Board of Regents

December 2014

December 12, 2014

9:00 a.m. - 12:00 p.m.

Boardroom, McNamara Alumni Center

BOR - DEC 2014

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7. 2014 University Plan, Performance, and Accountability Report - Review

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8. Annual Report on the Status of University Research & Commercialization of Intellectual Property

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10. Resolution Related to Alcoholic Beverage Sales at Kirby Student Center - Review/Action

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UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

October 9-10, 2014

Office of the Board of Regents

600 McNamara Alumni Center

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Special Committee on Academic Medicine
October 9, 2014

A meeting of the Special Committee on Academic Medicine of the Board of Regents was held on Thursday, October 9, 2014 at 8:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Richard Beeson, Thomas Devine, John Frobenius, Dean Johnson, and David McMillan.

Staff present: President Eric Kaler; Vice Presidents Brian Herman and Brooks Jackson; Executive Director Brian Steeves; and Associate Vice President Terry Bock.

2014-15 COMMITTEE WORK PLAN DISCUSSION

Regent Cohen and Vice President Jackson reviewed the 2014-15 work plan for the Special Committee on Academic Medicine, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

IMPLEMENTING THE MEDICAL SCHOOL STRATEGIC PLAN

Vice President Jackson presented an update on implementation of the Medical School's strategic plan, as detailed in the docket. Jackson shared his goals and priorities and outlined his work plan focused on culture, expectations, scholarship, and excellence. Jackson emphasized that one of the plan's biggest challenges is that successful implementation will require significant changes to culture.

Jackson identified the six major goal areas of the Medical School Strategic Vision 2025 – scholarship, research, education, Academic Health System (clinical care), and financial sustainability – and presented several strategies to accomplish each goal. He stressed that the first goal of scholarship is essential to meeting all of the other goals and is the highest priority for the coming year. Other goals included larger grants in clinical research; addressing high student debt; changing training to meet new healthcare delivery models; integrating and expanding the clinical enterprise; improving financial stability through cost reduction and increased philanthropy and state support; and increasing underrepresented students, faculty, and staff to reflect Minnesota's diversity.

Within each goal area, Jackson shared specific metrics that would be used to gauge progress. He stressed the importance placed on transparency throughout the planning and implementation of the strategic plan, and reported that progress would be shared quarterly with all Medical School faculty.

In response to a question from Regent Devine, Jackson noted that several Fairview hospitals are not part of University of Minnesota Health. Expansion of that network would provide additional opportunities for clinical research, which elevates the standard of care and improves the ranking of the health system.

In response to a question from Regent Frobenius, Jackson stated it would be important to remain neutral and maintain strong partnerships with other health systems to support clinical research and education, despite increasing competition between the health systems related to patient care.

In response to a question from Regent Johnson, Jackson explained that physician shortages are more pronounced in certain geographic areas across the state, and also within certain specialties. He described a number of ways that the Medical School is addressing those shortages, such as the Rural Physician Associate Program and a strong emphasis on family medicine.

UPDATE ON GOVERNOR'S COMMITTEE ON THE UNIVERSITY OF MINNESOTA MEDICAL SCHOOL

Vice President Jackson provided a brief overview of the first two meetings of the Governor's Committee on the University of Minnesota Medical School. He shared that both meetings were largely informational and covered his observations as the new dean and the Medical School's strategic vision, reviewed the ranking methods for medical schools, and discussed the Medical School's research mission. Jackson invited the committee to share recommendations for the Governor's Committee.

A lengthy discussion ensued, with several committee members stressing the importance of a transparent process and outcomes that were rooted in data and facts. Other comments addressed the importance of supporting Minnesota's workforce needs, particularly in the rural areas, and recognizing the role and impact of the Medical School on the state's economy.

IMPACT OF HEALTH CARE REFORM ON THE CLINICAL MARKETPLACE

Vice President Jackson invited Bobbi Daniels, CEO, University of Minnesota Physicians and Vice Dean for Clinical Affairs, Medical School, to present on the impact of health care reform, including the Affordable Care Act (ACA), on the clinical marketplace. She also reviewed challenges and opportunities for Academic Medical Centers, information about the Twin Cities marketplace, and care models for the future, as detailed in the docket.

Daniels explained that the ACA has reshaped the healthcare landscape. New reimbursement trends lean toward high-deductible plans that increase the financial burden on the patient. Fewer people are uninsured, but networks are narrowing as a strategy to reduce costs so health systems are forming large-scale networks to increase their access to insured patients.

Daniels outlined four major challenges facing academic health centers in the wake of health care reform:

1. Sustaining referral volumes due to closed networks for historical referral sources.
2. Assuring competitive quality and cost.
3. Increasing access to insured patients.
4. Maintaining the tripartite mission of clinical care, research, and education.

She noted that academic medical centers have the opportunity to leverage their research and education missions to differentiate themselves and enhance care delivery and outcomes.

Daniels additionally provided data showing that the Twin Cities metro healthcare market is highly competitive and oversupplied with acute care beds and physicians. She stated that University of Minnesota Health would need to maintain a volume of at least 625,000 in-network patients to adequately support existing services, and high-end services such as the

bone marrow and lung transplant programs would need to attract patients from a much larger population base of at least 4-6 million individuals.

Daniels identified a key characteristic of future care models as a focus on the value – cost plus quality – of care across an entire episode of care rather than on a per visit basis. She also suggested that additional emphasis would be placed on maximizing the use of interdisciplinary care teams by widening the scope of practice for many health professions and increasing the coordination of care in a team approach that would include doctors, nurses, pharmacists and social workers.

In response to a question from Regent Johnson, Daniels stated that many factors could impact which hospital a patient is referred to, including patient preference, relation to referring physician, and payer requirements.

In response to a question from Regent Frobenius, Daniels agreed that the University of Minnesota Medical Center has not always been cost competitive because of the cost structure related to practicing in hospital-based clinics. She noted that opening the Ambulatory Care Center will directly address the areas with the greatest cost differential.

