slightly different financial circumstances, a typical University of Minnesota student qualifying for the State Grant program will see an increase of \$470-\$540 in 2015-16 over current year award levels.

Federal Pell Grant program: The U.S. Department of Education administers the Pell Grant program for the neediest students nationwide. The Department has announced that the maximum Pell Grant award will increase from \$5,730 to \$5,775 for the 2015-16 academic year.

The collective changes in these three need-based grants programs are significant for students that qualify.

- Most Minnesota resident students that qualify for the University of Minnesota Promise program (students and families with an annual income up to \$100,000) will, at a minimum, see no change in their net tuition payment in 2015-16 over the current year expense.
- A typical full-time Minnesota resident student that qualifies for the State Grant program and/or the federal Pell program will have all or nearly all of their increase in total cost of attendance covered by increases in these grant programs. Total cost of attendance includes tuition, fees, room, board, and other miscellaneous living expenses.

Reducing costs continues to be a top priority of the University. President Kaler and his administration are on track to reduce administrative costs by \$90 million over a six year period. The plan is built on accomplishing at least \$15 million per year in cost reductions. These dollars are being reinvested in mission-centered activities (e.g., faculty, student services, instructional, research and other program support) that directly enhance student education, maintain the exceptional quality, and ensure research innovation and outreach continue to strengthen the entire state. Year-to-date administrative cost reductions now total \$57.8 million with \$32.3 million remaining to be accomplished in the remaining three years. This places the program one year ahead of schedule. Although ahead of schedule, the planned reductions for fiscal year 2017 will again target the \$15 million level.

As the University approaches fiscal year 2016 and the upcoming 2016 Minnesota legislative session scheduled to commence on March 28, 2016, capital needs will take center stage. The President and the Board of Regents have adopted a new 2016 state capital request totaling \$304.4 million. The strategic emphasis of the request is centered on six separate capital priorities:

1. System wide asset preservation and renewal projects totaling \$100.0 million.
2. University of Minnesota Duluth campus new chemistry and advanced materials facility totaling \$40.8 million.
3. University of Minnesota Twin-Cities campus new Health Education facility totaling \$100.0 million.
4. University of Minnesota Twin-Cities campus new plan growth facility totaling \$6.6 million.
5. System wide academic and student experience projects totaling \$24.0 million.
6. University of Minnesota Twin-Cities campus renovation of Pillsbury Hall totaling \$33.0 million.

The successful funding of these 6 projects will result in increased utilization and functionality of physical assets, the opportunity to renovate and remove obsolete facilities, advance the health sciences through modern educational facilities, modernize the University's research laboratories, and expand capacity in STEM (Science, Technology, Engineering, and Math) programs.

University of Minnesota
Consolidated Statements of Net Position (Excluding Component Units)

June 30, 2015 and 2014 (in thousands)

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 183,451	\$ 243,049
Short-term investments	185,724	676
Receivables, net	274,713	302,424
Inventories	22,895	22,519
Student loans receivable, net	10,623	9,899
Prepaid expenses	16,504	11,034
Other assets	205	376
Total current assets	<u>694,115</u>	<u>589,977</u>
Noncurrent assets		
Restricted cash and cash equivalents	148,276	66,888
Investments	2,058,079	2,091,718
Receivables, net	13,584	14,554
Student loan receivables, net	58,860	57,145
Prepaid expenses	2,380	1,634
Capital assets, net	2,957,133	2,900,494
Total noncurrent assets	<u>5,238,312</u>	<u>5,132,433</u>
Total assets	<u>5,932,427</u>	<u>5,722,410</u>
Deferred Outflows of Resources		
	<u>25,100</u>	
Liabilities		
Current liabilities		
Accounts payable	140,114	131,403
Accrued liabilities and other	259,912	244,389
Unearned income	73,561	68,527
Long-term debt	309,805	272,026
Total current liabilities	<u>783,392</u>	<u>716,345</u>
Noncurrent liabilities		
Accrued liabilities and other	502,264	205,360
Unearned income	54	3,158
Long-term debt	1,111,623	1,010,481
Total noncurrent liabilities	<u>1,613,941</u>	<u>1,218,999</u>
Total liabilities	<u>2,397,333</u>	<u>1,935,344</u>
Deferred Inflows of Resources		
	<u>368,220</u>	
Net Position		
Unrestricted	290,546	812,356
Restricted		
Expendable	927,440	1,004,191
Nonexpendable	297,469	289,366
Net investment in capital assets	1,676,519	1,681,153
Total net position	<u>\$ 3,191,974</u>	<u>\$ 3,787,066</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota
Component Units - Statements of Financial Position
June 30, 2015 and 2014 (in thousands)

	University of Minnesota Foundation		University of Minnesota Physicians	
	2015	2014	2015	2014
Assets				
Cash and cash equivalents	\$ 35,649	\$ 21,910	\$ 79,558	\$ 73,179
Investments, substantially at fair market value	2,330,756	2,267,360	27,388	28,561
Pledges receivable, net	174,328	142,775		
Accounts and other receivables	80,652	20,202	72,201	80,432
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	97,891	97,416		
Gift annuities	35,972	40,256		
Property and equipment, net	63,604	64,637	5,904	8,012
Prepays and other assets	855	830	1,765	1,849
Total assets	<u>2,819,707</u>	<u>2,655,386</u>	<u>186,816</u>	<u>192,033</u>
Liabilities				
Accounts payable and accrued liabilities	32,005	23,507	69,660	84,929
Gift annuities payable	19,156	20,344		
Unitrusts, pooled income, and annuity trusts payable	11,688	11,633		
Investments held for custody of others	252,901	250,176		
Securities purchased but not settled	11,863			
Bonds and capital lease payable	51,297	51,236	580	852
Total liabilities	<u>378,910</u>	<u>356,896</u>	<u>70,240</u>	<u>85,781</u>
Net Assets				
Unrestricted	101,924	80,800	116,576	106,252
Temporarily restricted	1,330,078	1,266,264		
Permanently restricted	1,008,795	951,426		
Total net assets	<u>2,440,797</u>	<u>2,298,490</u>	<u>116,576</u>	<u>106,252</u>
Total liabilities and net assets	<u>\$ 2,819,707</u>	<u>\$ 2,655,386</u>	<u>\$ 186,816</u>	<u>\$ 192,033</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota

Consolidated Statements of Revenues, Expenses and Changes in Net Position (Excluding Component Units)

Years ended June 30, 2015 and 2014 (in thousands)

	2015	2014
Revenues		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$253,892 in 2015; \$248,030 in 2014	\$ 740,540	\$ 732,821
Federal grants and contracts	464,751	480,177
State and other government grants	59,566	63,848
Nongovernmental grants and contracts	348,103	292,794
Student loan interest income	1,838	1,831
Sales and services of educational activities, net of scholarship allowances of \$27 in 2015; \$28 in 2014	141,501	145,303
Auxiliary enterprises, net of scholarship allowances of \$9,787 in 2015; \$9,423 in 2014	399,256	376,449
Other operating revenues	99	137
Total operating revenues	<u>2,155,654</u>	<u>2,093,360</u>
Expenses		
Operating expenses		
Education and general		
Instruction	770,325	769,479
Research	700,208	679,718
Public service	248,451	253,141
Academic support	366,992	394,927
Student services	116,016	116,575
Institutional support	243,153	256,641
Operation & maintenance of plant	276,783	285,938
Scholarships & fellowships	57,879	54,519
Depreciation	218,565	192,705
Auxiliary enterprises	256,271	256,068
Other operating expenses, net	93	583
Total operating expenses	<u>3,254,736</u>	<u>3,260,294</u>
Operating Loss	<u>(1,099,082)</u>	<u>(1,166,934)</u>
Nonoperating Revenues (Expenses)		
Federal appropriations	18,192	19,072
State appropriations	642,069	614,791
Grants	187,749	200,895
Gifts	182,348	197,172
Investment income, net	82,078	234,407
Interest on capital-asset related debt	(45,310)	(45,637)
Other nonoperating revenues (expenses), net	25,111	(1,920)
Net nonoperating revenues	<u>1,092,237</u>	<u>1,218,780</u>
Income (Loss) Before Other Revenues	(6,845)	51,846
Capital appropriations	59,714	83,081
Capital grants & gifts	19,246	22,929
Additions to permanent endowments	15,338	11,428
Total other revenues	<u>94,298</u>	<u>117,438</u>
Increase In Net Position	87,453	169,284
Cumulative effect of change in accounting principle	(682,545)	
Net position at beginning of year	<u>3,787,066</u>	<u>3,617,782</u>
Net position at end of year	<u>\$ 3,191,974</u>	<u>\$ 3,787,066</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota
Component Units - Statements of Activities
Years ended June 30, 2015 and 2014 (in thousands)

	University of Minnesota Foundation				
	Unrestricted	Temporarily restricted	Permanently restricted	Total 2015	Total 2014
Revenues					
Contributions	\$ 6,084	\$ 207,090	\$ 58,132	\$ 271,306	\$ 189,596
Investment income, net	1,778	6,734	105	8,617	13,735
Net realized and unrealized gains (losses) on investments	2,586	88,583		91,169	220,554
Change in value of trusts	(10)	(183)	(868)	(1,061)	6,790
Support services revenue	7,356			7,356	7,091
UMF - Real Estate Advisors rental revenue	6,001			6,001	5,986
University Gateway Corporation revenue	4,415			4,415	4,376
Other revenue	798			798	2,488
Net assets released from restriction	238,410	(238,410)			
Total revenues	<u>267,418</u>	<u>63,814</u>	<u>57,369</u>	<u>388,601</u>	<u>450,616</u>
Expenses					
Program services					
Distributions for educational purposes	195,469			195,469	183,951
Support services					
Management and general	8,877			8,877	8,742
Fund-raising	29,513			29,513	27,153
UMF - Real Estate Advisors	6,105			6,105	5,921
University Gateway Corporation	6,330			6,330	5,663
Total expenses	<u>246,294</u>	<u>-</u>	<u>-</u>	<u>246,294</u>	<u>231,430</u>
Increase in net assets	21,124	63,814	57,369	142,307	219,186
Net assets at beginning of year	80,800	1,266,264	951,426	2,298,490	2,079,304
Net assets at end of year	<u>\$ 101,924</u>	<u>\$ 1,330,078</u>	<u>\$ 1,008,795</u>	<u>\$ 2,440,797</u>	<u>\$ 2,298,490</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota
Component Units - Statements of Activities
Years ended June 30, 2015 and 2014 (in thousands)

	University of Minnesota	
	Physicians	
	Total (unrestricted)	
	2015	2014
Revenues		
Net patient service revenue	\$ 201,469	\$ 198,100
Investment income, net	1,163	1,263
Net realized and unrealized gains (losses) on investments	(268)	143
Other revenue	277,264	270,151
Gain on sale of oncology clinic		13,556
Total revenues	479,628	483,213
Expenses		
Program services		
Health care services	423,268	415,121
Support services		
Management and general	46,036	44,925
Total expenses	469,304	460,046
Increase in net assets	10,324	23,167
Net assets at beginning of year	106,252	83,085
Net assets at end of year	\$ 116,576	\$ 106,252

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota

Consolidated Statements of Cash Flows (Excluding Component Units)

Years ended June 30, 2015 and 2014 (in thousands)

	2015	2014
Cash Flows From Operating Activities		
Grants and contracts (federal, state, nongovernmental, other)	\$ 883,886	\$ 842,339
Student tuition and fees	747,845	731,580
Auxiliary enterprises	401,750	381,991
Sales and services of educational activities	141,702	152,455
Collection of loans to students	12,154	15,798
Other operating revenues	99	137
Payments to employees for services	(1,565,614)	(1,540,179)
Payments to suppliers for goods and services	(954,327)	(958,378)
Payments for fringe benefits	(500,111)	(494,881)
Payments for scholarships and fellowships	(44,809)	(41,713)
Loans issued to students	(13,915)	(13,433)
Net cash used by operating activities	(891,340)	(924,284)
Cash Flows From Noncapital Financing Activities		
State appropriations	642,189	616,446
Grants for other than capital purposes	189,083	197,328
Gifts for other than capital purposes	187,278	190,094
Other nonoperating revenues, net	26,498	10,616
Federal appropriations	25,678	19,329
Private gifts for endowment purposes	7,669	11,428
Direct lending receipts	310,197	315,294
Direct lending disbursements	(310,445)	(314,944)
Agency transactions	1,063	(6,623)
Net cash provided by noncapital financing activities	1,079,210	1,038,968
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt	211,158	50,986
Capital appropriations	60,871	81,521
Capital grants and gifts	6,766	10,579
Proceeds from sale of capital assets	1,089	863
Principal received on notes receivable	992	844
Interest received on notes receivable	567	321
Purchases of capital assets	(251,309)	(223,333)
Principal paid on capital debt	(70,400)	(67,121)
Interest paid on capital debt	(53,528)	(50,438)
Issuance of notes receivable	(50)	(8,755)
Net cash used by capital and related financing activities	(93,844)	(204,533)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	870,959	930,671
Investment income, net	123,920	96,702
Purchase of investments	(1,067,115)	(908,598)
Net cash provided (used) by investing activities	(72,236)	118,775
Net Increase in Cash and Cash Equivalents	21,790	28,926
Cash and Cash Equivalents at Beginning of Year	309,937	281,011
Cash and Cash Equivalents at End of Year	\$ 331,727	\$ 309,937

The accompanying notes to the consolidated financial statements are an integral part of these statements

University of Minnesota**Consolidated Statements of Cash Flows (Excluding Component Units)**

Years ended June 30, 2015 and 2014 (in thousands)

	2015	2014
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities		
Operating loss	\$ (1,099,082)	\$ (1,166,934)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	218,565	192,705
Changes in assets, deferred outflows of resources, and liabilities		
Receivables, net	17,944	13,218
Inventories	(136)	(84)
Prepaid and other items	(5,092)	726
Deferred outflows of resources	(23,450)	
Accounts payable	13,460	10
Accrued liabilities	(15,037)	32,453
Unearned income	1,488	3,622
Net cash used by operating activities	<u>\$ (891,340)</u>	<u>\$ (924,284)</u>
Noncash Investing, Capital, and Financing Activities		
Unrealized gains (losses) on investments	\$ (40,730)	\$ 140,458
Capital assets on account	39,203	33,540
Contribution of capital assets	12,480	7,639
Amortization of bond discount/premium	4,494	4,031
Capital assets acquired with capital lease	2,656	1,944
Cash and Cash Equivalents at End of Year		
Cash and cash equivalents	\$ 183,451	\$ 243,049
Restricted cash and cash equivalents	148,276	66,888
Total cash and cash equivalents at End of Year	<u>\$ 331,727</u>	<u>\$ 309,937</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements

Notes to Consolidated Financial Statements

Years ended June 30, 2015 and 2014 (in thousands)

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

The University of Minnesota (the University) is both a state land-grant university, with a strong tradition of education and public service, and a major research institution serving the State of Minnesota through five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and an agency of the State of Minnesota. As a result of this unique status, authority to govern the University is reserved to the Board of Regents rather than state law. The University complies with state law when specifically included by statute or when compliance does not conflict with the University's ability to accomplish its mission and purpose as established by the constitution of the State of Minnesota.

Tax Status—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State of Minnesota. Therefore, the University is generally exempt from federal income taxes, although certain activities are subject to federal unrelated business income tax.

Reporting Entity

The financial reporting entity for the University of Minnesota includes the financial results of the five campuses and, as required under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* (GASB 61), its legally separate component units. The component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University or its other component units.

Blended Component Units—The University has two component units that provide services entirely for the University's own benefit. As a result, GASB 61 requires blended presentation—combining the component units and University financial information together, displayed as one entity.

RUMINCO, Ltd.

RUMINCO, Ltd. is a wholly owned single parent captive insurance company. Although it is legally separate from the University, RUMINCO, Ltd. is reported as if it were part of the University because its sole purpose is to handle medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of the University.

UMore Development Limited Liability Company (LLC)

UMore Development Limited Liability Company (LLC) is a wholly owned company with a purpose of providing oversight and management for the planning and development for the University's UMore Park property. Although it is legally separate from the University, based on its purpose, it is reported as if it were part of the University.

Discretely Presented Component Units—The University's financial statements include the financial data of two tax-exempt component units. They are reported in separate columns on separate pages. GASB 61 requires discrete presentation of component units when either the resources held by these entities can only be

used by, or for the benefit of, the University or its component units; or the component units are closely related to, or financially integrated with the University.

University of Minnesota Foundation

The University of Minnesota Foundation (UMF) is a legally separate, tax-exempt organization dedicated to raising and managing private gifts to benefit the University of Minnesota. The Board of Trustees of the UMF consists of between 30 and 45 members and includes the president of the University of Minnesota. One fourth of the members of the Board of Trustees are appointed by the University. Although the UMF is an independent organization, the majority of resources that it holds and invests, including income from its investments, is restricted by donors to the activities of the University. The factor that contributes to UMF being classified as a discretely presented component unit relates to the significant resources UMF holds on behalf of the University. The University has access to these resources.

During fiscal years 2015 and 2014, the UMF distributed \$218,061 and \$209,829, respectively, to the University. Complete financial statements for the University of Minnesota Foundation can be obtained from the UMF office, McNamara Alumni Center, 200 Oak Street S.E., Suite 500, Minneapolis, MN 55455.

University of Minnesota Physicians

University of Minnesota Physicians (UMP) is a legally separate, tax-exempt clinical practice organization for the faculty of the University of Minnesota School of Medicine. The Board of UMP consists of at least 25 and not more than 29 voting directors, ex-officio voting directors, and ex-officio non-voting directors. Included in the composition of UMP's board of directors is the dean of the University of Minnesota Medical School, faculty, and department heads of the University Medical School totaling 19 members. Based on the University appointing a voting majority of board members, the University has the ability to impose its will on UMP, as management and direction of the business and affairs of UMP is vested in the board. As a result, this contributes to UMP being classified as a discretely presented component unit.

During fiscal years 2015 and 2014, UMP distributed \$85,588 and \$83,447, respectively, to the University. Complete financial statements for University of Minnesota Physicians can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

Component Units

The University's discretely presented component units are nonprofit organizations, organized under IRS Code Section 501(c)(3). These units report under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. The component units' financial data has been aggregated into like categories for presentation purposes and is shown in these statements in thousands.

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility.

2407 University Investment, LLC

The University is a participant in a joint venture, 2407 University Investment, LLC with United Properties Investment, LLC. The joint venture owns and operates a hotel and acts as a lessor of a restaurant on property

adjacent to the Twin Cities campus. The joint venture also provides the University the opportunity to plan with United Properties Investment, LLC future redevelopment of the parcel of land. It is governed by a five member board of governors, for which the University shall have the right to appoint two of the governors. In addition, the University has 49 percent membership with an equity interest of \$1,692 as of June 30, 2015. During fiscal year ended June 30, 2014, the University provided an interest-bearing loan to the joint venture in the amount of \$8,750, which is expected to be repaid over a period of 20 years. During fiscal years 2015 and 2014, the University received \$416 and \$208, respectively, in interest income. As of June 30, 2015 and 2014, \$8,750 in principal remains outstanding. Complete financial statements can be obtained from 2407 University Investment, LLC, c/o United Properties Investment, LLC, 3600 American Blvd, Ste. 750, Minneapolis, MN 55431.

Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles prescribed by GASB. These statements are prepared on a consolidated, entity-wide basis. All significant inter-fund balances have been eliminated upon consolidation.