The meeting adjourned at 9:30 a.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Audit Committee Work Session
October 9, 2014

A work session of the Audit Committee of the Board of Regents was held on Thursday, October 9, 2014 at 8:00 a.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Clyde Allen, Peggy Lucas, Abdul Omari, and Patricia Simmons.

Staff present: Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

INSTITUTIONAL RISK PROFILE

Regent Brod asked Associate Vice President Klatt to provide an overview of the Institutional Risk Profile process, as detailed in the docket.

Klatt explained that the purpose of the work session was to create a draft of the institutional risk profile. The institutional risk profile is used to identify those risks of greatest import to the Board of Regents as the University's governing body.

She noted that the discussion would be the culmination of the committee's work in reviewing various institutional risks presented by each of the vice presidents over the last two years.

Klatt reminded the committee that at the February 11, 2011 Board of Regents meeting, the Board expressed support for the Strategic Risk Management Work Group's operational strategy and risk principles. These principles have provided a framework that has guided the University community toward a more strategic risk management approach to all aspects of its operations.

Over the past two academic years, the Audit Committee reviewed and discussed risks associated with each of the major operational components of the University. Klatt outlined the committee's previous risk discussions:

- Research (December 2012).
- Human Resources (February 2013).
- Information Technology (May 2013).
- University Operations (June 2013).
- Finance (September 2013).
- Intercollegiate Athletics (December 2013).
- Compliance (February 2014).
- Health Sciences (February 2014).
- Academics (May 2014).
- Research - Updated (June 2014).

She added that the current institutional risk profile was last updated in 2009.

Regent Brod invited Regents to brainstorm and discuss various risks that should be placed on the institutional risk profile, pulling from both their knowledge of the University and the previous risk discussions. A lengthy discussion ensued in which the following items were listed and placed on the risk profile:

- Campus safety and security.
- Brand and reputation.
- Data privacy and security.
- Integrity and success of athletic programs.
- Information technology infrastructure and costs.
- Managing the velocity of change.
- Maximizing value of multiple campuses.
- Meeting expectations on workforce development.
- Preparedness of students.
- Public perception of the value of higher education and its costs.
- Student demographics and enrollment strategies.
- Attracting and retaining talent.
- Facilities; strategic needs and aging infrastructure.
- Human subject research.
- Succession planning.
- Higher education operating model.
- Research funding.
- State funding.
- Strategic plan implementation.
- Strategic prioritization; balancing scope and quality.
- Success of University of Minnesota Health.
- Autonomy.
- Effective communication.
- Student athlete health and welfare.

Regent Brod asked staff to refine the institutional risk profile based on the committee's conversation. A final draft will return to the committee for review in December.

The work session adjourned at 9:30 a.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Facilities & Operations Committee
October 9, 2014

A meeting of the Facilities & Operations Committee of the Board of Regents was held on Thursday, October 9, 2014 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding by phone, Linda Cohen, Thomas Devine, Dean Johnson, Peggy Lucas, and Abdul Omari.

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle and Fred Wood; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice Presidents Michael Berthelsen and Gail Klatt.

Student Representatives present: Hannah Keil and Callie Livengood.

PROJECT COMPONENTS OF THE PRESIDENT'S RECOMMENDED SIX-YEAR CAPITAL PLAN AND 2015 STATE CAPITAL BUDGET REQUEST

Vice President Wheelock reviewed the Project Components of the President's Recommended Six-Year Capital Plan (Plan) and 2015 State Capital Budget Request as detailed in the docket.

Wheelock reminded the committee of the Plan's objectives and its alignment with the strategic plan. She noted that no changes were made since the committee reviewed the proposed projects in September.

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 2015 State Capital Budget Request.

PLANNING & VISION FOR THE ROCHESTER CAMPUS

Vice President Wheelock reviewed the University of Minnesota Rochester (UMR) campus master plan, as detailed in the docket. She invited UMR Chancellor Stephen Lehmkuhle to answer questions.

In response to a question from Regent Johnson, Lehmkuhle indicated that the Rochester City Council, Ohlmsted County Board, and Mayo Clinic have all seen and support the plan. He added that no changes have been made since the committee reviewed the plan in September.

A motion was made and seconded and the committee voted unanimously to recommend approval of the University of Minnesota Rochester Master Plan.

ENSURING A SAFE UNIVERSITY

Vice President Wheelock introduced Greg Hestness, University Police Chief; Kathy Waite, Minneapolis Police Inspector; and Ross Allanson, Director of Parking and Transportation Services, to update the committee on the status of various public safety efforts undertaken in the past year, details of the first few months of Green Line operation, and public safety initiatives planned for the current academic year.

Allanson outlined the education and engagement tactics used to prepare students for light rail on campus at the start of the fall semester. He noted that a shared lane for buses and light rail is unique and may serve as a model for other communities. He reported that additional bike lanes and bike boxes were added on and near campus, and that the number of bikes on campus had declined to around 7,500 per day, the same level as in 2012.

Hestness shared short and long-term strategies for addressing four key areas – environment, education, engagement and enforcement. He reported that UMPD has increased its engagement efforts with additional outreach to multicultural student groups and has focused enforcement on alcohol violations in the neighborhoods surrounding campus. Hestness also shared several public safety efforts undertaken in the past year, including:

- Addition of third officer to expanded coordinated response team.
- Implementation of building access program that automated lock/unlock procedures for 143 facilities on the Twin Cities campus and reduced public building hours.
- Expanded transportation options on Thursday, Friday and Saturday evenings.
- Installation of video cameras in high-traffic pedestrian corridors through and on the perimeter of campus.
- Assisted in the investigation of an organized crime ring operating a black market for stolen mobile devices.

Waite spoke about the coordinated efforts between the Minneapolis Police Department Second Precinct and UMPD to increase patrols near campus on weekend nights and for special events, including the Minnesota Vikings games at TCF Bank Stadium. She also reported that several permanent and portable cameras have been added in neighborhood areas with high foot traffic.

In response to a question from Regent Devine, Hestness and Waite explained that alcohol enforcement has been a priority this fall because alcohol impairs a victim's ability to recall details and provide a clear account of an incident, making it difficult for police to investigate.