Basis of Accounting

The University is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the University prepares its financial statements using the accrual basis of accounting and the economic-resources-measurement focus. Under the accrual basis of accounting, revenues and expenses are recognized when earned or incurred, respectively.

Significant Accounting Policies

Cash and Cash Equivalents—For purposes of the statement of cash flows, the University defines cash and cash equivalents as highly liquid, short-term (90 days or less) investments that bear little or no market risk. The intent of the Consolidated Endowment Fund (CEF), the Group Income Pool (GIP), and the Separately Invested Funds (SIF) is long-term appreciation. Any cash balances held at the date of the statements are due to the timing of reinvesting the proceeds within the funds.

Investments—Investments in securities are reported at market value as determined by the major securities markets. Land and other real estate investments held in endowment are reported at market value as well. The values are determined using standardized industry practices, including a third party appraisal performed to validate internal valuations. Alternative investment strategies involving thinly traded securities are determined by the most recent purchase or sale price publicly available for that security. Private investments including real estate, timber, and venture capital are independently appraised annually and reported by investment managers as an updated estimate to that appraisal. As a result, these investments bear a greater risk that the reported value may be materially different than actual value. Certain alternative investments and intellectual property (e.g., income-producing patents) are reported on a cost basis. Purchases and sales of investments are recorded on a settlement-date basis. Investment income is reported on the accrual basis and includes: interest income; realized and unrealized gains and losses; and endowment income (interest earned on endowments but allocated to other funds).

The University uses derivative instruments for a variety of purposes. Financial futures are used to maintain investment portfolio asset allocations in accordance with institutional policy and to enhance the investment returns of certain asset classes. Forward foreign exchange contracts are used to protect against foreign currency exposure; gas commodity forward contracts are used to synthetically fix the price of other physical gas purchases used for University consumption; and interest rate swaps are used to manage the cost of debt. Financial futures and forward foreign exchange contracts are recorded on the contract date and are carried at

fair value using listed price quotations or amounts that approximate fair value. The University is required to post collateral, typically U.S. Treasury bills, for derivative contracts held. Collateral required by these contracts is monitored daily and required deposits or withdrawals are made as necessary. In general, the University follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Minnesota, for donor-restricted endowments. Under UPMIFA, the Board of Regents determines the prudent amount of realized and unrealized endowment appreciation to be allocated to fund current operations. Investment of the realized or unrealized appreciation in excess of the annual spending limits is discussed in Note 2.

Inventories—Inventories held for resale are carried at the lower of cost (first-in, first-out) or market value. Other inventories are carried primarily at cost, which approximates market value.

Receivables and Student Loan Receivables, Net—Receivables and student loan receivables are shown net of estimated allowance for uncollectible accounts.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent unspent bond proceeds, which are externally restricted for the construction or purchase of buildings or other capital assets. Although these funds meet the University’s definition of cash and cash equivalents, they are recorded as long-term assets, as these funds are required to be used for long-term capital projects.

Capital Assets—Land, buildings, and other property are recorded at cost, if purchased or constructed, or at market value on the date of gift, if received by gift or bequest. Depreciation is determined using the straight-line method, based on the estimated useful lives of the assets. Interest that qualified for interest capitalization is \$6,097 and \$1,473 for fiscal years 2015 and 2014, respectively.

The following schedule summarizes the useful lives and capitalization thresholds:

Asset category	Useful life (in years)	Capitalization threshold
Capitalized software (intangible asset)	Shorter of legal life or 5 years	\$500,000
Licenses (intangible asset)	License term	500,000
Non income-producing intellectual property (intangible asset)	Legal life	500,000
All other intangible assets	5	500,000
Buildings and improvements	10-40	50,000
Infrastructure	10-40	50,000
Leasehold improvements	Lease term	50,000
Equipment	3-20	5,000
Land	Indefinite	
Museums and collections	Indefinite	
Library and reference books	10	
Permanent right-of-way easements (intangible asset)	Indefinite	

Deferred Outflows of Resources—Deferred Outflows of Resources represent current fiscal year contributions made to the University’s participation in certain State of Minnesota cost-sharing, multiple employer defined benefit plans, as well as changes in actuarial assumptions and methods related to the measurement of the respective plan’s net pension liability. Additional information regarding pensions is discussed in Footnote 6.

Unearned Income—Unearned income represents amounts received from tuition, auxiliary services, and grants and contracts prior to fiscal year-end but not yet earned.

Noncurrent Liabilities—Noncurrent liabilities represent the principal portion of bonds, notes, and capital lease obligations as well as estimated amounts of accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Deferred Inflows of Resources— Deferred Inflows of Resources represent the changes in the actuarial assumptions and methods used to calculate the net pension liability (NPL) related to the University's participation in the State of Minnesota's cost-sharing, multiple employer defined benefit plans, as well as changes in the University's proportionate share in the NPL. Additional information regarding pensions is discussed in Footnote 6.

Net Position—Net position is reported in following three components:

- **Unrestricted:** Net position that has no external restriction imposed. Unrestricted net position may be designated for specific purposes by the Board of Regents or subject to contractual limitations, but generally are designated to fund the academic, research, and public service mission of the University.

- **Restricted:**

Expendable—Net position that is restricted for specific purposes by grantors, donors, or law. Restrictions on these assets are released when the University complies with the stipulations required by the grantor, donor, or legislative act.

Nonexpendable—Net position that is required to be retained permanently by the University. These assets represent the principal portion (historical value) of gifts to the University's true and life endowment funds, and institutional contributions to refundable loan programs.

- **Net investment in capital assets:** Net investment in capital assets represents capital assets net of accumulated depreciation and outstanding debt used to purchase, construct, or improve such assets. If debt has been incurred but not yet expended for capital assets, these unspent proceeds are classified as restricted-expendable net position.

If both restricted and unrestricted resources are to be used for the same purpose, the resources are used in accordance with applicable instructions of the grantor, donor, or law.

Revenue Recognition—The University recognizes exchange revenue in accordance with GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, when the University receives and gives up essentially equal values, and recognizes nonexchange revenue in accordance with GASB Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*, when the University receives something of value without directly giving something of equal value in exchange.

Revenue and Expense Classifications—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues:** Revenues that result from exchange activities that contribute to the University's mission of Research and Discovery; Teaching and Learning; and Outreach and Public Service. Exchange activities are transactions where the amount received approximates the fair market value of the goods or services given up. The University considers student tuition and fees (net of scholarship allowances), most grants and contracts, interest on student loans, and sales and services of auxiliary and educational activities (net of scholarship allowances) to be exchange transactions.

- **Nonoperating revenues:** Revenues that represent nonexchange activities. The primary sources of these revenues are federal and State appropriations, gifts, capital grants, federal and state financial aid grants (such as Pell and Supplemental Educational Opportunity Grants), and other nonexchange grants and contracts. Although the University relies upon these revenue sources to fund the cost of operations, the grantor or donor is not the direct recipient of the goods or services delivered under the grant or gift terms. Insurance recovery proceeds are also generally classified as nonoperating revenues as part of other nonoperating revenues, net, which total \$2,803 and \$2,195 for fiscal years 2015 and 2014, respectively, as well as legal settlements.
- **Operating expenses:** Expenses that are paid to acquire or produce goods and services in return for operating revenues. The University has classified operating expenses based upon their functional classification. Operating expenses by natural classification are presented in Note 12.

During fiscal years 2015 and 2014, departmental research in nonsponsored accounts of \$203,257 and \$182,617, respectively, was recorded as research expense.

- **Nonoperating expenses:** Expenses incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

Cumulative Effect of Change in Accounting Principle—Due to the implementation of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, the University recorded a cumulative effect of change in accounting principle of \$682,545 in fiscal year 2015. A cumulative effect of a change in accounting principle is the cumulative impact to the consolidated financial statements related to prior fiscal years. Additional information regarding pensions is discussed in Footnote 6.

Use of Estimates—To prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to investment valuations, accounts payable, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, and vacation pay and pension accruals.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued new accounting standards that may be applicable to the University effective in future fiscal years.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The provisions of this Statement are effective for fiscal year 2016.

GASB Statement No. 73 (GASB 73), *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 (GASB 67) and 68 (GASB 68)*, establishes requirements for defined benefit pensions that were not within the scope of GASB 68, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB 68. It also amends certain provisions of GASB 67 and GASB 68 for pensions plans and

pensions that are within their respective scopes. The provisions of GASB 73 are effective for fiscal year 2016, except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB 68, which are effective for fiscal year 2017.

GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in GASB 75 are effective for fiscal year 2018.

GASB Statement No. 76 (GASB 76), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. It also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 64, 74 and 82. GASB 76 establishes the hierarchy of GAAP for state and local governments and applies to all state and local governmental entities. The provisions in GASB 76 are effective for fiscal year 2016.

Management is in the process of evaluating whether these GASB statements will be applicable to the University and the impact these statements may have on the University's financial statements.

2. Cash and Investments

Summary

The University maintains centralized management of substantially all of its cash and investments which are held in several investment pools. Each pool has a specific set of guidelines designed to meet its respective investment objectives within risk parameters established for that pool. Securities held in these portfolios are exposed to various types of risk such as credit, interest rates, foreign currency and other capital market risks. Material changes in the value of securities subsequent to June 30, 2015 could affect the market values reported in the consolidated financial statements.

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2015:

	Temporary Investment Pool	Consolidated Endowment Fund	Group Income Pool	Separately Invested Funds and other	Invested assets related to indebtedness	RUMINCO, Ltd. insurance subsidiary	Total
Cash and cash equivalents	\$ 163,724	\$ 18,255	\$ 853			\$ 619	\$ 183,451
Short-term investments	185,724						185,724
Total current assets	349,448	18,255	853			619	369,175
Restricted cash and cash equivalents					\$ 148,276		148,276
Long-term investments							
Fixed income	675,209	223,162	51,237			15,133	964,741
Public equity		421,541				24,278	445,819
Private capital		355,345					355,345
Inflation hedges		150,458					150,458
Other		124,471		\$ 17,245			141,716
Total noncurrent investments	675,209	1,274,977	51,237	17,245		39,411	2,058,079
Total cash and investments	\$ 1,024,657	\$ 1,293,232	\$ 52,090	\$ 17,245	\$ 148,276	\$ 40,030	\$ 2,575,530

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2014:

	Temporary Investment Pool	Consolidated Endowment Fund	Group Income Pool	Separately Invested Funds and other	Invested assets related to indebtedness	RUMINCO, Ltd. insurance subsidiary	Total
Cash and cash equivalents	\$ 150,717	\$ 90,007	\$ 1,882			\$ 443	\$ 243,049
Short-term investments	676						676
Total current assets	151,393	90,007	1,882			443	243,725
Restricted cash and cash equivalents					\$ 66,888		66,888
Long-term investments							
Fixed income	805,992	211,651	43,485			13,478	1,074,606
Public equity		390,831				25,337	416,168
Private capital		365,253					365,253
Inflation hedges		198,132					198,132
Other		21,014		\$ 16,545			37,559
Total noncurrent investments	805,992	1,186,881	43,485	16,545		38,815	2,091,718
Total cash and investments	\$ 957,385	\$ 1,276,888	\$ 45,367	\$ 16,545	\$ 66,888	\$ 39,258	\$ 2,402,331

Authorizations

The Board of Regents (Board) establishes the investment policies and objectives for all University funds. RUMINCO, Ltd., a wholly-owned captive insurance company, has an independent Board of Directors that establishes the investment policies and objectives for its reserves. Guidelines to manage the investment pools are described below:

Temporary Investment Pool (TIP)—Short-Term Reserves—The TIP funds are intended to meet the current obligations of the University. The investment objectives for the TIP are to maximize current income and investment returns, maintain sufficient liquidity for University operations, and provide backup liquidity

for certain University short-term or variable-rate debt obligations. The pool may invest in money market funds, corporate obligations, and U.S. government and agency securities, within specified credit quality and term constraints.

The Board's Investment of Reserves policy allows for up to 30 percent of the pool to be invested in the Consolidated Endowment Fund (CEF). As of June 30, 2015 and 2014, the market value of the TIP assets invested in the CEF was \$138,562 and \$134,237, respectively. These assets are reported in the total cash and investments of the CEF. In addition, the Investment of Reserves policy guidelines include the following: average duration of four years or less for the entire pool and maximum duration of seven years for any individual holding; average credit quality of A1/A+ or better; no use of leverage; and credit ratings of investment grade defined as Baa3/BBB- or better by Moody's or Standard & Poor's. Retention of a lower rated security requires approval by the President or delegate with notification to the Board.

For June 30, 2015 and 2014, the TIP's average Standard & Poor's credit rating was AA and AA, respectively.

Consolidated Endowment Fund (CEF)—The CEF represents the pooling of funds from both public and private sources for which donor intent, law, or institutional decree determines the principal amount that must be invested in perpetuity or other specified time frames. The funds are invested to achieve an inflation-adjusted rate of return, after expenses are deducted, that exceeds the current payout rate of 4.5 percent of the average of the endowment's trailing month-end market values for the prior 60 months. The Board reserves the authority to approve asset allocation ranges for this pool. For fiscal years ended June 30, 2015 and 2014, \$48,654 and \$46,653, respectively, was made available for departmental spending.

Minnesota State Chapter 309, Section 745, governs the expenditure or accumulation of endowment funds. An institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent.

The University makes distributions from the CEF for activities targeted by the individual endowments. When the CEF investment return is less than the payout rate, accumulated capital gains are used to supplement the distribution payout to meet the spending policy. If investment income exceeds the amount needed for distribution the excess remains as a capital gain in the respective endowment.

The CEF is a diversified portfolio that utilizes external investment managers. The CEF assets are held in separately managed accounts, commingled pools, and limited partnerships (LP). Each of these fund structures has different risk and return characteristics. LP investments are privately negotiated transactions with limited liquidity. LPs are required to conduct an external audit annually in accordance with the Financial Accounting Standards Board or the International Accounting Standards Board. As of June 30, 2015 and 2014, the University had unfunded commitments to LPs of \$247,967 and \$220,576, respectively, which are commitments that have not been drawn down by the general partners.

Group Income Pool (GIP)—Long-Term Reserves—The GIP represents assets invested for the benefit of various University units for long-term capital purposes. The investment objective of the GIP is to maximize the total investment return while preserving capital balances until such time as the principal is required to fund the intended use. The GIP is invested in fixed-income funds through external investment managers. Additionally, up to 50 percent of the pool can be invested in the CEF. As of June 30, 2015 and 2014, the market value of the GIP assets invested in the CEF was \$14,397 and \$13,459, respectively. These assets are reported in the total cash and investments of the CEF.

Separately Invested Funds (SIF) and Other—The SIF represent restricted assets which include future licensing or royalty interests and equity in companies that are established based on University owned

technology, as well as minerals and future mineral rights assigned to the University from privately owned real estate. All of these assets have been assigned a nominal value. Investments defined as “Other” represent investments made by the University in its own intellectual property, such as copyrights, patents, and trademarks, which are developed with the primary purpose of generating royalty income from its licensing to external customers. These other investments are valued at cost, which is based on certain filing and legal expenses incurred to establish the University’s legal ownership.

Invested Assets Related to Indebtedness—Invested Assets Related to Indebtedness are internally managed and held in custodial accounts. These assets are invested in high quality, short-term fixed income securities until needed for capital projects for which the debt was issued.

Regents of the University of Minnesota Insurance Company, Ltd. (RUMINCO)—RUMINCO is a wholly-owned captive insurance company (Note 9) whose principal activities are the insurance of certain risks to the University. Coverage includes: commercial general and professional liability, non-profit organization liability, business auto liability and excess automobile liability. RUMINCO insurance agreements limit the exposure to loss on a per-occurrence and annual aggregate basis.

The investment objectives for the liability reserves, which cover specific known and expected claims, are capital preservation and near term liquidity. The investment objectives for the capital surplus in excess of the liability reserves are to maximize the total return within acceptable risk parameters and to achieve at least 400 basis points of return above the inflation rate over multiple year periods.

Components of the Net Investment Income (Loss)—Components of the net investment income (loss) include interest, dividends, realized and unrealized gains or losses and all changes in fair market value on investments. Investment income is current year investment income that could include net increase or decrease in fair market values of investments from prior years.

The components of the net investment income (loss) are as follows:

	Investment income (net)	Net increase (decrease) in the fair market value of investments	Net investment income (loss)
Temporary Investment Pool	\$ 12,003	\$ 3,348	\$ 15,351
Consolidated Endowment Fund	114,113	(46,989)	67,124
Group Investment Pool	104	(977)	(873)
Separately Invested Funds and Other	639	(3,331)	(2,692)
Invested Assets Related to Indebtedness	2	2,660	2,662
RUMINCO, Ltd. Insurance Subsidiary	726	(220)	506
Total 2015	\$ 127,587	\$ (45,509)	\$ 82,078
Total 2014	\$ 110,130	\$ 124,277	\$ 234,407

Investment Risks

Credit and Interest Rate Risk—Credit risk is the risk that company specific events may cause a bond issuer to default, which results in a failure to repay principal or interest owed to the University in a timely manner. The Board’s Investment of Reserves policy affecting the assets of the TIP limits investments in fixed income instruments to those with credit ratings of investment grade as a means of managing its exposure to market value losses arising from credit deterioration or defaults.

Interest rate risk is the risk that changes in interest rates will adversely affect the market value of the University's fixed income investments. The Board's Investment of Reserves policy affecting assets in the TIP limits investment duration as a means of managing its exposure to market value losses arising from increasing interest rates.

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2015:

Fixed-income securities:	Market value	Weighted average maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	\$ 188,329		100			
Mortgage-backed securities	97,487	19.4	100			
US agency	719,127	1.9	100			
US treasury	42,218	2.7	100			
Mutual funds	267,531	5.5	49	51		
Total marketable fixed-income securities	1,314,692	3.7				
Private fixed-income securities	12,170					
Total fixed-income securities	\$ 1,326,862					

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2014:

Fixed-income securities:	Market value	Weighted average maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	\$ 246,211		100			
Mortgage-backed securities	97,179	19.8	100			
US agency	461,975	3.2	100			
US treasury	245,492	2.9	100			
Mutual funds	250,384	4.3	49	51		
Total marketable fixed-income securities	1,301,241	4.0				
Private fixed-income securities	19,260					
Total fixed-income securities	\$ 1,320,501					

Concentration of Credit Risk—Concentration of credit risk is the risk of loss attributed to the exposure of the University's investment in a single issuer. The Board's Endowment Fund policy prohibits investing directly in individual issuers in the CEF and places limits on exposures to individual managers and funds. The Board's Investment of Reserves policy places limits on concentrations to a single corporate issuer in the TIP of no more than 5 percent. As of June 30, 2015, and 2014, all securities held in the pools were in compliance with policy guidelines.

Foreign Currency Risk—The University invests in foreign currency denominated assets. Fluctuations in exchange rates may adversely affect the fair market value of such investments.

The following table summarizes the University's exposure to foreign currency risk, stated in U.S. dollar equivalents, as of June 30, 2015 and 2014:

Investment type	Foreign currency	Market value 2015	Market value 2014
Equity/Debt/RE	Euro	\$ 65,341	\$ 70,441
Equity	British Pound Sterling	37,232	39,855
Equity	Japanese Yen	35,870	27,717
Equity	Hong Kong Dollar	12,100	15,436
Equity	Canadian Dollar	8,865	7,806
Equity	Swiss Franc	8,572	5,943
Equity	Australian Dollar	6,850	5,404
Equity/Debt	Brazilian Real	3,966	7,220
Equity	South Korean Won	3,877	4,963
Equity	Swedish Krona	3,813	2,519
Equity/Debt	Indian Rupee	3,410	1,760
Equity	New Taiwan Dollar	3,109	1,906
Equity	Turkish Lira	2,917	2,185
Equity	South African Rand	2,591	6,164
Equity/Debt	Mexican Peso	2,219	3,509
Equity	Danish Krone	1,868	971
Equity	Thailand Baht	1,833	4,184
Equity/Debt	Other Currency	1,805	841
Equity	Singapore Dollar	1,729	2,411
Equity	Indonesian Rupiah	1,179	2,167
Equity	Philippine Peso	968	990
Equity	Chinese Renminbi	867	2
Equity	Norwegian Krone	842	1,613
Equity	Polish Zloty	767	499
Equity	Malaysian Ringgit	686	2,004
Equity	Israeli Shekel	571	325
Equity	Russian Ruble	438	86
Equity	Chile Peso	404	458
Equity	New Zealand Dollar	301	138
Equity	Argentine Peso	249	
Total		\$ 215,239	\$ 219,517

Securities Lending—The University does not participate in a securities lending program.

Financial Institution Credit Risk

Deposits—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits that are held in the same ownership category, and the FDIC insured amount is \$250 thousand. As of June 30, 2015 the University's bank balances of \$185,507 were uninsured and uncollateralized and as of June 30, 2014 the University's bank balances of \$244,132 were uninsured and uncollateralized.

Investments—Custodial credit risk is the risk that, in the event of failure of the counterparty, the University may not be able to recover the value of its investments held in custodial accounts. The University currently has custodial accounts at State Street Bank & Trust Company and JPMorgan Chase. As of June 30, 2015

and 2014, the market value of investments held in the custodial accounts was \$858,832 and \$804,646 in TIP; and \$152,950 and \$101,002 in CEF; and \$22,195 and \$21,757 in GIP, respectively.

3. Other Asset and Liability Information

Receivables, net, and student loans receivable, net, as of June 30, 2015, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	\$ 125		\$ 125
Sponsored grants and contracts	95,405		95,405
Notes receivable	886	\$ 13,564	14,450
Student receivables	33,252		33,252
Trade receivables	125,487		125,487
Accrued interest	2,390		2,390
Other	28,853	20	28,873
Allowance for uncollectible accounts	(11,685)		(11,685)
Total receivables, net	\$ 274,713	\$ 13,584	\$ 288,297
Student loans receivable	13,294	59,455	72,749
Allowance for uncollectible accounts	(2,671)	(595)	(3,266)
Student loans receivable, net	\$ 10,623	\$ 58,860	\$ 69,483

Accrued liabilities as of June 30, 2015, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	\$ 15,748	\$ 404	\$ 16,152
Compensation and benefits	152,339	429,145	581,484
Self-insurance reserves	28,387	12,520	40,907
Accrued interest	14,658		14,658
Refundable advances		53,680	53,680
Other	48,780	6,515	55,295
Total accrued liabilities	\$ 259,912	\$ 502,264	\$ 762,176

Activity for certain liabilities consisted of the following for the year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances	\$ 278,267	\$ 441,891	\$ (138,674)	\$ 581,484	\$ 152,339
Self-insurance reserves (see Note 9)	42,633	255,774	(257,500)	40,907	28,387
Refundable advances	53,870		(190)	53,680	
Other	50,152	55,295	(50,152)	55,295	48,780

Receivables, net, and student loans receivable, net, as of June 30, 2014, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	\$ 7,612		\$ 7,612
Sponsored grants and contracts	102,080		102,080
Notes receivable	904	\$ 14,537	15,441
Student receivables	41,613		41,613
Trade receivables	131,044		131,044
Accrued interest	1,887		1,887
Other	29,987	17	30,004
Allowance for uncollectible accounts	(12,703)		(12,703)
Total receivables, net	\$ 302,424	\$ 14,554	\$ 316,978
Student loans receivable	12,401	57,722	70,123
Allowance for uncollectible accounts	(2,502)	(577)	(3,079)
Student loans receivable, net	\$ 9,899	\$ 57,145	\$ 67,044

Accrued liabilities as of June 30, 2014, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	\$ 10,120	\$ 458	\$ 10,578
Compensation and benefits	142,273	137,960	280,233
Self-insurance reserves	31,062	11,571	42,633
Accrued interest	12,283		12,283
Refundable advances		53,870	53,870
Other	48,651	1,501	50,152
Total accrued liabilities	\$ 244,389	\$ 205,360	\$ 449,749

Activity for certain liabilities consisted of the following for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances (excluding pensions, OPEB, termination benefits, see Notes 6, 10, 11)	\$ 245,195	\$ 154,851	\$ (121,779)	\$ 278,267	\$ 142,273
Self-insurance reserves (see Note 9)	42,980	264,681	(265,028)	42,633	31,062
Refundable advances	53,330	540		53,870	
Other	50,969	50,152	(50,969)	50,152	48,651

4. Capital Assets

Capital assets, net as of June 30, 2015, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	\$ 3,778,197	\$ 51,242	\$ 1,141		\$ 3,830,580
Leasehold improvements	10,379	125	28		10,532
Equipment	742,667	60,449	(60)	\$ (19,135)	783,921
Infrastructure	468,278	2,165	3,602		474,045
Library and reference books	150,355	2,846			153,201
Capitalized software (intangible asset)	134,532	27,001			161,533
All other intangible assets	5,724	1,180			6,904
Total depreciable / amortizable capital assets	5,290,132	145,008	4,711	(19,135)	5,420,716
Non-depreciable / amortizable capital assets					
Land	94,015	17,548			111,563
Museums and collections	60,932	6,288	49		67,269
Construction in progress	120,380	109,073	(4,760)	173	224,866
Permanent right-of-way easements (intangible asset)	3				3
Total non-depreciable / amortizable capital assets	275,330	132,909	(4,711)	173	403,701
Accumulated depreciation / amortization					
Buildings and improvements	(1,676,672)	(101,230)			(1,777,902)
Leasehold improvements	(5,905)	(766)			(6,671)
Equipment	(526,850)	(77,598)	36	16,249	(588,163)
Infrastructure	(248,880)	(16,457)	(36)		(265,373)
Library and reference books	(96,967)	(14,085)			(111,052)
Capitalized software (intangible asset)	(105,552)	(7,757)			(113,309)
All other intangible assets	(4,142)	(672)			(4,814)
Total accumulated depreciation / amortization	(2,664,968)	(218,565)	-	16,249	(2,867,284)
Capital assets, net	\$ 2,900,494	\$ 59,352	\$ -	\$ (2,713)	\$ 2,957,133
Summary					
Depreciable / amortizable capital assets	\$ 5,290,132	\$ 145,008	\$ 4,711	\$ (19,135)	\$ 5,420,716
Non-depreciable / amortizable capital assets	275,330	132,909	(4,711)	173	403,701
Total capital assets	5,565,462	277,917	-	(18,962)	5,824,417
Less accumulated depreciation / amortization	(2,664,968)	(218,565)		16,249	(2,867,284)
Capital assets, net	\$ 2,900,494	\$ 59,352	\$ -	\$ (2,713)	\$ 2,957,133

Capital assets, net as of June 30, 2014, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	\$ 3,495,733	\$ 545	\$ 299,013	\$ (17,094)	\$ 3,778,197
Leasehold improvements	9,734	645			10,379
Equipment	741,165	53,158		(51,656)	742,667
Infrastructure	461,525	3,096	3,657		468,278
Library and reference books	144,672	5,683			150,355
Capitalized software (intangible asset)	117,935	16,597			134,532
All other intangible assets	5,052	672			5,724
Total depreciable / amortizable capital assets	4,975,816	80,396	302,670	(68,750)	5,290,132
Non-depreciable / amortizable capital assets					
Land	91,090	2,925			94,015
Museums and collections	54,695	6,285	(48)		60,932
Construction in progress	278,103	136,233	(290,564)	(3,392)	120,380
Permanent right-of-way easements (intangible asset)	2	1			3
Total non-depreciable / amortizable capital assets	423,890	145,444	(290,612)	(3,392)	275,330
Accumulated depreciation / amortization					
Buildings and improvements	(1,581,243)	(95,623)	(12,058)	12,252	(1,676,672)
Leasehold improvements	(5,123)	(782)			(5,905)
Equipment	(517,497)	(59,688)		50,335	(526,850)
Infrastructure	(232,422)	(16,458)			(248,880)
Library and reference books	(84,783)	(12,184)			(96,967)
Capitalized software (intangible asset)	(98,140)	(7,412)			(105,552)
All other intangible assets	(3,584)	(558)			(4,142)
Total accumulated depreciation / amortization	(2,522,792)	(192,705)	(12,058)	62,587	(2,664,968)
Capital assets, net	\$ 2,876,914	\$ 33,135	\$ -	\$ (9,555)	\$ 2,900,494
Summary					
Depreciable / amortizable capital assets	\$ 4,975,816	\$ 80,396	\$ 302,670	\$ (68,750)	\$ 5,290,132
Non-depreciable / amortizable capital assets	423,890	145,444	(290,612)	(3,392)	275,330
Total capital assets	5,399,706	225,840	12,058	(72,142)	5,565,462
Less accumulated depreciation / amortization	(2,522,792)	(192,705)	(12,058)	62,587	(2,664,968)
Capital assets, net	\$ 2,876,914	\$ 33,135	\$ -	\$ (9,555)	\$ 2,900,494

5. Long-Term Debt

Long-term debt as of June 30, 2015, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2015 beginning balance	Additions	Reductions	FY 2015 ending balance	Current portion
General obligation bonds									
Series 2014B (tax-exempt)	\$ 145,760	2015	2.00%-5.00%	2044		\$ 145,760		\$ 145,760	
Series 2013D (taxable)	12,760	2014	0.60%-4.848%	2039	\$ 12,760		\$ 230	12,530	\$ 350
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	13,435		375	13,060	385
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	71,820		1,875	69,945	1,950
Series 2011D (tax-exempt)	53,610	2012	2.00%-5.00%	2037	51,255		1,230	50,025	1,280
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	18,505		535	17,970	545
Series 2011A (tax-exempt)	335,270	2011	2.00%-5.50%	2037	275,590		22,615	252,975	23,985
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	38,200		1,320	36,880	1,335
Series 2010D (taxable)	27,200	2010	3.86%-5.77%	2030	27,200			27,200	
Series 2010C (tax-exempt)	8,480	2010	2.00%-4.00%	2016	3,015		1,485	1,530	1,530
Series 2009D (taxable)	37,330	2009	6.30%	2029	37,330			37,330	
Series 2009C (tax-exempt)	44,625	2009	1.50%-5.00%	2022	30,580		3,280	27,300	3,405
Series 2009B (taxable)	17,035	2009	2.50%-6.00%	2029	14,145		660	13,485	685
Series 2009A (tax-exempt)	41,000	2009	3.00%-5.25%	2034	36,060		1,140	34,920	1,190
Commercial paper notes, Series A (tax-exempt)	159,100	2006	0.06%-0.09%	2016	110,100		9,000	101,100	101,100
Commercial paper notes, Series B (tax-exempt)	61,000	2007	0.08%-1.0%	2016	40,000		3,000	37,000	37,000
Commercial paper notes, Series C (tax-exempt)	70,000	2008	0.07%-0.08%	2016	47,000		3,500	43,500	43,500
Commercial paper notes, Series D (tax-exempt)	25,000	2010	0.08%-0.09%	2016	17,700		1,300	16,400	16,400
Commercial paper notes, Series E (taxable)	51,620	2015	0.10%-0.12%	2016		51,620		51,620	51,620
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1991-2006	3.55%-5.39%	2026	21,511		3,667	17,844	3,110
Special purpose revenue bonds, Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039	35,395		410	34,985	815
Special purpose revenue bonds, Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	50,930		1,225	49,705	1,280
Special purpose revenue bonds, Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	105,510		2,780	102,730	2,905
Special purpose revenue bonds, Series 2006 (tax-exempt)	137,250	2007	4.00%-5.00%	2030	109,300		4,915	104,385	5,165
Unamortized premiums and discounts	101,578	2007-2015		2016-2044	72,525	13,778	4,493	81,810	4,504
Capital leases and other		1999-2015	1.81%-4.21%	2025	42,641	2,656	5,858	39,439	5,766
Total	\$ 1,785,537				\$1,282,507	\$ 213,814	\$ 74,893	\$1,421,428	\$309,805

Long-term debt as of June 30, 2014, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2014 beginning balance	Additions	Reductions	FY 2014 ending balance	Current portion
General obligation bonds									
Series 2013D (taxable)	\$ 12,760	2014	0.60%-4.848%	2039		\$ 12,760		\$ 12,760	\$ 230
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	\$ 13,780		\$ 345	13,435	375
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	73,570		1,750	71,820	1,875
Series 2011D (tax-exempt)	53,610	2012	2.00%-5.00%	2037	52,450		1,195	51,255	1,230
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	19,035		530	18,505	535
Series 2011A (tax-exempt)	335,270	2011	2.00%-5.50%	2037	297,005		21,415	275,590	22,615
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	39,505		1,305	38,200	1,320
Series 2010D (taxable)	27,200	2010	3.86%-5.77%	2030	27,200			27,200	
Series 2010C (tax-exempt)	8,480	2010	2.00%-4.00%	2016	4,440		1,425	3,015	1,485
Series 2009D (taxable)	37,330	2009	6.30%	2029	37,330			37,330	
Series 2009C (tax-exempt)	44,625	2009	1.50%-5.00%	2022	33,700		3,120	30,580	3,280
Series 2009B (taxable)	17,035	2009	2.50%-6.00%	2029	14,785		640	14,145	660
Series 2009A (tax-exempt)	41,000	2009	3.00%-5.25%	2034	37,170		1,110	36,060	1,140
Commercial paper notes, Series A	159,100	2006	0.06%-0.08%	2015	117,100		7,000	110,100	110,100
Commercial paper notes, Series B	61,000	2007	0.08%	2015	43,000		3,000	40,000	40,000
Commercial paper notes, Series C	70,000	2008	0.06%-0.08%	2015	50,500		3,500	47,000	47,000
Commercial paper notes, Series D	25,000	2010	0.07%-0.10%	2015	19,450		1,750	17,700	17,700
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1991-2006	3.55%-5.70%	2026	25,817		4,306	21,511	3,667
Auxiliary revenue bonds	10,080	1971-1977	3.00%	2014	620		620		
Special purpose revenue bonds, Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039		35,395		35,395	410
Special purpose revenue bonds, Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	52,110		1,180	50,930	1,225
Special purpose revenue bonds, Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	108,165		2,655	105,510	2,780
Special purpose revenue bonds, Series 2006 (tax-exempt)	137,250	2007	4.00%-5.00%	2030	113,995		4,695	109,300	4,915
Unamortized premiums and discounts	87,800	2007-2014		2016-2039	73,725	2,831	4,031	72,525	4,070
Capital leases and other		1999-2014	1.94%-4.21%	2025	46,278	1,944	5,581	42,641	5,414
Total	\$ 1,584,459				\$1,300,730	\$ 52,930	\$ 71,153	\$1,282,507	\$272,026

General Obligation Bonds

On August 6, 2014, the University issued General Obligation Bonds, Series 2014B in the par amount of \$145,760. The proceeds will be used to fund the costs of construction of a new Ambulatory Care Center and to pay capitalized interest during the construction period. The Series 2014B bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of \$13,778.

The University issued General Obligation Taxable Bonds for the University Supported Biomedical Science Research Facilities Funding Program. The proceeds will be used to fund a portion of the costs of construction of one or more biomedical science research facilities. The Series 2013D bonds were issued on November 6, 2013 in the par amount of \$12,760 at coupon rates of 0.600 – 4.848 percent. The Series 2011C bonds were issued on October 13, 2011 in the par amount of \$19,335 at coupon rates of 0.90 – 4.56 percent with a discount of \$13. The Series 2010B bonds were issued on September 30, 2010 in the par amount of \$41,720 at coupon rates of 0.74 – 5.02 percent.

On February 19, 2013, the University issued General Obligation Taxable Bonds, Series 2013B and General Obligation Bonds, Series 2013A in the par amount of \$13,780 and \$73,570, respectively. The proceeds were used to fund various capital projects including the renovation of Northrop Memorial Auditorium, the construction of a student residence hall and dining facility, and the construction of the Physics &

Nanotechnology Building, all on the Twin Cities campus, and construction of residence halls on each of the Crookston and Morris campuses. The Series 2013B bonds were issued at coupon rates of 2.60 – 3.75 percent with a premium of \$354. The Series 2013A bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of \$8,779.

The University has outstanding General Obligation Taxable Bonds, Series 2010D, Series 2010B and Series 2009D. These Series are Build America Bonds – Direct Payment to Issuer, whereby the University expects to receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. Interest payments are due August 1 and February 1 on the Series 2010D and Series 2010B, and June 1 and December 1 on the Series 2009D. Due to the implementation of federal sequestration during fiscal year 2013, the subsidy payments received beginning June 1, 2013 have been reduced by 7.3 percent, 7.2 percent and 8.7 percent in each of the federal fiscal years ending September 30, 2015, September 30, 2014, and September 30, 2013, respectively.

All general obligation bonds are secured by the full faith and credit of the University and subject to mandatory sinking fund requirements set forth in the prospectuses.

Special Purpose Revenue Bonds

The University issued Special Purpose Revenue Bonds for the State Supported Biomedical Science Research Facilities Funding Program. The proceeds will be used to fund a portion of the costs of construction of one or more biomedical science research facilities. The Series 2013C bonds were issued on November 6, 2013 in the par amount of \$35,395 at coupon rates of 2.0 – 5.0 percent with a premium of \$2,831. The Series 2011B bonds were issued on October 13, 2011 in the par amount of \$52,485 at coupon rates of 3.0 – 5.0 percent with a premium of \$5,408. The Series 2010A bonds were issued on September 30, 2010 in the par amount of \$111,400 at coupon rates of 3.0 – 5.0 percent with a premium of \$12,827. State of Minnesota legislation provides for an annual appropriation to reimburse the University for the annual debt service on these bonds.

The University issued Special Purpose Revenue Bonds, Series 2006 to finance a portion of the cost of the TCF Bank Stadium on the Twin Cities campus and to pay costs of issuance. State funding of up to \$10,250 per year for no more than 25 years has been provided to reimburse the University for the annual debt service on these bonds. The amended 2015 Minnesota Session Laws authorized the refunding of these bonds and also provided that upon refunding, annual payments will be the maximum annual \$10,250 appropriation. In addition, savings realized through the future refunding are to be used to provide \$10,000 for the predesign and design of certain health education and clinical research facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus.

Commercial Paper Notes

On December 17, 2014, the University issued Taxable Commercial Paper Notes Series E in the amount of \$51,620 at initial rates of 0.10 – 0.12 percent. The proceeds will be used to finance a portion of a new James Ford Bell Natural History Museum and Planetarium on the St. Paul Campus.

The University issued tax-exempt Commercial Paper Notes, Series A, B, C, and D, to defease outstanding bond obligations, to finance purchases of land and buildings, to finance construction and remodeling projects to be undertaken by the University, and to finance the acquisition and installation of equipment by the University. The commercial paper is backed by the University's self-liquidity, which was supported by a line of credit with a major commercial bank through July 19, 2013. No amounts were ever drawn under the line of credit.

Commercial paper is short-term in nature and classified as current liabilities in the financial statements.

Auxiliary Bonds

The University's auxiliary revenue bonds were secured by the revenues, net of expenses, of the auxiliary activity to which they related, debt-service subsidy grants provided by the U.S. Department of Housing and Urban Development, and the full faith and credit of the University. Revenues were pledged until November 1, 2013, at which time the final debt obligation matured.