In response to a comment by Student Representative Livengood, Waite encouraged students and others to call 911 if they see or experience verbal harassment on Viking game days. Hestness noted Viking fan conduct has generally been good.

In response to questions and comments from Regents, President Kaler shared his experience riding along with a UMPD officer and noted that officers are striking the right balance between education and enforcement.

CAPITAL BUDGET AMENDMENT

A. Combined Heat and Power Plant Project – Twin Cities Campus

The committee reviewed a proposal to amend the FY 2015 Capital Budget by $17,100,000 to provide additional funding for the Combined Heat and Power Plant Project, Twin Cities campus, as detailed in the docket.

Vice President Wheelock introduced Michael Berthelsen, Associate Vice President, University Services, and Suzanne Smith, Assistant Vice President for Capital Planning & Project Management, to review the project. Berthelsen reminded the committee that this project consists of installing combined heat and power generation equipment in the Old Main building, along with upgrading necessary infrastructure to complete the project and connect with Xcel Energy.

Smith shared that delays in the permit process, construction market cost escalation, additional complexity in electrical delivery, and unforeseen conditions have increased the cost of the project. She emphasized the unique nature of this project and noted that it lacks program choices typical in other University projects to reduce the scope and cost.

Berthelsen shared a revised budget and financial analysis. He cited that annual savings are still projected to be $1.6 million to $2 million and that the project becomes a hedge against future electricity costs.

In response to questions and comments from Regents, Wheelock stressed the unique nature of the project. She explained that projects typically are managed by the budget but this project must be managed by the scope. She indicated that the deconstruction in Old Main revealed several issues that could not have been anticipated prior to removal of the existing boiler and posed the question of whether more investment should be made at the time a building is decommissioned. She added that Gail Klatt, Associate Vice President, Internal Audits, has been engaged to review the project process.

In response to a question from Regent Lucas, Smith indicated the project initially had an 8.8 percent contingency. The $17.1 million budget amendment includes $4.7 million to replenish the contingency.

In response to additional questions and comments from Regents, Wheelock invited Vice President Pfutzenreuter to address the impact of $17.1 million in additional debt on other University projects. Pfutzenreuter agreed that the University maintains a significant cushion between its expected debt load and its capacity for debt, so this amendment should not negatively impact the ability to fund planned or future projects.

The item will return for action at a future meeting of the committee.

The meeting adjourned at 11:20 a.m.

Brian R. Steeves

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

DRAFT

Year 2014-15

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Faculty & Staff Affairs Committee
October 9, 2014

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, October 9, 2014 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Richard Beeson, Laura Brod, David McMillan and Patricia Simmons.

Staff present: Senior Vice President and Provost Karen Hanson; Vice Presidents Kathryn Brown, Brian Herman and Scott Studham; Executive Director Brian Steeves; and Associate Vice President Bernard Gulachek.

Student Representatives present: Emily Caldis and Damien Carrière.

HUMAN RESOURCE NEEDS IN UNIVERSITY SERVICES

Regent Frobenius invited Vice President Brown to present on human resource needs in University Services, as detailed in the docket.

Brown explained that this conversation is one in a series of discussions regarding human resource needs in various areas across the University. She introduced Linda Bjornberg, Director of Human Resources, and Leslie Krueger, Chief of Staff, to speak about human resources needs in University Services.

Krueger walked through University Services demographics, including labor classification, race/ethnicity, and gender. She noted progress in diversifying the University Services workforce. She explained the uniqueness of the University Services staff, given that its units include auxiliary services (bookstores, parking and transportation, housing and residential life, dining services, UMarket services, and printing and mailing services); facilities management; capital planning and project management; university health and safety; and public safety, including the University Police Department. Krueger noted that the unit is more akin to a municipality, providing services that ensure the full operation of the University.

Bjornberg described the University's focus on being a competitive employer. She noted the fair wage and complete compensation package offered to employees. She conveyed the influences of the job family study in aligning and creating equity between positions. She also spoke about the needs of University Services with regard to training and development; succession planning; competition for talent in a market that spans public and private sectors; and other unique needs within such a broad spectrum of staff.

In response to a question from Regent Beeson, Bjornberg indicated that the Office of Human Resources (OHR) creates core training for employees. OHR works with local units to create trainings that are unique to the specific responsibilities of the employee. Due to the unique jobs performed by their employees, University Services also uses outside consultants to train employees in specific areas.

In response to a question from Regent Simmons, Bjornberg stated that some positions – specifically engineers – are difficult to recruit. University Services offers both paid and unpaid internships to attract talent from within the University and hire successful interns upon their graduation if a position is available.

COLLECTIVE BARGAINING AGREEMENT WITH UNIVERSITY EDUCATION ASSOCIATION (UEA)

Vice President Brown presented for review and action the collective bargaining agreement between the University and University Education Association PELRA Unit 9 (UEA) faculty on the Crookston and Duluth campuses, as detailed in the docket.

Brown thanked the negotiating teams for their hard work in the agreement process. She explained that the bargaining unit includes professors, associate professors, assistant professors, and instructors on the Crookston and Duluth campuses. The contract is for three years.

During FY 2015 and FY 2016, Crookston unit members are scheduled to receive a 2.5 percent economic increase. Of that, 0.75 percent will be delivered in equal dollars, 0.75 percent will be delivered in equal percentage, and one percent will be delivered as merit. Total recurring costs from FY 2014-16 total $152,339. The agreement also includes a restructuring of rates and payment methods for distance education, overload compensation and summer session.

During FY 2015 and FY 2016, Duluth unit members are scheduled to receive a 2.5 percent economic increase. Of that, one quarter of the salary pool will be delivered in equal dollars, one quarter will be delivered in equal percentages, and one half will be delivered as merit. Total recurring costs from FY 2014-16 total $1,902,219. The agreement additionally includes an adjustment of minimum nine-month base salary to no less than $39,000.