Infrastructure Development Bond Obligations

Pursuant to Minnesota law, the University is obligated to pay the state one third of the debt service of infrastructure development bonds issued by the state for University capital projects. Debt was issued for this purpose between July 1990 and October 2005. The total amount of outstanding debt issued by the state on behalf of the University was \$53,532 as of June 30, 2015 and \$64,531 as of June 30, 2014 of which the University owes \$17,844 and \$21,511, respectively.

Capital Leases and Other Debt

The University has six distinct capital leases. Three of the six agreements are financed through third-party financing for purchase of fleet vehicles and other equipment. The remaining three capital leases have payments being paid directly to the lessor and represent leases for buildings. Associated capital assets acquired through capital leases for buildings are \$55,451 with related accumulated depreciation of \$22,276 and capital leases for vehicles and equipment are \$13,429 and related accumulated depreciation of \$7,165. The capital leases bear interest rates between 1.81 percent and 4.21 percent, with none extending beyond fiscal year 2025. One of the third-party financing agreements bears interest, which is tied to the 30 Day LIBOR Index that cannot fall below a floor of 3.0 percent. The LIBOR Index is an average yield of interbank offered rates for one-year US dollar denominated deposits in the London Market. The 3.0 percent floor for the note payable was maintained during the fiscal year ended June 30, 2015 and does not extend beyond fiscal year 2017. A second third-party financing agreement has interest rates tied to commercial paper, which ranged from 1.81 – 2.34 percent during fiscal year ended June 30, 2015.

Interest Rate Swaps

At June 30, 2015 the University has one freestanding pay-fixed and receive-variable interest rate swap that is considered an ineffective hedge, where the changes in fair value of \$2,660 are included in investment income, net reported in the Consolidated Statements of Revenues, Expenses, and Changes in Net Position.

The terms, fair values, and credit rating of the outstanding swap as of June 30, 2015, are as follows:

Associated bond issue	Nature of association	Notional amounts	Effective date	Fixed rate	Variable rate	Swap type	Fair value	Swap maturity date
CP, Series 2005A	Freestanding	\$ 70,000	8/27/1997	4.98%	SIFMA Index*	Pay fixed and receive variable	\$ (6,838)	8/27/2017
		\$ 70,000					\$ (6,838)	

* SIFMA (Securities Industry Financial Markets Association) Index, previously known as the BMA (Bond Market Association) Index, is a 7-day high-grade market index comprised of tax-exempt variable demand obligations from the MMD (Municipal Market Data).

Credit Risk—The swap that exists at the end of fiscal year 2015 is with a counterparty that is rated Aa2 by Moody's Investors Service. The University faces maximum possible losses equivalent to the amount of the derivative's fair value should the counterparty not perform under the terms of the swap agreements. Due to the fair value of the swap being negative as of June 30, 2015, the University was not exposed to credit risk.

It is the University's practice to net payments to/from a counterparty required under the derivatives instrument as allowed under the terms of the Master Agreements.

Interest Rate Risk—The University is exposed to interest rate risk since the changes in interest rates may adversely affect the fair value of the University's interest rate swaps and/or cash flows related to the net interest payments.

Termination Risk—The University is exposed to termination risk on its existing freestanding swap. Per the swap agreement, the counterparty is allowed to terminate the swap agreement if the variable rate paid by the counterparty to the University averages above 7.0 percent for any rolling consecutive 90-day period.

Commercial paper interest payments and net swap payments will vary depending on current market conditions from week to week. Using rates as of June 30, 2015, debt service requirements of the University's outstanding long-term debt obligations and net swap payments for the next five years and in subsequent five-year periods are as follows:

	Bonds and obligations	Commercial paper notes	Capital lease and other	Total principal	Interest	Net interest rate swaps	Total obligations
Fiscal year ending June 30							
2016	\$ 54,420	\$ 249,620	\$ 5,766	\$ 309,806	\$ 51,032	\$ 3,444	\$ 364,282
2017	59,059		5,567	64,626	48,283	3,444	116,353
2018	61,252		5,491	66,743	45,566	547	112,856
2019	63,104		5,408	68,512	42,682		111,194
2020	51,942		4,946	56,888	40,033		96,921
2021-2025	253,927		12,261	266,188	163,342		429,530
2026-2030	268,997			268,997	102,078		371,075
2031-2035	190,302			190,302	48,877		239,179
2036-2040	94,730			94,730	15,152		109,882
2041-2044	34,636			34,636	3,364		38,000
	\$ 1,132,369	\$ 249,620	\$ 39,439	\$ 1,421,428	\$ 560,409	\$ 7,435	\$ 1,989,272

Defeased Bonds

In previous years, the University defeased various bonds by placing the proceeds from new bond issuances into an irrevocable trust to provide for all future debt service payments on the old bonds. The defeased bonds are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2015	Bond call date
General obligation bonds 1982 Series A	4/23/1985	\$ 112,635	\$ 112,635	\$ 29,600	12/1/2016
General obligation bonds 1996 Series A	10/2/2005	159,000	159,000	101,000	7/1/2021

The Series 1982A bonds were issued December, 1982 to finance the construction and equipment for the University Hospital and Clinics. They were defeased in fiscal year 1985, resulting in a recognized loss of \$13,945.

The Series 1996A bonds were issued in January 1997 to provide funds for capital projects and to refund the general obligation variable rate demand bonds Series 1985F, 1985G, 1985H, and 1985I and the Commercial

Paper Series 1991A and Series 1991B. As required under the terms of a put option exercised July 5, 2005, the proceeds from the issuance of Commercial Paper Notes, Series A in October 2005 were used to defease the remaining outstanding Series 1996A bonds. There was no gain or loss incurred with the defeasance of the Series 1996A bonds.

Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's consolidated financial statements.

Arbitrage

University general obligation and special purpose debt issuances issued after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on the invested gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The University continues to monitor and report any arbitrage in accordance with the Internal Revenue Code. The University had no arbitrage liability at June 30, 2015 or June 30, 2014.

6. Pension Plans

The University and its employees contribute to pension plans characterized as either a defined benefit (specifies the amount of pension benefits to be provided at a future date) or defined contribution (specifies how contributions are to be determined, rather than an amount) plan.

Defined Benefit Plans

Cost-sharing, multiple-employer plans

Effective fiscal year ended June 30, 2015, GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*, was required to be implemented for the University. In accordance with the standard, the University's cost-sharing, multiple employer plans fall within the scope of its requirements.

United States Government (Federal) Retirement Plans

All University employees with federal benefits work for the University of Minnesota Extension (Extension) or its partner colleges; College of Food, Agricultural and Natural Resources Science (CFANS), College of Design, and College of Education and Human Development. These employees were grandfathered in, allowing them to keep their federal benefits, which were formerly offered exclusively to Extension staff. No new participants are being accepted into the federal retirement plans listed below. An exception would be granted to allow for a new participant when an appointment transfers from another Extension service. Questions regarding the federal plans listed below, including requests for financial statements and required supplementary information can be directed to the United States Office of Personnel Management (OPM), 1900 E Street N.W., Washington, DC 20415.

Civil Service Retirement System (CSRS)

The Civil Service Retirement System (CSRS) is a federal program that provides retirement benefits for approximately 19 employees who work for the University. Participation is limited to those who initially entered federal service prior to January 1, 1984, and have been continuously employed since December 31, 1983, or before, or have had a break in federal service of one year or less since 1984. It is closed to new members. Retirement benefits are based on years and months of service. CSRS provides full retirement

benefits at age 55 with 30 years of service, age 60 with 20 years of service, or age 62 with 5 years of service. Deferred benefits are payable at age 62 with 5 years of service. The annuity formula provides 1.5 percent of average salary for the first five years of service, 1.75 percent for the next five years, and 2.0 percent for any remaining service, up to a maximum of 80 percent of average salary (based on the highest three consecutive years of salary).

Civil Service Retirement System Offset Retirement (CSRS Offset)

The Civil Service Retirement System Offset Retirement (CSRS Offset) is administered in conjunction with the standard CSRS by the OPM. It provides retirement benefits for four employees who work for the University. Participation is limited to federal employees who had at least five years of creditable civilian federal service prior to January 1, 1987, and had rejoined federal service since January 1, 1984, after a break of CSRS coverage of more than one year; or were hired before January 1, 1984, and acquired CSRS interim coverage (precursor to CSRS Offset coverage) between 1984 and 1987.

Federal Employees Retirement System (FERS)

The Federal Employees Retirement System (FERS) is a federal program that provides retirement benefits for approximately 85 employees who work for the University. In general, all civilian service employees newly hired on or after January 1, 1984, are mandatorily covered by FERS. In addition, employees rehired after January 1, 1984, who had less than five years of prior civilian service as of December 31, 1986, are mandatorily covered by FERS. Using Social Security as a base, FERS provides an additional defined benefit and a voluntary thrift savings plan. An employee who receives a new appointment can often elect FERS coverage voluntarily during the first six months of the appointment. FERS provides full retirement benefits at the “Minimum Retirement Age” (MRA) with 30 years of service, at age 60 with 20 years of service, or at age 62 with 5 years of service. The MRA is 55 for those born before 1948, and incrementally increases to 57 for those born in or after 1970. Deferred retirement benefits are available at or after the MRA with 10 years of service at reduced benefit levels. The annuity formula generally provides 1.0 percent of the employee’s average salary (based on the highest three consecutive years of salary) multiplied by the number of years of creditable service. If retirement is at age 62 or later with at least 20 years of service, a factor of 1.1 percent is used rather than 1.0 percent.

Funding Policy and Contribution Rates

	CSRS	CSRS Offset	FERS
Statutory authority			
United States code	Title 5, Chapter 83	Title 5, Chapter 83	Title 5, Chapter 84
Required contribution rates (%)			
Active plan members	7.00%	0.80%	0.80%
University	7.00%	7.00%	13.20%
Required contributions (\$)			
Employee			
2015	\$ 139	\$ 6	\$ 59
2014	152	6	60
2013	172	6	59
University			
2015	\$ 139	\$ 35	\$ 938
2014	152	35	894
2013	172	34	878

State of Minnesota Retirement Plans

Basis of Accounting and Valuation of Investments

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and the Public Employee Police and Fire Fund (PEPFF) and additions to/deductions from MSRS' and PEPFF's fiduciary net position have been determined on the same basis as they are reported by MSRS and PEPFF, respectively. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employee Police and Fire Fund (PEPFF)

The Public Employee Police and Fire Fund (PEPFF) is administered by the Public Employees Retirement Association (PERA). PEPFF, in total, provides coverage to approximately 500 local governmental subdivisions within the state of Minnesota. The University's participation in PEPFF covers approximately 61 active law enforcement staff. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by state legislature. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3.0 percent of average salary for each year of service in that plan. Benefits for members first hired after June 30, 2010, but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for members first hired after June 30, 2014, vest on a pro-rated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. For members hired prior to July 1, 1989, a full annuity is available when the member's age plus years of service equal at least 90. Annual benefits increase by 1.0 percent each year to annuitants who have been receiving a benefit for at least 12 months (36 months for annuitants whose benefits were effective after June 1, 2014, and 2.5 percent if the plan is funded at least 90 percent for two consecutive years). Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained at <http://www.mnpera.org/> or by writing the Public Employees Retirement Association (PERA), 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees' Retirement Fund (SERF)

The State Employees' Retirement Fund (SERF) is administered by the Minnesota State Retirement System (MSRS). SERF, in total, provides coverage to approximately 16 employers within the state of Minnesota. The University's participation in SERF covers approximately 8,700 active Civil Service and non-faculty bargaining unit employees. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by state statute and can only be modified by state legislature. Benefits are based on a member's age, years of allowable service, and the highest average salary for any sixty successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January, and are related to the funded ratio of the plan. Annuitants receive benefit increases of 2.0 percent each year. When the fund reaches a 90 percent funded status for two consecutive years, annuitants will receive a 2.5 percent increase.

The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates if the employee was first hired before July 1, 1989, are 1.2 percent for the first 10 years of allowable service and 1.7 percent for each subsequent year. The applicable rate if the employee is first hired after June 30, 1989, is 1.7 percent of average salary for each year of allowable service. Average salary is defined as the highest salary paid in sixty successive month period. A publicly available financial report, which includes financial statements, required supplementary information, and detailed information about the plan's fiduciary net position, can be obtained at www.msrs.state.mn.us/financial-information or by writing to the Minnesota State Retirement System (MSRS), 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Information pertaining to both PEPFF and SERF in accordance with GASB 68 and GASB 71 follows:

Funding Policy and Contribution Rates

	PEPFF	SERF
Statutory authority		
Minnesota chapter	353	352
Required contribution rates (%)		
Active plan members	10.80% *	5.50% **
University	16.20% *	5.50% **
Required contribution rates (\$)		
University	\$ 885	\$ 22,565
Non-Employer Contributing Entity	55	

* Required contribution rates increased to 10.80% (active plan members) and 16.20% (University) on January 1, 2015. Members and the University were required to contribute 10.20% and 15.30%, respectively, of their annual covered salary in fiscal year-ended June 30, 2014.

** Required contribution rates increased to 5.50% on July 1, 2014. Members and the University were required to contribute 5.0% of their annual covered salary in fiscal year-ended June 30, 2014.

Net pension liability amounts recorded with the implementation of GASB 68 within the University's financial statements are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2014. The University's proportion of the respective plans' net pension liability was based on the University's contributions to the respective plans during the measurement period July 1, 2013, through June 30, 2014, relative to the total contributions from all participating employers, as well as on-behalf State contributions paid directly to PEPFF. As a result, contributions made to the respective plans in fiscal year-ended June 30, 2015, are recorded as deferred outflows of resources per GASB 71.

Summary of Pension Amounts

	PEPFF	SERF	Total
Proportionate Share of the Net Pension Liability (\$)	\$ 6,567	\$ 259,954	\$ 266,521
Proportionate Share of the Net Pension Liability (%)			
2015	0.613%	15.465%	
2014	0.608% *	16.031% *	
Deferred Outflows of Resources	\$ 2,535	\$ 22,565	\$ 25,100
Deferred Inflows of Resources	\$ 3,240	\$ 364,980	\$ 368,220
Net Pension Expense	\$ 701	\$ (50,101)	\$ (49,400)
Non-Operating Grant Revenue	\$ 55		\$ 55

*Percentage applied in calculating the net pension liability for fiscal year-ended June 30, 2015.

Deferred Outflows of Resources

	PEPFF	SERF	Total
Difference between expected and actual experience	\$ 9		\$ 9
Changes in assumptions	1,641		1,641
Contributions paid to plan subsequent to measurement date	885	\$ 22,565	23,450
Total	\$ 2,535	\$ 22,565	\$ 25,100

Deferred Inflows of Resources

	PEPFF	SERF	Total
Difference between expected and actual experience		\$ 5,646	\$ 5,646
Changes in assumptions		189,462	189,462
Net difference between projected and actual earnings on investments	\$ 3,240	134,837	138,077
Changes in proportion and differences between actual contributions and proportionate share of contributions		35,035	35,035
Total	\$ 3,240	\$ 364,980	\$ 368,220

Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in Net Pension Liability

Fiscal Year	PEPFF	SERF	Total
2016	\$ (480)	\$ (91,245)	\$ (91,725)
2017	(480)	(91,245)	(91,725)
2018	(480)	(91,245)	(91,725)
2019	(480)	(91,245)	(91,725)
2020	330		330
Net pension expense	\$ (1,590)	\$ (364,980)	\$ (366,570)
Deferred outflows reduction to net pension liability	885	22,565	23,450
Net deferred inflows	\$ (705)	\$ (342,415)	\$ (343,120)

The University's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date by the respective plans. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Methods and Assumptions

	PEPFF*		SERF*	
Valuation date	6/30/2014		6/30/2014	
Actuarial cost method	Entry age normal		Entry age normal	
Asset valuation method	5-year smoothed market		Fair value	
Long-term expected rate of return	7.90%		7.90%	
20-year municipal bond rate	4.29%	**	4.29%	**
Inflation	2.75%		2.75%	
Salary increases	Service related rates		Service related rates	
Payroll growth	3.50%		3.50%	
Experience study dates	2010	***	2004 - 2008	***

* Mortality rates were based on RP-2000 Generational Mortality Tables, and adjusted as appropriate to match experience.

** Based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of June 26, 2014.

*** Update of economic assumptions in 2014.

As noted in the actuarial methods and assumptions, the long-term expected rate of return (discount rate) was used to measure the total pension liability as of June 30, 2014 of the respective plans. The actual selection of the rate was determined by looking at the asset class target allocations and long-term rate of return expectations from the State Board of Investments (SBI), along with other information, such as the Social Security Trustees Report, the U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns.

The SBI, which manages the investments of the respective plans, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of expected future real rates of return are developed for each major asset class.

These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

SBI Asset Class

Asset Class	Target Allocation	SBI's Long-Term Expected Real Rate of Return (Geometric Mean)
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current and active employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments (June 30, 2015 through June 30, 2114) to determine the total pension liability.

The MSRS completed a similar analysis as of July 1, 2013, based on a long-term expected rate of return of 7.90 percent and a municipal bond rate of 4.63 percent. The projection showed that assets would be available to pay benefits only through 2045, with a resulting single discount rate of 6.63 percent, and an increase of 1.27 percent between the beginning and the end of the measurement period.

In addition to the change in MSRS' single discount rate from 6.63 percent to 7.90 percent, other notable changes affecting the measurement of MSRS' total pension liability since the prior measurement date included:

- Post-retirement benefit increase from 2.0 percent indefinitely, to 2.0 percent through 2015, and 2.5 percent thereafter;
- Member and contribution rates increases from 5.0 percent to 5.5 percent effective July 1, 2014;
- Beginning July 1, 2014, the funding ratio threshold that must be attained to pay a 2.5 percent post-retirement benefit increase to benefit recipients was changed from 90 percent for one year to 90 percent for two consecutive years.

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate of 7.9 percent, as well as what the impact would be if the net pension liability were calculated using a discount rate that was 1.0 percentage point lower or 1.0 percentage point higher than 7.9 percent.

Discount Rate Sensitivity

Pension Plan	1.0% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1.0% Increase in Discount Rate (8.9%)
PEPFF	\$ 13,154	\$ 6,567	\$ 1,139
SERF	524,633	259,954	40,020

Additional information related to the respective plans is presented in Required Supplementary Information (RSI) following the notes to the financial statements.

Single-employer plan

Supplemental Benefits Plan (SBP)

The Supplemental Benefits Plan (SBP) is a plan sponsored by the University pursuant to the Board of Regents governing authority. This plan is in addition to the Faculty Retirement Plan (FRP), where faculty members employed prior to 1963 and female participants employed prior to July 1, 1982, may be eligible to receive additional benefits. SBP is designed to provide additional retirement benefits for certain groups of individuals who participated in the FRP, but who, due to plan design, have retirement income levels that are significantly lower than those of current participants. It accounts for 128 eligible participants. SBP is funded in an amount equal to or greater than the amount required under statute. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. The eligible population under the plan is a closed group. An internal faculty and staff retirement program report is prepared on a fiscal year basis. Questions regarding the SBP may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Funding Policy

Statutory authority	
Minnesota chapter	356
Required contribution rates (%)	
Active plan members	N/A
University	N/A

Due to the plan being closed, required contribution rates do not apply. Contribution amounts are determined by funding status and actuarial value in compliance with state statutes. The University makes all contributions to the SBP using a variable rate.

Annual Pension Cost and Net Pension Obligation

Annual required contribution (ARC)	\$	6
Interest on net pension obligation (NPO)		108
Adjustment to ARC		(373)
Annual pension cost (expense)	\$	(259)
Less contributions made – fiscal year ended June 30, 2015		(26)
Decrease in NPO	\$	(285)
NPO—June 30, 2014		2,156
NPO—June 30, 2015	\$	1,871

Three-Year Trend Information

Fiscal year ended	Annual pension cost	Employer contribution	Percentage of annual pension cost contributed	Net pension obligation
6/30/2015	\$ (259)	\$ 26	N/A	\$ 1,871
6/30/2014	127	393	309.45%	2,156
6/30/2013	149	409	274.50%	2,422

Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2014	\$ 1,721	\$ 1,754	\$ 33	98.12%	\$ 512	6.45%
7/1/2013	1,761	4,219	2,458	41.74%	558	440.50%
7/1/2012	1,883	4,672	2,789	40.30%	659	423.22%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the consolidated financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Valuation date	7/1/2014
Actuarial cost method	Entry age
Amortization method	Level of dollar by 6/30/2021, closed
Remaining amortization period	7 years
Asset valuation method	Fair market value, smoothed over 5 years
Actuarial assumptions	
Investment rate of return	5.00%
Projected salary increase	3.50%
Cost of living adjustment	2.50%

Defined Contribution Plans

The University's defined contribution plans represent benefits to be received. They are limited to the value of the participant's account balance, depending on the plan. Accordingly, there is no unfunded actuarial accrued liability (UAAL), or actuarial accrued liability (AAL), associated with the following plans. A description of the plans and contribution information follows.

Faculty Retirement Plan (FRP)

The Faculty Retirement Plan (FRP) is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the University's Board of Regents governing authority, in compliance with Section 401(a) of the Internal Revenue Code, it authorizes the University to contribute to the plan and governs the requirements of this plan. Eligibility requirements involve an employee appointment of at least nine months; employee appointments between 67 to 99 percent time are granted prorated participation. The waiting period for certain salary classes was eliminated effective June 29, 2014. The plan is funded through employee pre-tax contributions and University contributions. Eligible academic employees with hire dates prior to January 2, 2012 contribute 2.5 percent of covered salary and the University contributes 13.0 percent. Eligible employees with a start date (or who were rehired) on or after January 2, 2012 contribute 5.5 percent of covered salary and the University contributes 10.0 percent. The FRP covers approximately 9,200 active faculty and professional and administrative (P&A) staff. This amount includes approximately 3,000 with hire dates on or after January 2, 2012.

University of Minnesota Optional Retirement Plan (ORP)

The Optional Retirement Plan (ORP) is a voluntary retirement savings/investment plan covered under Section 403(b) of the Internal Revenue Code. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. The plan is funded mainly through employee pre-tax contributions. However, the University may make discretionary contributions for select staff based on employment contracts. Approximately 4,000 full- and part-time employees contribute to this plan.

University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. This plan is funded exclusively through employee pre-tax contributions. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. Approximately 1,000 full- and part-time employees contribute to this plan.

University of Minnesota 415(m) Retirement Plan

The 415(m) Retirement Plan is a qualified excess benefit plan authorized under Section 415(m) of the Internal Revenue Code. This plan is provided to select staff based on individual employment contracts negotiated. All contributions provided by the University are negotiated on an individual employee basis and are contingent on vesting requirements being satisfied. Eleven University employees are part of this plan.

Contributions Made for Fiscal Year 2015

	FRP	ORP	457	415(m)
Employee	\$ 27,132	\$ 40,191	\$ 13,744	N/A
University	100,584	363	N/A	\$ 1,003

7. Related Organization

The University is responsible for appointing eight members of the 15-member Board of Directors of UCare Minnesota, a licensed nonprofit health maintenance organization (HMO) that provides medical services for its members. The University's accountability for this organization, however, does not extend beyond making Board appointments. The dean of the University of Minnesota Medical School and the head of the

University's Department of Family Medicine and Community Health appoint six board members; two members are automatically appointed by virtue of the University positions that they hold.

8. Commitments and Contingencies

Construction projects in progress, principally buildings, approximated \$224,866 on June 30, 2015. The estimated cost to complete these facilities is \$362,946, which is to be funded from plant fund assets and \$103,126 in appropriations available from the State of Minnesota as of June 30, 2015.

The University owns steam production facilities that produce steam for heating and cooling the Twin Cities campus, which by agreement are managed, operated, and maintained by an unaffiliated company. The original agreement was for five years and began May 17, 2004, with a contract end date of May 2019. Under the agreement, the University must make minimum fixed payments for certain operating and maintenance costs, as well as contingent payments based upon performance requirements.

The University is obligated under various operating leases for the use of real property and equipment. Total operating lease expenditures for the years ended June 30, 2015 and 2014, were \$18,200 and \$18,638, respectively, of which \$13,782 and \$14,512 were for real property and \$4,418 and \$4,126 were for equipment, respectively.

The future steam plant and operating lease commitments as of June 30, 2015, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2016	\$ 246	\$ 8,480	\$ 8,726
2017	246	6,833	7,079
2018	246	4,222	4,468
2019	246	3,259	3,505
2020		2,954	2,954
2021-2025		9,744	9,744
2026-2030		7,941	7,941
2031-2035		6,946	6,946
2036-2040			
Total commitments	\$ 984	\$ 50,379	\$ 51,363

The University receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. Management is not aware of any material disallowed claims at this time.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

9. Self-Insurance Programs

The University is self-insured for medical malpractice, general liability, directors and officers liability, and automobile liability through RUMINCO, Ltd., a wholly-owned, single parent captive insurance company (see Note 1). Claims are reported to a third-party administrator, which pays expenses and estimates claim liabilities. The total expense of a claim is estimated and booked as a liability when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In addition, an actuarial liability is established for incurred but not reported (IBNR) claims using a discount rate of 0.83 percent.

The University is also self-insured for workers' compensation through an internally maintained fund, and excess claims insurance is maintained through the Workers' Compensation Reinsurance Association (WCRA). The internal fund for workers' compensation is maintained only to fund the current year's expected payouts. Each year, an actuarial estimate of the University's liability for workers' compensation is compiled and recorded within the consolidated statements of net position, but the liability is not separately funded.

The University's medical (health) coverage for faculty and staff and their dependents is a self-insured program (UPlan). Under UPlan Medical, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators: Medica for medical plan administration, and Prime Therapeutics for pharmacy benefit management. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than \$800,000 in a single year. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the consolidated statements of net position.

The University's dental coverage for faculty and staff and their dependents is also a self-insured program (UPlan). Under UPlan Dental, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators, Delta Dental and HealthPartners. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded.

Medical coverage for eligible graduate assistants is a self-insured program. Under the graduate assistant medical plan, the University pays claims and establishes reserves. The program is administered by HealthPartners. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Graduate Assistant Plan also offers self-insured Dental Plan benefits at Boynton Health Service without a third party administrator.

The University's medical (health) coverage for eligible students and their dependents is a self-insured program (Student Health Benefit Plan). Under the Student Health Benefit Plan, the University pays claims and establishes reserves, and the administration of the program is handled by Blue Cross and Blue Shield of Minnesota. The administrator offers medical conversion policies to eligible University students who are able to convert their SHBP coverage to single coverage after graduation. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than \$267,500 in a single year in addition to aggregate stop-loss coverage for claims totals over 115 percent of plan year claims. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The University also carries a student health plan for the Academic Health Center (AHC-Student Health Benefit Plan). The plan is self-insured and the health carrier is Blue Cross and Blue Shield of Minnesota. An estimated claims liability ensures that funds are available to cover claims up to the point where stop-loss coverage begins. The AHC Plan also offers self-insured Dental Plan preventive benefits at Boynton Health Service without a third party administrator.

Medical coverage for eligible Medical Residents and Fellows is also a self-insured program. Under the Medical & Resident medical plan, the University pays claims and establishes reserves. The program is

administered by HealthPartners. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded. The Medical & Resident group also offers a fully insured Dental Benefit Plan through Delta Dental.

Reported liabilities as of June 30, 2015, are shown below:

	Liability beginning of year	New Claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	\$ 7,542	\$ 1,522	\$ (1,952)	\$ (406)	\$ 6,706
Workers' compensation	13,046	3,329	(3,329)	928	13,974
UPlan medical	15,308	213,785	(213,580)	(1,935)	13,578
UPlan dental	821	17,214	(16,856)	(349)	830
Graduate assistant health plan	960	19,461	(19,461)	303	1,263
Student health plan	4,549			(561)	3,988
Medical Residents & Fellows	407			161	568

Reported liabilities as of June 30, 2014, are shown below:

	Liability beginning of year	New Claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	\$ 7,181	\$ 2,395	\$ (2,709)	\$ 675	\$ 7,542
Workers' compensation	11,760	3,578	(3,578)	1,286	13,046
UPlan medical	16,365	222,766	(221,835)	(1,988)	15,308
UPlan dental	1,286	17,078	(16,724)	(819)	821
Graduate assistant health plan	1,446	19,239	(19,239)	(486)	960
Student health plan	4,436			113	4,549
Medical Residents & Fellows	504			(97)	407

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

10. Termination Benefits

Termination benefits are defined as benefits received for involuntarily or voluntarily terminating employment with the University in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* (GASB 47). University benefits that qualify and meet GASB 47 criteria include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation. Benefits that are otherwise offered in exchange for, or are considered conditional on, future employee services do not qualify under GASB 47; rather they qualify as a pension benefit or other postemployment benefits (OPEB) as referenced in Notes 6 and 11, respectively.

Contract Buyouts

University contract buyouts apply when an employee resigns his or her duty and the University has agreed to pay additional compensation based on the contractual employment agreement. Benefits outstanding as of June 30, 2015 and 2014 are paid in the subsequent fiscal year and affect only the Twin Cities campus. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due.

Retirement Incentives

The University of Minnesota is currently not offering any retirement incentive options (RIO's).

Severance Lump-Sum Payouts and Continuing Healthcare Subsidies

Eligible Civil Service and Represented Bargaining Unit staff members may fall under the University of Minnesota's Layoff Severance Program. This program is an elected program provided to Civil Service and Represented Bargaining Unit staff members who receive a notice of layoff and who meet the eligibility requirements as described. Benefits are based on years of continuous service with the University in designated types of appointments. Severance payouts may apply to tenured faculty members and academic professionals with continuous appointments under the University of Minnesota Terminal Agreement Program and University of Minnesota Federal Terminal Agreement Program. The University of Minnesota Phased Retirement Program also provides continuing healthcare subsidies, though it does not provide severance payouts. These programs are designed to facilitate change within units by providing remuneration in return for tenure resignation. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due. Severance lump-sum payouts and continuing healthcare subsidies impact all University campuses.

Vacation

Vacation payouts apply to employees that have terminated employment prior to the end of the fiscal year and subsequently receive compensation payment in the next fiscal year. Due to the nature and timing of the payments, the outstanding liability is not discounted and reflects current cost level amounts due.

Academic Professional and Administrative (P&A) Contracts

Benefits below reflect contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University liability as of June 30	Number of staff members	Liability amount
2015	129	\$ 1,031
2014	88	768

Civil Service Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University liability as of June 30	Number of staff members	Liability amount
2015	160	\$ 1,009
2014	73	639

Faculty Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University liability as of June 30	Number of staff members	Liability amount
2015	113	\$ 3,409
2014	109	1,208

Graduate Assistant Contracts

Benefits below reflect severance lump-sum payouts and continuing healthcare subsidies and vacation:

University liability as of June 30	Number of staff members	Liability amount
2015	32	\$ 42
2014	15	26

Represented Bargaining Unit Staff Contracts

Benefits below reflect retirement incentives, severance lump-sum payouts and continuing healthcare subsidies, and vacation:

University liability as of June 30	Number of staff members	Liability amount
2015	152	\$ 829
2014	193	2,600

11. Other Postemployment Benefits

Description of Plan

The University administers the UPlan—a self-insured, single-employer, defined benefit healthcare plan. It is a partnership between the University and its employees to provide quality, cost-effective health benefits to employees, retirees, and their families. Pursuant to the University’s Board of Regents governing authority, non-Medicare retirees and former employees can purchase medical and dental insurance coverage. The University also provides a continuation of pay and benefits beyond active employment under the Academic Disability Plan (ADP) for Faculty and Academic Professional and Administrative (P&A) employees after three months of medical leave. The benefit provision process is initiated through the Benefits Advisory Committee (BAC). The BAC comprises representatives from all employee groups who advise the University administration on health program benefit offerings. An internal UPlan financial report is prepared on a calendar year basis. Questions regarding the UPlan may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Funding Policy

The University has established that a former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. Non-Medicare retirees can purchase medical and dental insurance coverage at the full premium rate applicable to active employees, and COBRA participants can purchase coverage at 102 percent of the full group rate. Eligible participants under the ADP receive full healthcare benefits at employee cost for up to two years from disability onset and beyond that point disabled participants would pay the full premium as if they were retirees. The self-insured portion of the ADP program also provides disability income and retirement contributions for up to 9 months—months 4 through 12 after disability onset.

The following premium rates were in effect for fiscal year 2015:

Beneficiary type	Beneficiary annual rate (Actual amounts, not rounded to thousands)
Non-Medicare retiree	\$ 6,237
COBRA	6,362
Disabled Participants	6,237

The UPlan is currently financed on a pay-as-you-go basis. For fiscal year 2015, the University paid \$6,627 on behalf of former employees and eligible disabilitants who participate in the UPlan.

Annual OPEB Cost and Net OPEB Obligation

The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). This amount is actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each fiscal year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. The University has elected to amortize the unfunded actuarial liability over 20 years.

The components of the University's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation are as follows:

Annual required contribution (ARC)	\$ 28,984
Interest on net OPEB obligation	3,374
Adjustment to annual required contribution	(6,792)
Annual OPEB cost (expense)	25,566
Less contributions made – fiscal year ended June 30, 2015	(6,627)
Increase in net OPEB obligation	18,939
Net OPEB obligation—June 30, 2014	101,288
Net OPEB obligation—June 30, 2015	\$ 120,227

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation are as follows:

Fiscal year ended	Annual OPEB cost	Employer contribution	Percentage of annual OPEB cost contributed	Net OPEB obligation
6/30/2015	\$ 25,566	\$ 6,627	25.9%	\$ 120,227
6/30/2014	24,266	5,411	22.3%	101,288
6/30/2013	26,192	6,746	25.8%	82,433

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, is as follows:

Actuarial accrued liability (AAL)	\$	91,276
Actuarial value of plan assets		
Unfunded actuarial accrued liability (UAAL)	\$	91,276
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Increase in net OPEB obligation	\$	18,939
Covered payroll (active plan members)	\$	1,298,697
UAAL as a percentage of covered payroll		7.03%

The actuarial accrued liability (AAL) is the present value of projected future benefits earned by employees to date. Whereas, the unfunded actuarial accrued liability (UAAL) is the AAL less any cash, investments, and other resources the University is holding to specifically fund the AAL.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Some of the specific assumptions that were taken into consideration when calculating the actuarial valuations were participant age, years of service, salary increases, benefit election patterns, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the financial statements, presents the results of the University's OPEB valuation as of June 30, 2015.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan, the plan as understood by the employer and plan members. This includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial methods and assumptions incorporated in the UPlan's valuation are as follows:

Valuation date	7/1/2015
Actuarial cost method	Entry age
Amortization method	Level Dollar, Open Group
Remaining amortization period	20 years
Asset valuation method	N/A
Actuarial assumptions	
Investment rate of return	3.33%
Projected Payroll growth	4.00%
Benefit increase	N/A
Assumed inflation rate	3.00%
Healthcare cost trend rate	
Initial rate	7.50%
2nd year rate	7.30%
Ultimate rate	5.00%
Year ultimate rate reached	2050

12. Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2015, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 670,731	\$ 99,594			\$ 770,325
Research	437,155	263,053			700,208
Public service	157,255	91,196			248,451
Academic support	282,555	84,437			366,992
Student services	89,077	26,939			116,016
Institutional support	171,500	71,653			243,153
Operation and maintenance of plant	104,725	172,058			276,783
Scholarships and fellowships	10,392	3,470	\$ 44,017		57,879
Depreciation				\$ 218,565	218,565
Auxiliary enterprises	100,965	155,306			256,271
Other operating expense		93			93
	\$ 2,024,355	\$ 967,799	\$ 44,017	\$ 218,565	\$ 3,254,736

Operating expenses by natural classification for the year ended June 30, 2014, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	\$ 663,245	\$ 106,234			\$ 769,479
Research	426,256	253,462			679,718
Public service	158,203	94,938			253,141
Academic support	300,725	94,202			394,927
Student services	91,033	25,542			116,575
Institutional support	193,901	62,740			256,641
Operation and maintenance of plant	116,123	169,815			285,938
Scholarships and fellowships	9,449	2,684	\$ 42,386		54,519
Depreciation				\$ 192,705	192,705
Auxiliary enterprises	105,836	150,232			256,068
Other operating expense		583			583
	\$ 2,064,771	\$ 960,432	\$ 42,386	\$ 192,705	\$ 3,260,294

13. Subsequent Events

On August 26, 2015, the University issued Special Purpose Revenue Refunding Bonds Series 2015A and General Obligation Taxable Bonds Series 2015B. The Series 2015A was issued in the par amount of \$90,075 at coupon rates of 2.0 – 5.0 percent with a premium of \$14,170 to defease and refund the Special Purpose Revenue Bonds Series 2006. A gain of \$2,050 was recognized on the transaction. Net proceeds were deposited in an escrow account to pay the principal and interest due on the Series 2006 bonds to and including August 1, 2016, and to pay the redemption price of the Series 2006 bonds maturing on or after August 1, 2017. The Series 2015B was issued in the par amount of \$10,110 at coupon rates of 0.799 – 4.039 percent. Proceeds will be used to finance the predesign and design of improved health education and clinical research facilities to meet the needs of the Medical School and Academic Health Center on the Twin Cities campus.

14. Component Units

Discretely Presented Component Units

Based on significant balances reported in the University's discretely presented component units' Statements of Financial Position, the note disclosures for investments, temporarily restricted net assets, and permanently restricted net assets, as reported in the separately issued financial statements of the University of Minnesota Foundation (UMF), are presented below.

Investments

Investments in cash equivalents, corporate bonds, other fixed income securities, equity securities, and Treasury inflation protected securities with readily determinable fair values are reported at fair value as set forth in Note 3 of UMF's annual report (traditional structures). Investments held in alternative structures are recorded at net asset values provided by external investment managers as a practical expedient in determining fair value. Because such investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for such investments existed.

Donated investments are recorded at their fair values, as determined on the date of donation. Investment income and gains and losses are recorded in the period incurred.

For management efficiency, investments of the unrestricted and restricted net assets are pooled, except for certain net assets that the board of trustees or the donors have designated to be segregated and maintained separately.

Receivables from pending liquidations represent sales of investments made prior to the end of the fiscal year, but settled after the fiscal year-end.

The investments as of June 30, 2015, are summarized as follows:

	Traditional structures	Alternate structures	Total
Cash and cash equivalents	\$ 273,252		\$ 273,252
Fixed income	348,434	\$ 191,523	539,957
Global equity	54,615	212,541	267,156
Hedge funds	22,602	328,073	350,675
Natural resources	28,623	107,029	135,652
Treasury inflation protected securities (TIPS)	130,013		130,013
Real estate		68,226	68,226
Private equity		595,482	595,482
Other investments		4,461	4,461
Subtotal	857,539	1,507,335	2,364,874
Less charitable gift annuities reported separately			(34,118)
Total			\$ 2,330,756

Fixed income investments include high yield bonds, bank loans, mortgage, and related securitizations.