In response to a question from Regent McMillan, Brown explained that in the case of the Duluth campus, the distribution of the salary pool depends on a variety of factors. Regardless of base salary, all employees under the agreement will receive an equal portion of one quarter of the pool. The second quarter is based on base salary, creating a difference in pay out between employees. The remaining half is delivered based on merit alone, also creating a difference between employees.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement between the University and University Education Association PELRA Unit 9.

UPDATE ON STUDENT WORK

Laura Negrini, Employment Director in the Office of Human Relations, presented an update on student work, as detailed in the docket.

Negrini outlined relevant Board policy and how the University supports student workers and the benefits for those students. She noted the student job classifications; gave an explanation of the federal and state work study program; reported student work statistics and compared those to other Big Ten institutions; explained student development outcomes; and detailed recent streamlining of University policies for hiring students.

Negrini introduced Samantha Schleicher, an undergraduate student from the Twin Cities campus who works as a student manager at the Coffman Memorial Union information desk.

Schleicher spoke about her positive experience as a student worker. She noted that through her work, she gained a tolerance of ambiguity and was able to strengthen her interpersonal skills. Schleicher expressed her appreciation of having year-end reviews and feeling supported by her supervisors.

In response to a question from Regent Simmons, Negrini explained that the lottery used to allocate jobs to incoming freshmen is a special program. Only the first 500 students are guaranteed positions, creating a need for a lottery system. Brown added that all students can apply for open positions and the freshmen guaranteed program is not based on financial need. This differs from work-study. To qualify for a work-study position, a student has to meet certain financial criteria.

In response to a question from Student Representative Caldis, Negrini acknowledged that students who do not qualify for work-study, which includes all international students, are unable to apply for work-study-only positions. On the Twin Cities campus, all student jobs are open to both work-study and non-work study programs. This may differ across the system depending on the needs of the unit and the specific campus.

In response to a question from Regent McMillan, Schleicher shared that student employees would need time to adjust to entering their hours manually within the new Enterprise System Upgrade. Negrini added that students use the working titles for their positions and most are unaware of the job classification. This change will be beneficial to University staff members who oversee student positions.

In response to a question from Regent Brod, Negrini explained that the University tries to draw down as many state and federal dollars for work-study as possible and award those dollars to students who have need. If work-study is not a part of a student's financial aid, students can request that it be added if they qualify.

DEVELOPING LEADERS FOR WORKPLACE 2020

Senior Vice President and Provost Hanson, Vice Provost for Faculty and Academic Affairs Allen Levine, and Director of Leadership and Talent Development Brandon Sullivan presented on developing leaders for workplace 2020, as detailed in the docket.

Hanson explained that there is a critical need to develop leadership within the University. The implementation of the Twin Cities campus strategic plan requires leaders to take collective action. At the same time, leaders in public higher education face unprecedented challenges including greater public accountability, global competition for top talent, shifting enrollment trends, greater competition for grants, and shrinking state and federal funding.

Sullivan detailed the shifts in thinking across fields regarding leadership development. Studies have shown that leaders grow and develop primarily through on-the-job experience. Formal training plays a key role, along with mentoring and coaching, but is not the best development tool. Sullivan argued that practice must drive development, and that department heads and chairs are key to helping develop faculty for leadership roles. The University is looking to shift toward developing "leaders of leaders" and ensuring an application of learning while on the job.

Levine gave an example of this shift. With academic leadership, Levine's office has worked to provide opportunities for department heads and chairs to have dinner together. These dinners allow leaders to network, discuss problems they are facing, and come up with collective solutions. The leaders are able to apply this information directly to their units. Levine reported positive results from this method.

Brown noted that having the Provost's Office working closely with the Office of Human Resources creates meaningful partnerships in shifting how leadership development happens. It is the goal to pilot these programs on the Twin Cities campus and then move system wide.

In response to a question from Regent Frobenius, Hanson stressed the need to create balance between University structure and leadership development needs. No single leadership development model fits everyone given the broad differences between units. She noted that this is why approaches like the chair's dinners help improve outcomes.

In response to a question from Regent Brod, Sullivan offered that the employee engagement survey is one metric that can be used to measure culture change. OHR will look for how departments deal with challenges. If those challenges are met productively and the team moves forward in a positive way, those examples will demonstrate that engagement efforts are useful.

Hanson added that performance on the academic side would show awards gained by faculty members, performance on student evaluations, retention of faculty, and retention of faculty of color and women in fields where they are underrepresented. She stressed that leaders will be held accountable for those measures.

In response to a question from Regent Simmons, Hanson noted that the type of leadership needed to identify and address the grand challenges will be different from the type of administrative leadership currently leading departments and units. She added that both types of leadership are valuable and will help to create the cross-University relationships necessary to execute the plan.

CONSENT REPORT

Vice President Brown presented for review and action the Consent Report, which included the following item:

- Conferral of tenure for outside and internal hires.

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

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included:

- Personnel highlights.
- University highlights.
- Faculty and staff activities and awards.

The meeting adjourned at 11:34 a.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

DRAFT

Year 2014-15

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Academic & Student Affairs Committee
October 9, 2014

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, October 9, 2014 at 2:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Linda Cohen, Thomas Devine, Peggy Lucas, and Abdul Omari.

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

Student Representatives present: Hannah Keil and Callie Livengood.

BUFFER ENTITY FOR INTERNATIONAL OPERATIONS

Senior Vice President and Provost Hanson invited Meredith McQuaid, Associate Vice President and Dean, International Programs; Greg Brown, Director of Transactional Law, Office of General Counsel; and Kelly Farmer, University Tax Director, to explain the benefits of creating a buffer entity to allow the University to operate legally in countries of strategic importance. Hanson explained that the administration was seeking a delegation of authority to the President, or a designee, to establish, maintain, or dissolve buffer entities.

McQuaid explained that the sole purpose of such an entity would be to facilitate University education, research, and outreach in foreign countries. She cited three primary benefits of using buffer entities rather than the University serving as the parent organization for foreign offices:

1. Independent action: Only the buffer entity would be required to register with foreign authorities.
2. Administrative oversight and operational effectiveness: The buffer entity would serve as a single point of contact for all worldwide operations, and could act more quickly and efficiently.
3. Added liability protection: The buffer entity would offer some protection to the University in tax or employment claims.