Investments held in traditional structures represent those held directly by UMF in custodial accounts with financial institutions. Investments held in alternative structures include those held through interests in collective trust funds, limited partnerships, commingled funds, and limited liability companies.

Net asset values provided by external investment managers for alternative structures include estimates, appraisals, assumptions, and methods that are reviewed by management. It is possible that the redemption rights may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and, consequently, the fair value of UMF's interests in the funds. At June 30, 2015 and 2014, UMF has \$1,507,335 and \$1,466,259 respectively, of investments in alternative structures which are reported at net asset value as a practical expedient. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if UMF were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

Fair Value Measurements

UMF allows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, UMF has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fixed income securities are generally traded in the over-the-counter market and are valued at a price that reflects fair value as quoted by dealers in these securities or by an independent pricing service. These prices are based on observable market data for the same or similar securities, including quoted prices in markets that are not active, or matrix pricing or other similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

UMF early adopted the standard on disclosure for investments in certain entities that calculate net asset value per share or its equivalent which removes those investments that calculate net asset value per share from the fair value disclosure.

The following table summarizes UMF's financial assets and other liabilities measured at fair value on a recurring basis at June 30, 2015:

	2015			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income:				
Asset backed securities		\$ 46,355		\$ 46,355
Mortgages		24,004		24,004
Corporate bonds	\$ 55	31,967		32,022
Government		197,972		197,972
Other	16,215	4,108	\$ 27,758	48,081
Global equity:				
Small cap	10,588			10,588
Large cap	44,013			44,013
Other		14		14
Hedge funds:				
Fixed income arbitrage	22,602			22,602
Natural resources	28,623			28,623
Treasury inflation protected securities (TIPS)		130,013		130,013
Total investments	\$ 122,096	\$ 434,433	\$ 27,758	584,287
Cash and cash equivalents				273,252
Investments measured at net asset value or its equivalent				<u>1,507,335</u>
Total Investments and Cash				<u>\$ 2,364,874</u>
Gift annuities not categorized above	\$ 1,854			\$ 1,854
Beneficial interest in perpetual trusts			\$ 66,897	66,897
Assets held in charitable trusts	23,384	\$ 3,744		27,128
Beneficial interest in trusts			3,865	3,865
UGC derivative financial instrument		(2,021)		(2,021)

The following table summarizes UMF's financial assets and other liabilities measured at fair value on a recurring basis at June 30, 2014:

	2014			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income:				
Asset backed securities		\$ 59,901		\$ 59,901
Mortgages		26,947		26,947
Corporate bonds	\$ 50	9,369		9,419
Government	556	147,702		148,258
Other	6,266	3,370		9,636
Global equity:				
Small cap	37,959			37,959
Large cap	43,011			43,011
Other		15		15
Hedge funds:				
Fixed income arbitrage	22,910			22,910
Natural resources				
Treasury inflation protected securities (TIPS)		74,983		74,983
Total investments	\$ 110,752	\$ 322,287		433,039
Cash and cash equivalents				406,327
Investments measured at net asset value or its equivalent				1,466,259
Total Investments and Cash				\$ 2,305,625
Gift annuities not categorized above	\$ 1,990			\$ 1,990
Beneficial interest in perpetual trusts			\$ 67,575	67,575
Assets held in charitable trusts	21,758	\$ 3,744		25,502
Beneficial interest in trusts			4,341	4,341
UGC derivative financial instrument		(1,911)		(1,911)

The changes in investments measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows:

	Beginning balance at July 1, 2014	Change in carrying value of trusts	Net realized and unrealized gains (losses)	Purchases	Sales	Ending balance at June 30, 2015
Fixed Income:						
Other		\$ (4)	\$ (5)	\$ 38,767	\$ (11,000)	\$ 27,758
		\$ (4)	\$ (5)	\$ 38,767	\$ (11,000)	\$ 27,758

The changes in other investments or financial assets measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows:

	Beginning balance at July 1, 2014	Change in carrying value of trusts	Ending balance at June 30, 2015
Beneficial interest in trusts	\$ 4,341	\$ (476)	\$ 3,865
Beneficial interest in perpetual trusts	67,575	(678)	66,897

	Beginning balance at July 1, 2013	Change in carrying value of trusts	Ending balance at June 30, 2014
Beneficial interest in trusts	\$ 5,630	\$ (1,289)	\$ 4,341
Beneficial interest in perpetual trusts	67,619	(44)	67,575

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemptions associated with each major category at June 30:

	2015			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments:				
Fixed income	\$ 191,523	\$ 54,140	None	None
			None or Monthly to	None or 0-30
Global equity	212,541		Quarterly	Days
			None or Monthly to	None or 30-180
Hedge funds	328,073		Annually	Days
Natural resources	107,029	36,050	None	None
Real estate	68,226	35,718	None	None
Private equity	595,482	150,489	None	None
Other investments	4,461		None	None
Total	<u>\$ 1,507,335</u>	<u>\$ 276,397</u>		

	2014			
	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Alternative Investments:				
Fixed income	\$ 78,417	\$ 40,516	None	None
			None or Daily to	None or 0-180
Global equity	293,909		Annually	Days
			None or Monthly to	None or 30-180
Hedge funds	378,697		Annually	Days
Natural resources	128,701	37,338	None	None
Real estate	111,639	36,077	None or Quarterly	None or 30 Days
Private equity	471,463	130,678	None	None
Other investments	3,433		None	None
Total	<u>\$ 1,466,259</u>	<u>\$ 244,609</u>		

Net Assets

Net assets of UMF and changes therein are classified into the following three categories:

1. Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of UMF.
2. Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are time restricted.
3. Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit UMF to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Temporarily Restricted Net Assets

Temporarily restricted net assets are available as of June 30 for the following purposes:

The portion of unexpended investment return generated from donor-restricted endowment funds subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) consists of:

	2015	2014
Capital improvement/facilities	\$ 8,351	\$ 8,479
Faculty support	9,189	9,652
Scholarships and fellowships	129,475	133,737
Lectureships, professorships, and chairs	191,104	191,232
College program support	59,172	62,928
Research	12,255	13,469
Other	2,109	2,184
Subtotal	\$ 411,655	\$ 421,681

Gifts and other unexpended revenues and gains available for:

Capital improvement/facilities	\$ 152,359	\$ 118,783
Faculty support	16,423	15,142
Scholarships and fellowships	148,429	145,544
Lectureships, professorships, and chairs	40,111	40,742
College program support	400,400	370,911
Research	140,370	132,441
Trusts	11,351	12,878
Other	8,980	8,142
Subtotal	918,423	844,583
Total temporarily restricted net assets	\$ 1,330,078	\$ 1,266,264

Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity. The permanently restricted net asset balances and purposes the income is expendable to support as of June 30 are as follows:

	2015	2014
Capital improvement/facilities	\$ 7,844	\$ 7,744
Faculty support	18,841	21,612
Scholarships and fellowships	416,216	387,190
Lectureships, professorships, and chairs	362,462	339,752
College program support	87,865	80,276
Research	35,740	37,916
Trusts	76,192	74,337
Other	3,635	2,599
Total permanently restricted net assets	\$ 1,008,795	\$ 951,426

Blended Component Units

Condensed statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows for fiscal years ended June 30, 2015 and 2014 for RUMINCO, Ltd, a blended component unit of the University, are as follows:

Condensed statements of net position:	2015	2014
Current assets	\$ 653	\$ 648
Noncurrent assets	39,410	38,816
Total assets	40,063	39,464
Deferred outflows of resources		
Total assets & deferred outflows of resources	40,063	39,464
Current liabilities	1,145	1,615
Noncurrent liabilities	1,821	1,817
Total liabilities	2,966	3,432
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	2,966	3,432
Unrestricted net position	\$ 37,097	\$ 36,032

Condensed statements of revenues, expenses, and changes in net position:	2015	2014
Operating revenues:		
Net underwriting income	\$ 1,635	\$ 589
Operating expenses	1,075	1,029
Operating income (loss)	560	(440)
Nonoperating revenues:		
Investment income, net	505	4,188
Increase in net position	1,065	3,748
Net position at beginning of year	36,032	32,284
Net position at end of year	\$ 37,097	\$ 36,032

Condensed statements of cash flows:	2015	2014
Net cash provided (used) by:		
Operating activities	\$ 541	\$ (360)
Investing activities	(270)	403
Net increase (decrease) in cash	271	43
Cash at beginning of year	110	67
Cash at end of year	\$ 381	\$ 110

Required Supplementary Information

- 77 Schedules of Funding Progress for Supplemental Benefits Plan and Other Postemployment Benefits

Required Supplementary Information (RSI) (Unaudited)

Years ended June 30, 2015 and 2014 (in thousands)

Schedules of Funding Progress**Supplemental Benefits Plan (SBP)**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2014	\$ 1,721	\$ 1,754	\$ 33	98.12%	\$ 512	6.45%
7/1/2013	1,761	4,219	2,458	41.74%	558	440.50%
7/1/2012	1,883	4,672	2,789	40.30%	659	423.22%

*Additional information related to the SBP Plan is provided in Note 6.***Other Postemployment Benefits (OPEB)**

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL)—entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
7/1/2015		\$ 91,276	\$ 91,276	0.00%	\$ 1,298,697	7.03%
7/1/2014		113,145	113,145	0.00%	1,252,154	9.04%
7/1/2013		94,555	94,555	0.00%	1,203,994	7.85%

Additional information related to OPEB is provided in Note 11.

Schedule of the Employer's Share of Net Pension Liability – Last 10 Years*

Public Employee Police and Fire Fund (PEPFF)

Year Ended June 30	University's Proportion of the Net Pension Liability (%) (a)	University's Proportionate Share of the Net Pension Liability (\$) (b)	University's Covered- Employee Payroll (c)	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (d) = (b)/(c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
2014	0.608%	\$ 6,567	\$ 5,255	124.967%	87.07%

State Employees Retirement Fund (SERF)

Year Ended June 30	University's Proportion of the Net Pension Liability (%) (a)	University's Proportionate Share of the Net Pension Liability (\$) (b)	University's Covered- Employee Payroll (c)	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (d) = (b)/(c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
2014	16.031%	\$ 259,954	\$ 410,364	63.347%	87.64%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of the Employer's Contributions – Last 10 Years*

Public Employee Police and Fire Fund (PEPFF)

Year Ended June 30	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (c) = a - b	University's Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (e) = b / d
2014	\$ 804	\$ 804	\$ -	\$ 5,255	15.30%

State Employees Retirement Fund (SERF)

Year Ended June 30	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (c) = a - b	University's Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (e) = b / d
2014	\$ 20,518	\$ 20,518	\$ -	\$ 410,364	5.00%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Additional information related to PEPFF and SERF is provided in Note 6.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated statement of net position of the University of Minnesota (the "University") as of June 30, 2015, the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, which collectively comprise the University's basic consolidated financial statements, and have issued our report thereon dated November 10, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the University's consolidated financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

November 10, 2015

University of Minnesota
Analysis of Consolidated Statements of Net Position
To Accompany June 30, 2015 Financial Statements
Excluding Component Units, in thousands

	2015	2014	Increase / (Decrease)		Explanation
			\$	%	
Assets:					
Current Assets:					
Cash & cash equivalents	183,451	243,049	(59,598)	-25%	Decrease in cash held in CEF, offset by increases in cash held at local banks (TIP)
Short-term investments	185,724	676	185,048	27374%	\$185.0 increase due to reclassification of 7 TIP investments with maturity dates in FY 2016 (from Noncurrent Investments to current Short term Investments)
Receivables, net	274,713	302,424	(27,711)	-9%	Decrease due to timing of payments related to student tuition (change in billing in cycle), federal appropriation, & sponsored billings, as well as a decrease in UMP & UMF billings
Inventories	22,895	22,519	376	2%	
Student loans receivable, net	10,623	9,899	724	7%	
Prepaid expenses	16,504	11,034	5,470	50%	Increase substantially due to prepaid subscriptions and renewals on software and library purchases
Other assets	205	376	(171)	-45%	
Total current assets	694,115	589,977	104,138	18%	
Noncurrent assets:					
Restricted cash and cash equivalents	148,276	66,888	81,388	122%	Increase in unspent bond proceeds
Investments	2,058,079	2,091,718	(33,639)	-2%	Decrease related to reclassification of investments to short-term and CEF unrealized losses, net of increase in CEF, GIP and TIP investment additions
Receivables, net	13,584	14,554	(970)	-7%	
Student loan receivables, net	58,860	57,145	1,715	3%	
Prepaid expenses	2,380	1,634	746	46%	
Capital assets, net	2,957,133	2,900,494	56,639	2%	Increase due to construction, including the Microbiology Research Facility & the Combined Heat and Power Plant
Total noncurrent assets	5,238,312	5,132,433	105,879	2%	
Total assets	5,932,427	5,722,410	210,017	4%	
Deferred Outflows of Resources	25,100	-	25,100	0%	Increase due to the implementation of GASB 68/71, net pension liability
Liabilities:					
Current liabilities:					
Accounts payable	140,114	131,403	8,711	7%	Increase substantially due to the timing of construction related invoices billed to the University
Accrued liabilities and other	259,912	244,389	15,523	6%	Increase due to vacation and payroll accruals primarily due to the annual 2.5% salary increase
Unearned income	73,561	68,527	5,034	7%	Increase substantially due to the timing of the receipt of Coca-Cola sponsorship contract monies and OTC intellectual property licensing agreement
Long-term debt	309,805	272,026	37,779	14%	Increase substantially due to issuance of Commercial Paper Notes Series E
Total current liabilities	783,392	716,345	67,047	9%	
Noncurrent Liabilities:					
Accrued liabilities and other	502,264	205,360	296,904	145%	Increase substantially due to recording of the University's net pension liability (GASB 68/71) & other post employment benefits liability (OPEB)
Unearned income	54	3,158	(3,104)	-98%	
Long-term debt	1,111,623	1,010,481	101,142	10%	Increase substantially due to the issuance of GO Bonds Series 2014B
Total noncurrent liabilities	1,613,941	1,218,999	394,942	32%	
Total liabilities	2,397,333	1,935,344	461,989	24%	
Deferred Inflows of Resources	368,220	-	368,220	0%	Increase due to the implementation of GASB 68/71, net pension liability
Net Position:					
Unrestricted	290,546	812,356	(521,810)	-64%	Decrease substantially due to the implementation of GASB 68/71, net pension liability
Restricted Expendable	927,440	1,004,191	(76,751)	-8%	Decrease primarily due to the implementation of GASB 68/71, net pension liability, offset with increases due to endowment related activity
Nonexpendable	297,469	289,366	8,103	3%	
Net investment in capital assets	1,676,519	1,681,153	(4,634)	0%	
Total net position	3,191,974	3,787,066	(595,092)	-16%	

University of Minnesota
Analysis of Consolidated Statements of Revenues, Expenses and Changes in Net Position
To Accompany June 30, 2015 Financial Statements
Excluding Component Units, in thousands

	2015	2014	Increase / (Decrease)		Explanation
			\$	%	
Revenues:					
Operating revenues:					
Student tuition and fees, net of scholarship allowances	740,540	732,821	7,719	1%	
Federal grants and contracts	464,751	480,177	(15,426)	-3%	Decrease related to ARRA projects ending, as well as timing of project spend & related billings
State and other government grants	59,566	63,848	(4,282)	-7%	
Nongovernmental grants and contracts	348,103	292,794	55,309	19%	Increase primarily related to change in recording of UMF payroll reimbursement & UMP clinical transfers to Medical School
Student loan interest income	1,838	1,831	7	0%	
Sales and services of educational activities, net of scholarship allowances	141,501	145,303	(3,802)	-3%	
Auxiliary enterprises, net of scholarship allowances	399,256	376,449	22,807	6%	Increase primarily related to Vikings football contract activity for TCF Bank Stadium & increase in revenue sharing from the Big 10
Other operating revenues	99	137	(38)	-28%	
Total operating revenues	2,155,654	2,093,360	62,294	3%	
Expenses					
Operating expenses:					
Education and general:					
Instruction	770,325	769,479	846	0%	
Research	700,208	679,718	20,490	3%	\$14.8m - Increase due to annual 2.5% salary increase; \$ 7.0m - Increase in non-capitalized fabrication expenses
Public service	248,451	253,141	(4,690)	-2%	
Academic support	366,992	394,927	(27,935)	-7%	Large driver of decrease is due to implementation of GASB 68/71, net pension liability (reduction in fringe due to change in net pension liability & FY15 contributions)
Student services	116,016	116,575	(559)	0%	
Institutional support	243,153	256,641	(13,488)	-5%	Decrease primarily related to the implementation of GASB 68/71, net pension liability, offset by noncapitalized ESUP costs in FY15
Operation and maintenance of plant	276,783	285,938	(9,155)	-3%	Decrease primarily related to timing of completed buildings coming on line, and non-capital furnishings purchases
Scholarships and fellowships	57,879	54,519	3,360	6%	
Depreciation	218,565	192,705	25,860	13%	Increase primarily related to asset additions, amortization of ESUP capitalized costs, and impact of corrections to depreciation estimates
Auxiliary enterprises	256,271	256,068	203	0%	
Other operating expenses, net	93	583	(490)	-84%	
Total operating expenses	3,254,736	3,260,294	(5,558)	0%	
Operating Loss	(1,099,082)	(1,166,934)	67,852	-6%	
Nonoperating Revenues (Expenses)					
Federal appropriations	18,192	19,072	(880)	-5%	
State appropriations	642,069	614,791	27,278	4%	Increase in funding from State
Grants	187,749	200,895	(13,146)	-7%	Decrease substantially due to a shift in UMP related billings recorded as clinical transfers (operating revenue) versus academic transfers (non-operating revenue) determined by faculty time and efforts
Gifts	182,348	197,172	(14,824)	-8%	Decrease substantially related to a change in recording of UMF payroll reimbursement, offset by an overall increase in UMF gifts
Investment income, net	82,078	234,407	(152,329)	-65%	Decrease substantially related to a decrease in CEF fair market value
Interest on capital-asset related debt	(45,310)	(45,637)	327	-1%	
Other nonoperating revenues (expenses), net	25,111	(1,920)	27,031	-1408%	Increase substantially related to two one-time legal settlements
Net nonoperating revenues	1,092,237	1,218,780	(126,543)	-10%	
Income Before Other Revenues	(6,845)	51,846	(58,691)	-113%	
Capital appropriations	59,714	83,081	(23,367)	-28%	Decrease related to timing of project spend & availability of monies for State capital funded projects
Capital grants and gifts	19,246	22,929	(3,683)	-16%	
Additions to permanent endowments	15,338	11,428	3,910	34%	
Total other revenues	94,298	117,438	(23,140)	-20%	
Increase In Net Position	87,453	169,284	(81,831)	-48%	
Cumulative effect of change in accounting principle	(682,545)	-	(682,545)	0%	Decrease due to the implementation of GASB 68/71, net pension liability
Net position at beginning of year	3,787,066	3,617,782	169,284	5%	
Net position at end of year	3,191,974	3,787,066	(595,092)	-16%	

Fiscal Year 2015 Annual Financial Report

Michael Volna
Associate Vice President, Finance & Controller



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM

FY 2015 Highlights

- Net position (net assets) decreased by \$595.1 million, due primarily to the implementation of GASB 68 / 71 (new pension standards).
- Net operating loss decreased \$67.8 million.
- Non-operating revenues decreased \$126.9 million.
- FY 2015 positive cash flows of \$21.8 million was a decrease of \$7.1 million from FY 2014.
- Adoption of new GASB pension standards resulted in significant impact to the financial statements.