Farmer shared that the resolution was written broadly because the University anticipates it will need to be used in several countries, although the specific intent at this time is to create a wholly owned foreign entity (WOFE) to comply with the law in China, where the University opened a Beijing office in 2009.

McQuaid explained that the Northwest Minnesota Education Center would be repurposed for use as the parent company due to a Chinese requirement that the parent company be in existence for at least two years.

In response to a question from Regent Devine, McQuaid explained that study abroad is based in Minneapolis out of the Global Learning Center and does not operate as a business.

Therefore, it does not need to be operated through a WOFE. She added that the University's office in China conducts business activities such as targeted recruitment and alumni outreach and engagement. It does not support students who are studying abroad.

In response to a question from Regent Simmons, Brown reported that the articles and bylaws of the Northwest Minnesota Education Center would be changed, and the President would appoint a board of directors. He added that the WOFE will not be able to incur debt without approval of the President and will be subject to all University policies.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Global Operations Compliance.

SHIFTS TO LEGAL EDUCATION ENVIRONMENT & FUTURE PLANNING

Senior Vice President and Provost Hanson invited David Wippman, Dean of the Law School, and Fionnuala Ni Aoláin, Professor of Law, to share factors shaping legal education along with strategies the Law School is employing to ensure the strength of the school and success of graduates.

Wippman recounted that the current media narrative about legal education is that it is too expensive, leads to students incurring significant debt, and may not offer a good return on investment. He shared three significant changes in the legal environment that have contributed to this narrative:

1. Pressure on law firms to decrease costs. Routine work is bid on cost, with no preference for the individual lawyer or law firm.
2. Technological advancements. Discovery, a job that used to be done by new lawyers, can now largely be accomplished through the use of sophisticated computer modeling.
3. A significant rise in the number of law schools. Growth in law schools has led to an imbalance between the number of law graduates and new J.D. required jobs created.

Wippman reported that the University's Law School is defying national trends. It has a 94 percent employment rate for its graduates, with 85 percent of those jobs requiring admission to the bar. The average starting salary for full-time employment is $88,000. He noted that on average over an earning lifetime, law school graduates would make $1 million more than those holding only a bachelor's degree. Wippman asserted that a law degree from the University of Minnesota is still a good investment.

He emphasized that the Law School has historically experienced a number of peaks and valleys depending on the economy and world affairs. He added that the Law School has reduced its class size in order to maintain the quality of its students.

Ni Aoláin identified several new strategies and programs that could boost enrollment, attract a different segment of students, or create efficiencies. She detailed two new programs that the law school has implemented that have produced positive results, including a new M.S. in Patent Law targeted toward individuals with science and engineering backgrounds, and a targeted expansion of the LL.M. program to increase diversity and enhance the international brand.

In response to questions and comments from Regents, Wippman reported that the University has the only first-tier law school in the state and competes more nationally, rather than locally, for students and jobs. He indicated that other local law schools serve different markets and have also decreased class sizes so the impact on each other and the job market has not been substantial.

In response to a question from Regent Cohen, Wippman indicated that increased revenue and cost reduction would be necessary to balance the budget. He added that the M.S. in Patent Law and LL.M. programs are revenue generators, and shared that costs have been reduced through natural faculty attrition and a one percent salary increase for last year rather than 2.5 percent, as was suggested across the University. Wippman stated approximately $2 million had already been cut, and that additional cuts would be necessary.

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 Changes to Academic Programs**
  - College of Liberal Arts (Twin Cities campus)—Create sub-plans in Generalist, Social Justice/Applied Drama, History/Literature, Design/Technology, and Performance Creation within the B.A. degree in Theater Arts
- **Request for Approval of Discontinued Academic Programs**
  - College of Liberal Arts (Twin Cities campus)—Discontinue the M.A. degree in English as a Second Language
  - College of Education and Human Service Professions (Duluth campus)—Discontinue the post-baccalaureate certificate in Educational Psychology Specialist: Education and Counseling
  - College of Liberal Arts (Twin Cities campus)—Discontinue the B.A.Sc. in Ojibwe Elementary School Education

The meeting adjourned at 3:10 p.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Finance Committee
October 9, 2014

A meeting of the Finance Committee of the Board of Regents was held on Thursday, October 9, 2014 at 2:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Richard Beeson, Laura Brod, John Frobenius, and Dean Johnson. Clyde Allen participated by phone.

Staff present: President Eric Kaler; Chancellors Stephen Lehmkuhle and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Tyler Ebert and Jordan Wente.

RESOLUTION RELATED TO ISSUANCE OF DEBT

Vice President Pfutzenreuter presented for review and action a resolution related to issuance of debt, as detailed in the docket.

Pfutzenreuter explained that the administration is requesting approval of a resolution authorizing the issuance and sale of debt up to an aggregate principal amount of $52,000,000 to finance and pay costs of issuance to design, construct, furnish, and equip a new James Ford Bell Natural History Museum and Planetarium on the St. Paul portion of the Twin Cities campus. He reminded the committee that for fiscal years 2016 to 2041, $3,500,000 was added to the University's base operations and maintenance appropriation from the State of Minnesota to offset debt service related to this project.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to issuance of debt.

LONG-RANGE FINANCIAL PLANNING UPDATE

Regent McMillan introduced Vice President Pfutzenreuter and Lincoln Kallsen, Director of Institutional Analysis, to present an update on long-range financial planning, as detailed in the docket.

Pfutzenreuter outlined the process of updating the long-range financial plan and noted that the plan now incorporates the President's recommended FY 2016-17 biennial budget request.

Kallsen presented how long-range financial planning interacts with annual operating budget recommendations. He reviewed the base revenue assumptions, the investment and expense assumptions from June 2014, and the updated revenue scenarios based on the FY 2016-17 biennial budget request.

A broad discussion ensued examining the updated plan; the assumptions for both revenues and expenses; internal University funding of Higher Education Asset Preservation and Renovations as a source of additional expense; enrollment and the possibility of increasing current enrollment; and the need for further work to close the projected deficit in out years.

FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED FY 2016-17 BIEANNIAL BUDGET REQUEST

Vice President Pfutzenreuter presented the financial components of the President's recommended FY 2016-17 biennial budget request, as detailed in the docket.

He outlined the goals of the biennial budget request as:

- Tuition freeze for all resident graduate and undergraduate students.
- Facility condition improvement strategy.
- Healthy Minnesota initiative.
- Vibrant economy through economic development opportunities through research.

The total biennial request for all four initiatives is $127.2M, a change from base of 10.6 percent. If fully funded, Pfutzenreuter noted that the University's FY 2017 appropriation would equal its appropriation in FY 2008 without adjusting for inflation.

In response to a question from Regent Johnson, Pfutzenreuter stated that if the state did not fund the full request, it is assumed that tuition would need to be raised.

In response to a question from Regent McMillan, President Kaler agreed that the success of a program like MnDRIVE was a useful starting point. This request also uses themes that will help frame the conversation with legislators.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the financial components of the President's recommended FY 2016-17 biennial budget request.

FINANCIAL COMPONENTS OF THE PRESIDENT'S RECOMMENDED FY 2016-17 SIX-YEAR CAPITAL PLAN & 2015 STATE CAPITAL BUDGET REQUEST

Vice President Pfutzenreuter presented the financial components of the President's recommended Six-Year Capital Plan (Plan) & 2015 state capital budget request, as detailed in the docket.

He reminded the committee that the Plan includes major capital improvements planned for fiscal years 2015 through 2020. It includes projects to be funded with state capital support, as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships.

Pfutzenreuter noted that Year 1 of the Plan (2015) outlines the projects that the University will submit to the State of Minnesota for consideration during the 2015 legislative session. This includes $55,000,000 for Higher Education Asset Preservation and Renovations (HEAPR), $27,000,000 for veterinary isolation facility replacement on the Twin Cities campus, and $6,000,000 for greenhouse replacement on the Twin Cities campus.

In response to questions from Regents Beeson and McMillan, Pfutzenreuter noted that the HEAPR request had been reduced this year as the University seeks to transition a portion of

those funds from the capital request into the operating request. Beeson added that HEAPR should not be negotiated against new buildings; it should be considered operational funding by the legislature.

A motion was made and seconded, and the committee voted unanimously to recommend approval of financial components of the President's recommended Six-Year Capital Plan.

A motion was made and seconded, and the committee voted unanimously to recommend approval of financial components of the 2015 state capital budget request.

ADMINSTRATIVE COST DEFINITION & BENCHMARKING

Regent McMillan invited Vice President Pfutzenreuter, Associate Vice President Tonneson, and Director Kallsen to update the committee on the third year of results for the administrative cost benchmarking analysis, as detailed in the docket.

Pfutzenreuter explained that the study identifies and benchmarks the University's expenditures into the categories of Direct Mission Delivery, Mission Support & Facilities, and Leadership & Oversight. Student Aid is a related category to Direct Mission Delivery. He reminded the committee of the original goals for the 2012 cost definition and benchmarking analysis.

Kallsen explained the job codes and how they relate to each of the three main categories. He noted that the job family study would move those jobs that were mislabeled and help clarify how those positions serve the mission. In the long run, personnel expenses will be more accurate in reflecting what a specific job is doing in relation to the three defined categories.

Kallsen reported that the Leadership & Oversight category is declining both in headcount and as a percentage of overall spending. Over the past three years, 87 percent of additional spending has been directed at Direct Mission Delivery or Mission Support & Facilities. He noted that the lack of growth in available sponsored funding is putting pressure on additional mission investment. He also noted that program expansions often require Mission Support & Facilities spending, as well as additional Direct Mission Delivery spending. Kallsen observed that non-personnel and sub-contract spending is quite variable year-to-year.

Tonneson reported the FY 2014 summary of results:

- Total spending was $3.2 billion (up $120 million or 3.9 percent from FY 2013).
- Personnel costs increased 2.6 percent overall, mostly reflecting the FY 2014 compensation increase.
    - Total system-wide headcount increased about one percent.
    - Continued movement from part-time to full-time employees.
- Non-personnel costs increased to a greater extent than personnel costs.
- Direct Mission Delivery increased as percent of total.
- Leadership & Oversight and Mission Support & Facilities Categories decreased as percent of total.

Tonneson also outlined each of the main categories, detailing notable changes in FY 2014 by personnel and non-personnel spending.

A discussion ensued around the effect the job family study and the Enterprise System Upgrade will have on this analysis and spending; the role of state and federal funding; how to communicate the results with an outside audience; and the progress made and continued effort that is needed.

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 Cardinal Health for an estimated $1,200,000 for the purchase of pharmaceuticals and related supplies for the period of November 1, 2014, through February 28, 2015, for Boynton Health Service Pharmacy. This purchase will be paid for from the sale of prescriptions and other items to patients and from payments by U of M departments for pharmaceuticals. Vendor was selected through a competitive process.
- DOSECC Exploration Services, LLC, (DES) for $8,200,000 for building and testing services to provide a mobile drilling platform to be used for research purposes on the ice sheets of Antarctica for University of Minnesota Duluth (UMD). The National Science Foundation (NSF) made a research award of about $8.9M to UMD in August 2014. Most of the award funds are obligated to DES as the principal contractor for construction and testing, and direct payment by UMD is based on detailed weekly invoices from DES that are reviewed by the project management team. Continuation of funding will be based on overall performance as documented in periodic reports to NSF. 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 Pfutzenreuter referred the committee to the Information Items contained in the docket:

- Quarterly Investment Advisory Committee Update

The meeting adjourned at 3:52 p.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

DRAFT

Year 2014-15

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
October 9, 2014

A meeting of the Board of Regents was held on Thursday, October 9, 2014 at 4:00 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Laura Brod, Linda Cohen, Thomas Devine, John Frobenius, Dean Johnson, Peggy Lucas, David McMillan, Abdul Omari, Patricia Simmons. Clyde Allen participated by phone.

Staff present: President Eric Kaler; General Counsel William Donohue and Executive Director Brian Steeves.