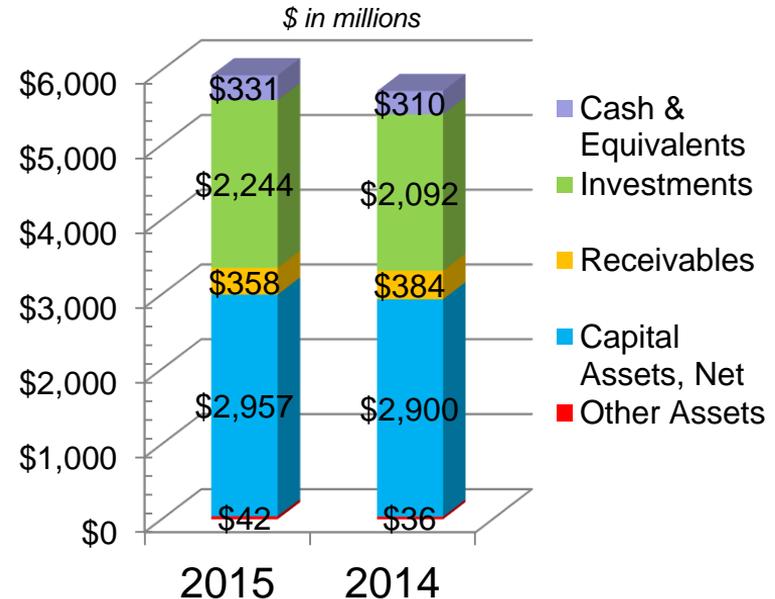
Overview of Statement of Net Position

\$ in Millions	<u>2015</u>	<u>2014</u>
Current Assets	\$ 694.1	\$ 590.0
Noncurrent Assets	<u>5,238.3</u>	5,132.4
Total Assets	<u>5,932.4</u>	<u>5,722.4</u>
Deferred Outflows	25.1	0.0
Current Liabilities	783.4	716.3
Noncurrent Liabilities	<u>1,613.9</u>	<u>1,219.0</u>
Total Liabilities	<u>2,397.3</u>	<u>1,935.3</u>
Deferred Inflows	368.2	0.0
Net Position	<u>\$ 3,192.0</u>	<u>\$ 3,787.1</u>

Net Position – Overview of Assets

2015 versus 2014

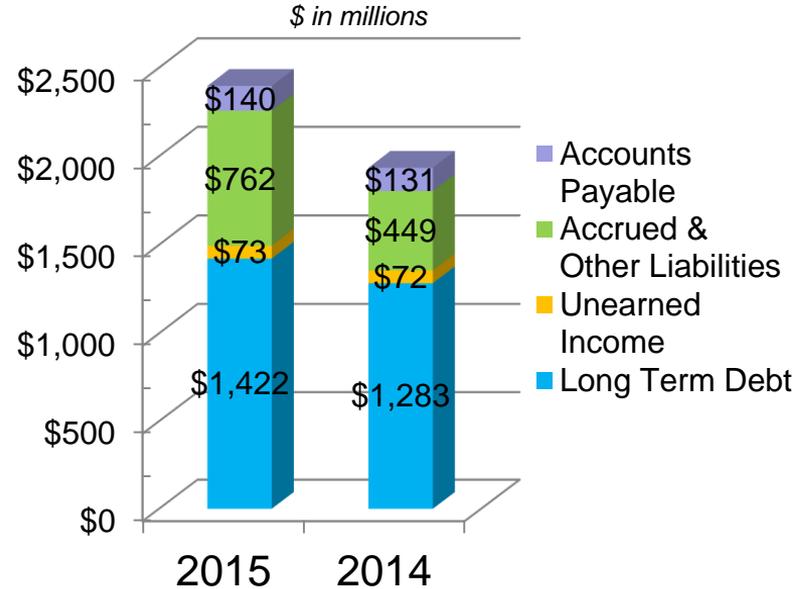
- Total University assets increased by \$210 million or 3.7%.
- Cash & equivalents increase of \$23 million due to increases in unspent bond proceeds partially offset by decreases in cash held in investments.
- Investments increased \$151 million due to increases in both CEF market value and TIP investment activity.
- Capital assets (net) increased \$57 million due to increased spending on construction projects, specifically the Microbiology Research Facility and the Combined Heat and Power Plant.



Net Position – Overview of Liabilities

2015 versus 2014

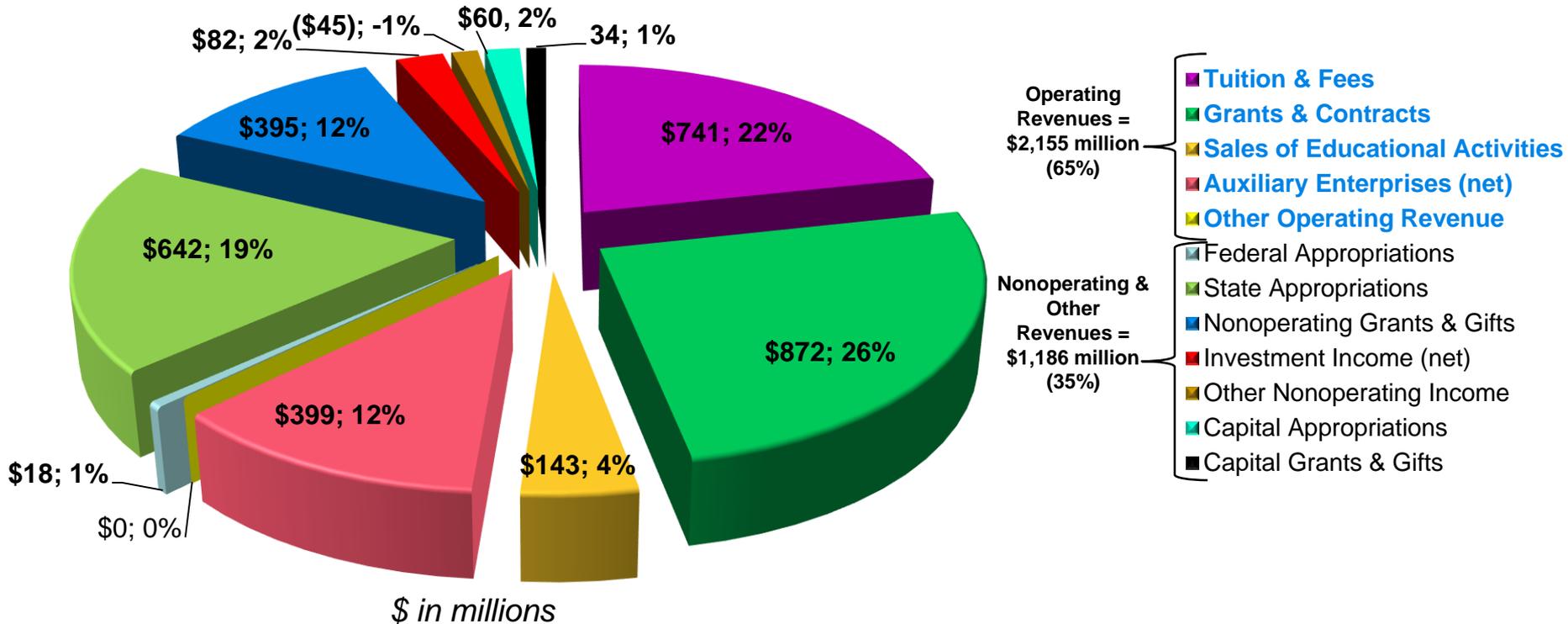
- Total University liabilities increased by \$462 million or 23.9%.
- Increase in accrued & other liabilities of \$312 million due to recording net pension liability of \$267 million as a result of GASB 68 & 71.
- Long-term debt increased \$139 million due to issuance of 2014B and Commercial paper Series E, partially offset by debt service payments.



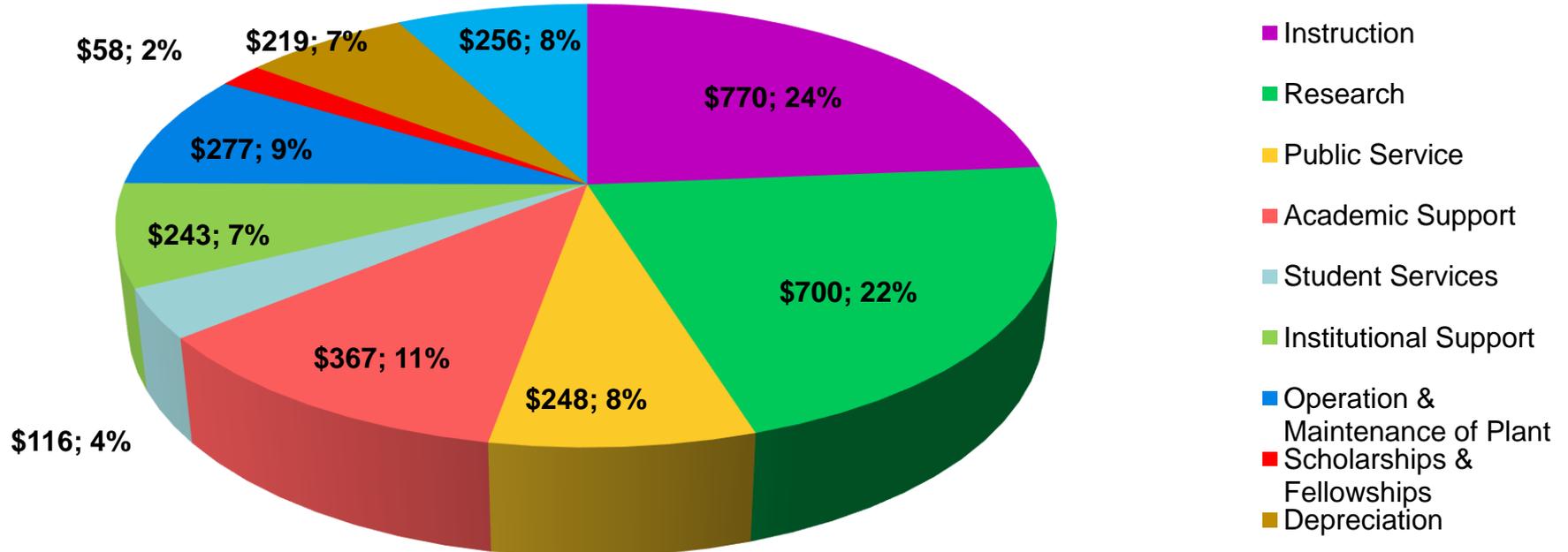
Overview of Revenues, Expenses, and Changes in Net Position

\$ in Millions	<u>2015</u>	<u>2014</u>
Total Operating Revenues	\$2,155.6	\$2,093.4
Total Operating Expenses	<u>3,254.7</u>	<u>3,260.3</u>
Net Operating Loss	(1,099.1)	(1,166.9)
Net Non-Operating Revenues	1,092.2	1,218.8
Other Revenues	<u>94.3</u>	<u>117.4</u>
Increase in Net Position	<u>\$ 87.5</u>	<u>\$ 169.3</u>
Cumulative effect of change in accounting principle (GASB 68 impact – recorded in fund balance)	(682.5)	0 387 of 421

FY 2015 Total Revenues – \$3.4 Billion



FY 2015 Total Operating Expenses – \$3.3 Billion

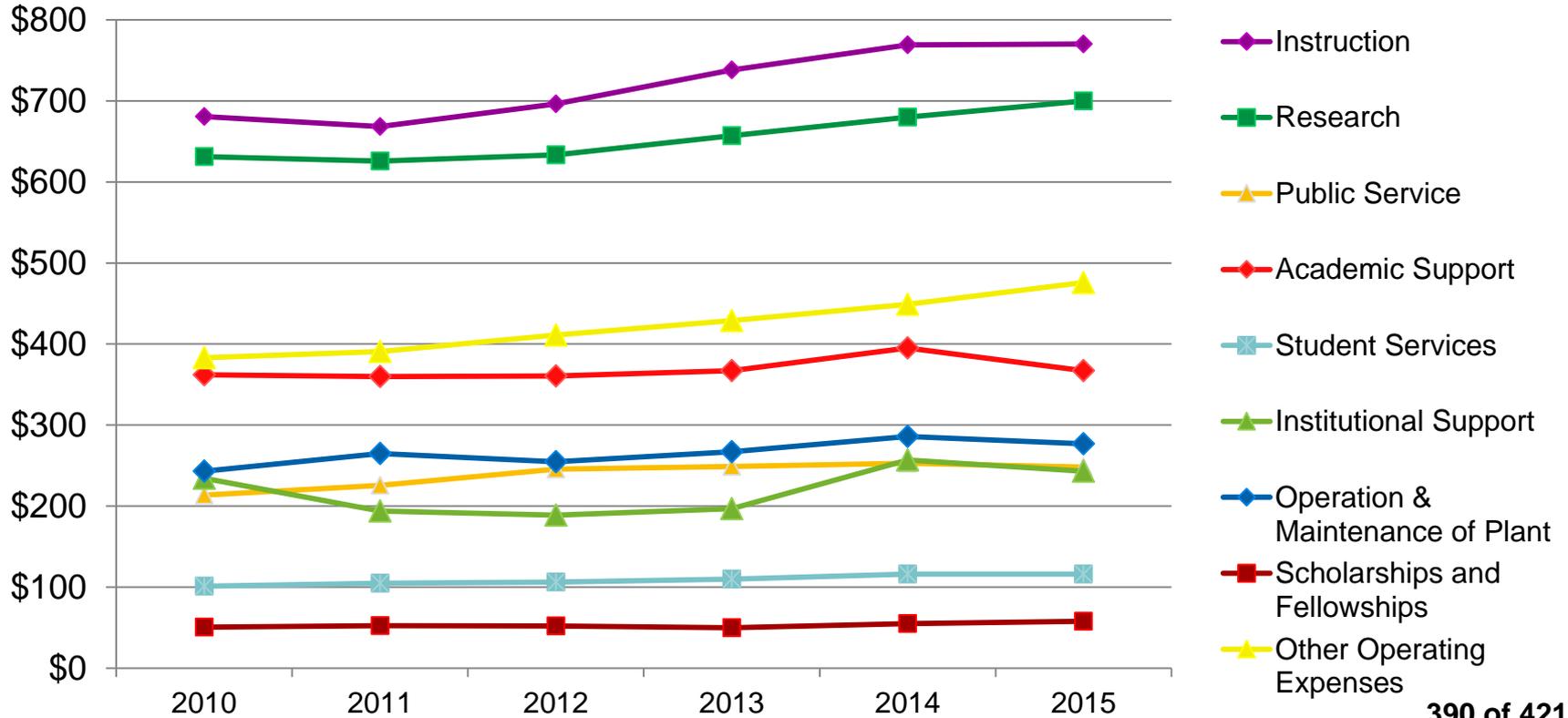


\$ in millions

Operating Expense Trends – Functional Classification

Fiscal Years 2010 – 2015

(Audited amounts; \$ in millions)



Cash Flows

FY 2015 versus FY 2014

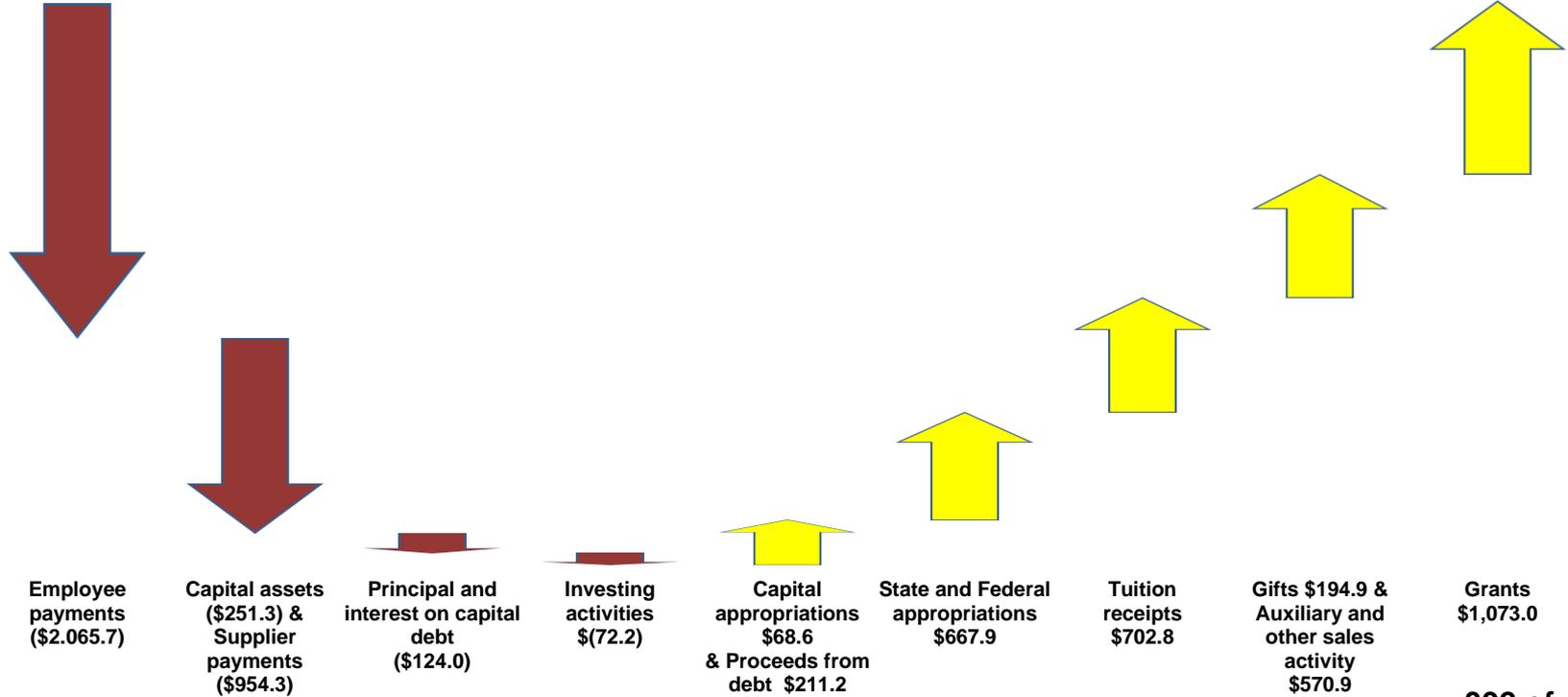
(\$ in thousands)	2015	2014
<u>Net cash provided (used) by:</u>		
Operating activities	(\$891,340)	(\$924,284)
Noncapital financing activities	1,079,210	1,038,968
Capital and related financing	(\$93,844)	(\$204,533)
Investing activities	<u>(72,236)</u>	<u>118,775</u>
Net increase in cash & cash equivalents	\$21,790	\$28,926
Beginning cash & cash equivalents	<u>\$309,937</u>	<u>\$281,011</u>
Ending cash & equivalents	<u>\$331,727</u>	<u>\$309,937</u>

Cash Flows, Fiscal Year 2015

6/30/2014
\$309.9

(\$ in millions)

6/30/2015
\$331.7



University's Component Units

Blended Component Units

- RUMINCO, Ltd.
- UMORE Development, LLC

Joint Ventures

- 2407 University Investment, LLC

Discretely presented Component Units

- University of Minnesota Foundation (UMF)
- University of Minnesota Physicians (UMP)

Discretely Presented Component Unit Overview FY 2015

(\$ in millions)

	UMF	UMP
Total Assets	\$2,819.7	\$ 186.8
Total Liabilities	<u>378.9</u>	<u>70.2</u>
Net Assets	2,440.8	116.6
Total Revenues	388.6	479.6
Total Expenses	<u>246.3</u>	<u>469.3</u>
Increase (Decrease) in Net Assets	\$ 142.3	\$ 10.3

Questions



UNIVERSITY OF MINNESOTA

Driven to DiscoverSM



UniversityofMinn



UMNews



UofMN



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Annual Report on Private Giving

Review

Review + Action

Action

Discussion

This is a report required by Board policy.