Others present: Amy Phenix, Jay Schrankler, and Tracy Smith.

The meeting convened in public session at 4:00 p.m.

RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE BOARD OF REGENTS

At 4:00 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 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 the Board of Regents held on Thursday, October 9, 2014 immediately following the afternoon committee meetings (approximately 4:00 p.m.,) in the Boardroom, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:
>
> I. Patent infringement claims

The Board of Regents voted unanimously to approve the resolution. The public portion of the meeting adjourned at 4:03 p.m.

The meeting adjourned at 5:10 p.m.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
October 10, 2014

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 10, 2014 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Laura Brod, Linda Cohen, Thomas Devine, John Frobenius, Dean Johnson, Peggy Lucas, David McMillan, Abdul Omari, and Patricia Simmons. Clyde Allen participated by phone.

Staff present: President Eric Kaler; Chancellors Lendley Black, 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 Pfutzenreuter, Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, 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 Committee – September 11, 2014
Litigation Review Committee – September 11, 2014
Academic & Student Affairs Committee – September 11, 2014
Finance Committee – September 11, 2014
Facilities & Operations Committee – September 11, 2014
Faculty & Staff Affairs Committee – September 11, 2014
Board of Regents – September 12, 2014

REPORT OF THE PRESIDENT

President Kaler reported on several events in which he participated recently, including the groundbreaking for the new Wellness Center at the University of Minnesota Crookston and a meeting of the Morris Advisory Council on the Twin Cities campus. He also reported that the University of Minnesota Duluth, for the fourth year in a row, has been designated as one of the nation's most military-friendly schools, dedicated to serving the educational needs of veteran and active-duty students.

Kaler reported on efforts to address and improve the campus climate with the launching of World Cafes, developed from the work of the Campus Climate Workgroup. He also discussed a series of upcoming educational forums sponsored by the Office for Equity and Diversity leading up to the November 2nd Vikings-Washington NFL football game. The programming goal is to increase awareness of, discussion about, and understanding of the effects of stereotypes associated with American Indian mascots and logos.

Kaler provided information on first-year retention rates, which increased to 92.6 percent. In addition, for the first time, first-year retention among students of color was 92.63 percent. He also previewed a short video on this year's Driven to Discover campaign theme: "Made in Minnesota." The campaign is tied to the University's Twin Cities Strategic Plan and aims to raise awareness among Minnesotans that the University is a global leader and uniquely positioned to solve grand challenges.

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

REPORT OF THE CHAIR

Chair Beeson reported on a recent visit to the University of Minnesota Morris with Regents Devine and Johnson. The visit included time with students, faculty, staff and community leaders, as well as alumni who were in Morris for homecoming events.

Beeson noted several activities and events in which Regents have engaged: a ribbon cutting for new research facilities at the Itasca Biological Station; groundbreaking for the new Wellness Center at the University of Minnesota Crookston; the President's Emerging Scholars Fall Conference; and the Humphrey School's Fall Social.

Beeson announced that President Kaler would be traveling that day to Cambridge, Massachusetts, where he would be inducted into the American Academy of Arts and Sciences. President Kaler is the third University of Minnesota president to receive this honor. On behalf of the Board of Regents, Chair Beeson offered his congratulations to President Kaler.

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

CONSENT REPORT

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

- Report of the University Naming Committee recommendation forwarded to the Board of Regents in a letter from President Kaler dated October 2, 2014.
- Summary of Expenditures.
- Summary of Gifts through August 31, 2014.
- Appointments to the University of Minnesota Foundation Board of Trustees:
  - The Honorable David J. McMillan, three-year term expiring 2017.
  - David Meyer, three-year term expiring 2017.
  - Simon K. Wong; three-year term expiring in 2017, with eligibility to be renewed for one additional term as a Board of Regents-appointed trustee.

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

STRATEGIC PLAN FOR THE TWIN CITIES CAMPUS

Chair Beeson invited Senior Vice President and Provost Hanson to present for action the Strategic Plan for the Twin Cities Campus as included in the docket.

Hanson reiterated President Kaler's belief that the proposed strategic plan for the Twin Cities campus (Plan) is a roadmap for reinvigorating the University of Minnesota. She reminded the

Regents that the Plan is the culmination of many months of discussion and planning by the campus community, led by the Strategic Planning Workgroup and five teams of faculty, staff, and students. Hanson noted that the Plan presents a vision for building on the institution's defining strengths to reinvent the land-grant research university at a time of great change, challenge, and opportunity in higher education and society.

Hanson recalled that the Board reviewed the Plan at its September 12, 2014 meeting. Since then, the report as currently presented has been strengthened by feedback from the Board and the campus community during a public comment period. Hanson summarized a number of aspects of the Plan that have been made clearer based on comments received.

Regent Cohen expressed support for the plan, noting the enthusiasm – particularly among faculty – for the Plan.

Regent Devine expressed his support, especially the elements related to challenging complacency, ensuring the institution supports the best students, and the focus on student outcomes, advising, housing, a safe campus, and four-year graduation rates.

Regent Simmons expressed her appreciation that the Plan not only looks at how to address challenges, but is also attentive to understanding, translating, and defining what a public land-grant university must do for the state and society.

Regent Johnson expressed his support, noting his belief that it opens up the institution for great potential with the "grand challenges," links the University to the people of the state, and demonstrates what the University is doing.

A motion was made and seconded, and the Board of Regents voted unanimously to recommend approval of the Strategic Plan for the Twin Cities campus.

PRESIDENT'S RECOMMENDED FY 2016-17 BIENNIAL BUDGET REQUEST

Chair Beeson invited President Kaler to present for approval the President's Recommended FY 2016-17 Biennial Budget Request (Budget Request) as detailed in the docket materials.

The Budget Request is designed to partner with the state to:

1. Deliver on the University's threefold mission of research and discovery, teaching and learning, and outreach and public service.
2. Advance initiatives and programs that will leverage the University's expertise in areas that will benefit the state's economy and its citizens.
3. Better support financial access and affordability to post-secondary education for students and families.