PRESENTERS: Kathleen Schmidlkofer, President and CEO, University of Minnesota Foundation
Becky Malkerson, Executive Vice President & Chief Advancement Officer,
University of Minnesota Foundation

PURPOSE & KEY POINTS

The purpose of this item is to provide the Board with an annual report on fundraising and the impact of private giving across the University.

In FY 2015, the University of Minnesota Foundation (UMF) recorded a record-setting year of giving to the University – \$351 million from more than 75,000 donors. UMF also oversees \$2 billion in endowed funds. As a result of the stewardship of the dollars invested, UMF made available over \$190 million to the University this year to be used (as donors directed) to fund students, faculty, research, programs, and other strategic investments.

BACKGROUND INFORMATION

The University of Minnesota Foundation was established in 1962. UMF advances the University's mission of teaching, research, and outreach to the community by raising and managing private dollars for scholarships, world-class faculty, leading-edge research, facilities, academic programs, and outreach on the five system campuses.

In February 2013, the University's two largest foundations merged, forming the new University of Minnesota Foundation. The foundation is governed by a 44-member Board of Trustees, including three Regents. One-quarter of the trustees are appointed by the Board of Regents. The foundation partners with development staff from the colleges, schools, units, and campuses and provides central services for development across the system.

The alignment of the foundation's priorities with the strategic initiatives of the University continues to be a key factor in achieving greater levels of private support.



Taking Flight

University of Minnesota Foundation
2015 Report on Giving

December 11, 2015

Kathy Schmidtkofer
President and CEO

Becky Malkerson
Executive Vice President and
Chief Advancement Officer



Vision

A future transformed by philanthropy,
one dream and one legacy at a time.

Mission

To connect passion with possibility,
inspire generosity, and support greatness
at the University of Minnesota.

Values

- We place **donors** at the heart of everything we do and every decision we make.
- We act with **integrity** and are accountable to each other, our donors, and the University.
- We build **trust** through open, transparent communication.
- We lead with **bold initiatives** that deliver powerful results.
- We share a belief in our **mission**, value our **colleagues**, and express **joy** in our work.

Hearing from those we serve



University development community



Twin Cities development community

Twin Cities colleges

College of Liberal Arts

College of Science and Engineering

College of Food, Agricultural & Natural
Resource Sciences

College of Education and
Human Development

College of Biological Sciences

College of Design

College of Continuing Education

Twin Cities professional schools

U of M Law School

Carlson School of Management

HHH School of Public Affairs

College of Pharmacy

School of Public Health

Medical School

College of Veterinary Medicine

School of Nursing

School of Dentistry

Non-degree programs

Intercollegiate Athletics

Weisman Art Museum

Global Programs and Strategy Alliance

Institute on the Environment

Raptor Center

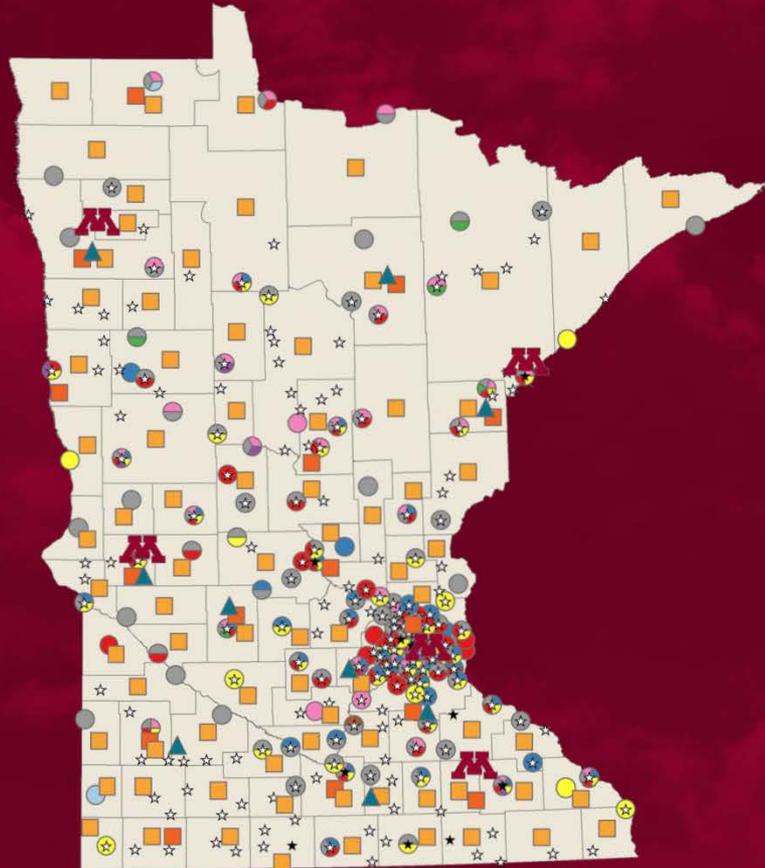
U of M Libraries

Landscape Arboretum

Bell Museum

Northrop Concerts and Lectures

Statewide impact and support



-  Campuses
-  Research & Outreach Centers
-  Regional Extension Offices
-  Extension County Offices
-  Center for Allied Health Programs
-  College of Pharmacy
-  College of Veterinary Medicine
-  Medical School
-  School of Dentistry
-  School of Nursing
-  School of Public Health
-  Medical School - Allied Health
-  AHC - Other
-  Master Agreement Parent Site
-  Master Agreement Affiliate Site

Bringing a voice to the voiceless

Barflaan Tedoe, '16
Journalism and
Sports Management



Building bridges

Mentoring the next generation of dentists in North Minneapolis





An outdoor lab for Morris



Torn apart
by war

A refugee helping to understand and
navigate the complexities of asylum



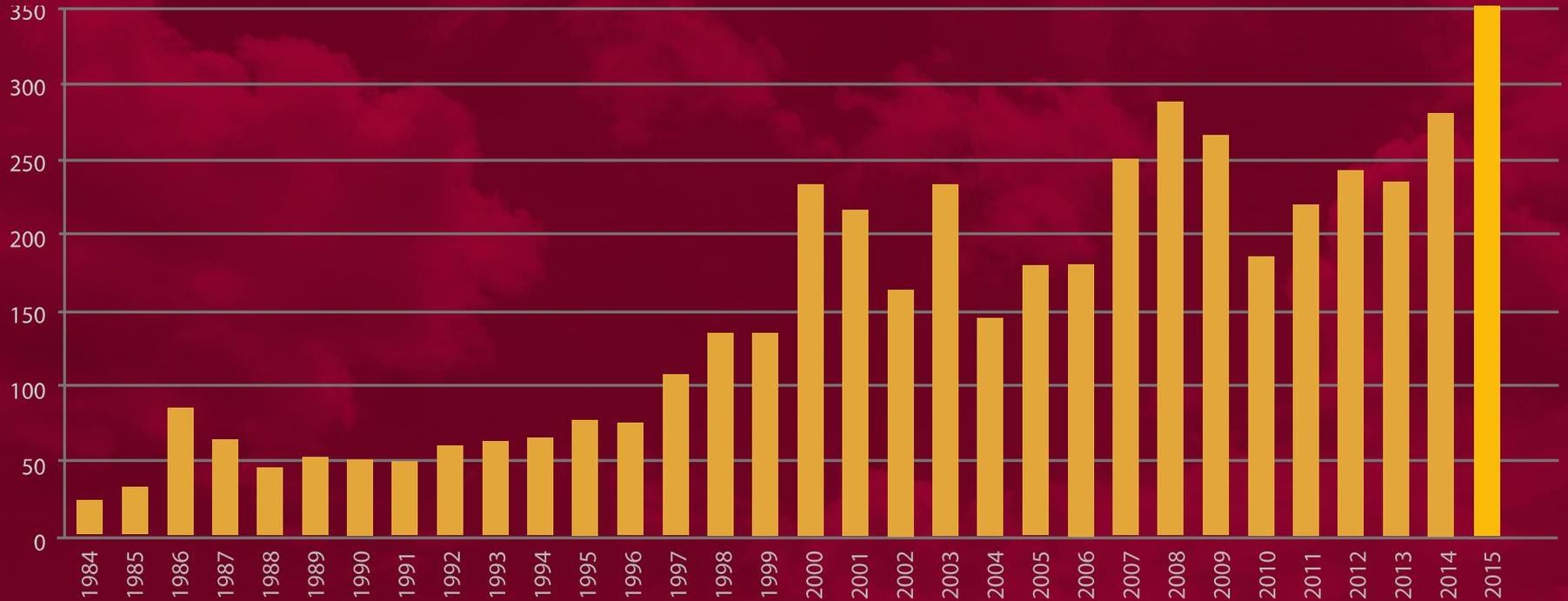
Taking Flight

Fiscal Year 2015

Historical gift production

\$ Millions

\$351



Fiscal 2015 record-breaking results



\$351M in giving

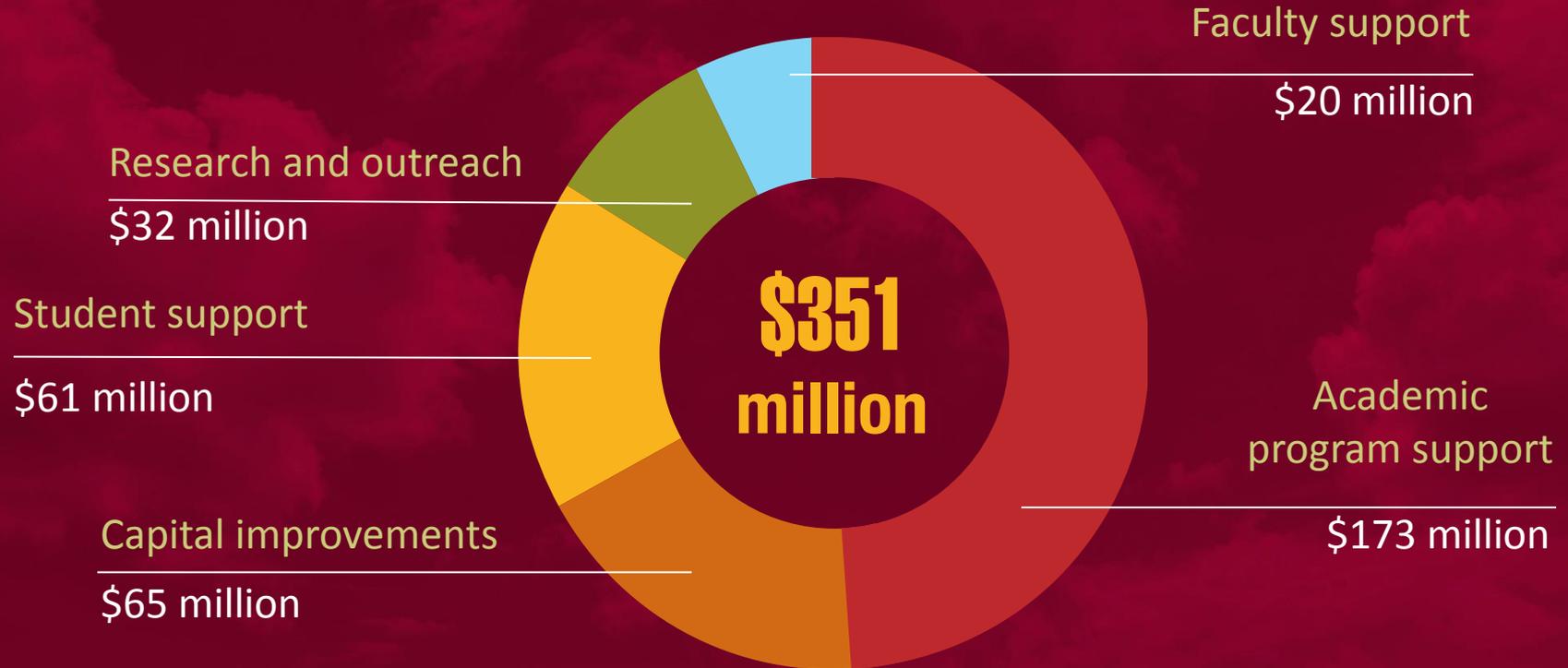
63 donors gave gifts of **\$1M+**

9 donors gave gifts of **\$5M+**

2 donors gave gifts of **\$25M**

How 2015 giving stacks up

PURPOSE OF 2015 GIFTS



Fiscal 2015 success

\$351 million
in new gifts and
future commitments

78,190
donors

\$196 million
provided directly to
the University

Private support rankings

U of M \$298 million

5th in Big 10

11th in Publics

25th overall

Source: FY14 CAE/VSE Report
of 1020 institutions

FY14 RANK	INSTITUTION	PUBLIC	BIG 10	VSE # (\$ IN MILLIONS)
1	Harvard			\$ 1,156
2	Stanford			928
3	USC			732
4	Northwestern		X	616
5	Johns Hopkins			615
6	Cornell			546
7	Texas	X		529
8	Pennsylvania			484
9	Washington	X		478
10	Columbia			470
12	UC-San Francisco	X		445
14	Michigan	X	X	433
16	UC-Los Angeles	X		430
18	UC-Berkeley	X		390
20	Indiana	X	X	341
21	Ohio State	X	X	333
23	Texas A&M	X		318
24	North Carolina	X		299
25	MINNESOTA	11	5	298

Endowment rankings

U of M total endowment
\$3.2 billion

5th in Big 10

9th in Publics

29th overall

Source: FY 2014 NACUBO rankings of
810 institutions

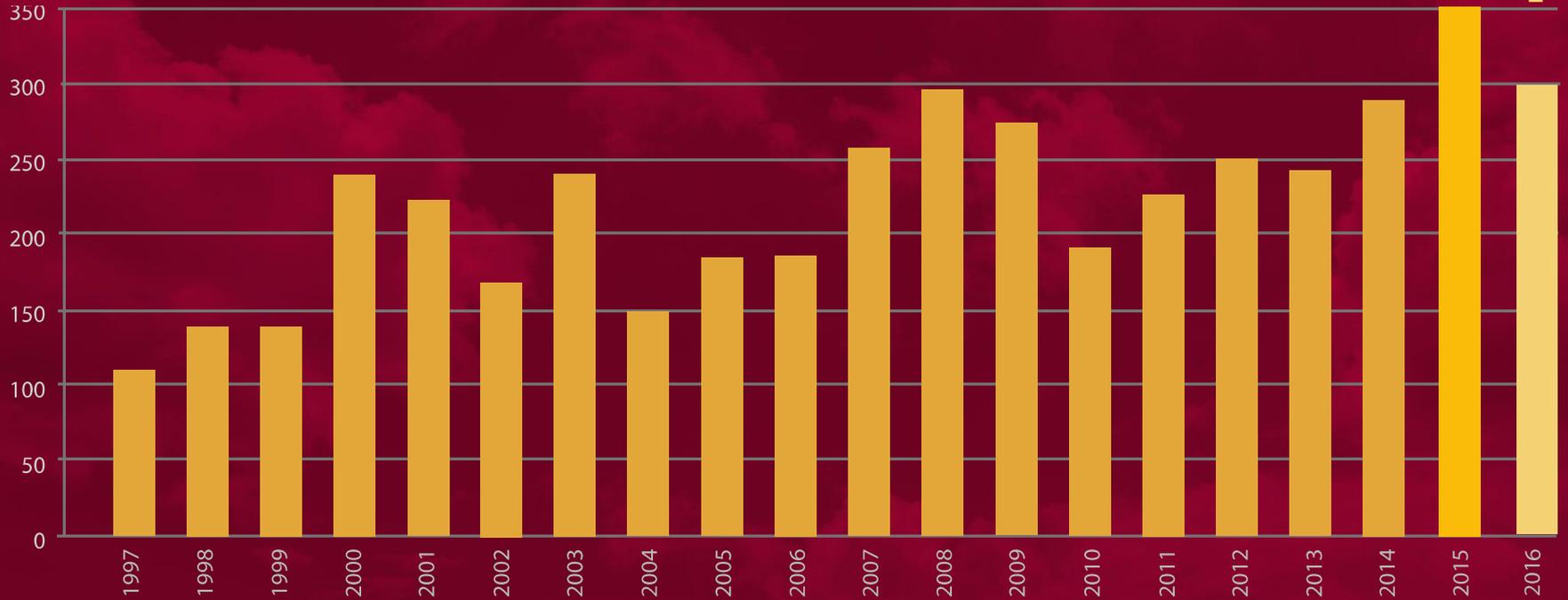
FY14 RANK	INSTITUTION	PUBLIC	BIG 10	ENDOWMENT (\$ IN BILLIONS)
1	Harvard			\$ 35.9
2	Texas	X		24.5
3	Yale			23.9
4	Stanford			21.4
5	Princeton			21.0
6	MIT			12.4
7	Texas A&M	X		11.1
8	Northwestern		X	9.8
9	Michigan	X	X	9.7
10	Pennsylvania			9.6
14	California	X		7.4
18	UVA	X		5.9
24	Ohio State	X	X	3.5
25	Pittsburgh	X		3.5
27	Penn State	X	X	3.4
29	MINNESOTA	9	5	3.2

Measuring effectiveness

	FY 1995	FY 2005	FY 2015
Gift production	\$78 million	\$180 million	\$351 million
Distributions to the U of M	\$50 million	\$106 million	\$196 million
Cost to raise a dollar (3-year average)	13 cents	12 cents	13 cents

What lies ahead?

\$ Millions





A bright future

Supporting a legacy of leadership



CELEBRATING FRITZ
An evening with Walter Mondale

October 20, 2015

419 of 421

Thank you!

Kathy Schmidlkofer
President and CEO

Becky Malkerson
Executive Vice President and
Chief Advancement Officer



UNIVERSITY OF MINNESOTA
FOUNDATION



BOARD OF REGENTS DOCKET ITEM SUMMARY

Board of Regents

December 11, 2015

AGENDA ITEM: Report of the Committees

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

This is a report required by Board policy.

PRESENTERS: Regent Dean Johnson

PURPOSE & KEY POINTS

Pursuant to Board of Regents Policy: *Board Operations and Agenda Guidelines*, "The Board conducts business through meetings of the Board and its committees.... [and] Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- Recommend action on matters where the Board has reserved authority to itself as outlined in Board of Regents Policy: *Reservation and Delegation of Authority* and other Board policies;
- Provide governance oversight on topics within the committee's purview;
- Review and make recommendations on relevant new and existing Board policies;
- Receive reports on policy-related issues affecting University departments and units;
- Receive information items (e.g., status reports on current issues of concern and administrative searches); and
- Review other items placed on the agenda by the Board chair in consultation with the president and Board vice chair."

The Board chair will call on the chair of each committee to present recommended actions and provide a brief report.

BACKGROUND

Current committee chairs:

- Academic & Student Affairs Committee – L. Cohen
- Audit & Compliance Committee – L. Brod
- Facilities, Planning & Operations Committee – D. McMillan
- Faculty & Staff Affairs Committee – P. Simmons
- Finance Committee – R. Beeson
- Governance & Policy Committee – L. Cohen
- Litigation Review Committee – T. Devine