President Kaler detailed the $1.3 billion request, which focuses on four specific goals:

1. A tuition freeze.
2. Improved facilities.
3. Improved health.
4. Economic development.

Kaler reported that the administration seeks to continue the tuition freeze for all Minnesota students, including graduate and professional resident students, on all campuses during 2016 and 2017. He summarized the funding strategy, tuition impact on each campus, and how the funds would be invested in essential faculty, facilities, and operations.

He reported that facility use is changing and will continue to change, but the need for high-quality research and teaching spaces will not. He stressed the importance of a predictable source of funding for facility repair and renovation. While Higher Education Asset Preservation and Renovation (HEAPR) funds are the primary source of this funding, for many years the allocation to the institution has been less than the request and insufficient to meet facilities needs. The administration is proposing that the state provide an incremental $5 million in recurring operations and maintenance appropriation to the University in each year of the biennium to reduce long-term maintenance costs and provide a predictable source of funding. In return for the state investment in the University's operating budget, the University would decrease the HEAPR request by $5 million per year over the same period.

Kaler described a proposal to revamp curriculum and clinical training programs to incorporate new models of health promotion and care, such as inter-professional education and training, team care, and prevention and wellness. He shared ways to promote economic development trough two targeted initiatives – one focused on statewide industry, the other on community vitality.

President Kaler described the proposed investments in prevention and treatment of environmental problems associated with mineral extraction, and on reducing health, educational, and social disparities among Minnesota's diverse and changing communities. He summarized each initiative and financial proposal for each for the next two years.

Chair Beeson called upon Regent McMillan, Chair of the Finance Committee, to provide the recommendation of the committee. McMillan reported that the committee reviewed the financial components of the President's Recommended FY 2016-17 Biennial Budget Request and recommends approval of the resolution. The motion was seconded.

The Board of Regents voted unanimously to approve the Resolution Related to the State Biennial Budget Request for FY 2016-17, as follows:

> WHEREAS, the University of Minnesota, as the state's only public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and apply this knowledge through teaching and learning, and outreach and public service; and
>
> WHEREAS, the University and the State of Minnesota play a critical role in supporting and strengthening economic and community vitality and advancing the health and wellness of Minnesota's citizens by advancing research initiatives and programs that benefit the state, business and industry and its citizens; and
>
> WHEREAS, the University in partnership with the State of Minnesota can reduce tuition increases and better support financial access and affordability to post-secondary education for students and families; and
>
> WHEREAS, the University proposes a more stable and predictable funding model for maintaining important public assets on each of the University's campuses; and
>
> WHEREAS, the University is committed to achieving operational excellence and greater efficiency through internal actions to reduce administrative and operational costs; and
>
> WHEREAS, by FY 2017 the University proposes to restore state funding levels to those of FY 2008, the year in which the University received its highest appropriation;

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2016-2017 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of $640,400,000 in fiscal year 2016 and $684,600,000 in fiscal year 2017 for a biennial total of $1,325,000,000 in the form of general operations and maintenance and state specials appropriations. The Board of Regents further requests continuation of fiscal year 2013 base funding levels for the Primary Care Education Initiatives totaling $2,157,000 and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling $22,250,000 for fiscal years 2016 and 2017.

PRESIDENT'S RECOMMENDED SIX-YEAR CAPITAL PLAN AND 2015 STATE CAPITAL BUDGET REQUEST

Chair Beeson invited Vice Presidents Richard Pfutzenreuter and Pamela Wheelock to present for action the President's Recommended Six-Year Capital Plan (Capital Plan) and 2015 State Capital Budget Request as detailed in the docket materials.

The Capital Plan establishes the next three University capital requests to be submitted to the state for consideration; sets priorities and direction for continued capital project and academic planning efforts; identifies the impact of additional University debt; assigns responsibility for capital fundraising; and forecasts additional building operational costs. The Capital Plan includes major capital improvements planned for FY 2015-2020 and includes projects to be funded with state capital support as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships. Year 1 of the Capital Plan (2015) outlines the projects that the University will submit to the state for consideration during the 2015 legislative session.

Wheelock presented the Capital Plan objectives, which are to:

- Advance strategic plan priorities.
- Enhance the campus-based experience.
- Align projects with available revenue sources.
- Increase utilization and functionality of physical assets.
- Complete capital investment sequences.
- Reduce total campus square footage.

In addition, the Capital Plan aligns with the Twin Cities strategic plan to:

- Build an exceptional University where grand societal challenges are addressed.
- Support excellence, and, with intention, reject complacency.
- Establish a culture of reciprocal engagement, capitalizing on the institution's unique location.
- Aggressively recruit, retain, and promote field-shaping researchers and teachers.

Wheelock summarized several system-wide projects included in the Capital Plan and anticipated programmatic outcomes for each project. She discussed facility renewal, and the importance of the HEAPR request as well as projects that are proposed for renewal using HEAPR funds. Wheelock also discussed potential decommissioning and demolition of space that is either no longer useful or too expensive to repurpose or repair.

Wheelock reported that the President's Recommended 2015 State Capital Request contains three projects: HEAPR funds, the replacement of the Veterinary Isolation Laboratory, and the replacement of a greenhouse in the St. Paul area of the Twin Cities campus.

Chair Beeson called upon Regent Devine, Vice Chair of the Facilities & Operations Committee, to present the recommendation of the committee. Devine reported that the committee reviewed project components of the 2015 State Capital Request and voted unanimously to recommend approval of the resolution. He moved its approval.

Chair Beeson called upon Regent McMillan, Chair of the Finance Committee, to provide the recommendation of the committee. McMillan reported that the committee reviewed the financial components of the State Capital Request and recommends approval of the Resolution Related to the 2015 State Capital Request. He seconded the motion.

The Board of Regents voted unanimously to approve the Resolution Related to the 2015 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 2015 State Capital Request to the Minnesota Legislature in the amount of $88,000,000 consisting of $77,000,000 from the State of Minnesota and $11,000,000 from the University of Minnesota.

Chair Beeson called upon Regent Devine, Vice Chair of the Facilities & Operations Committee, to provide the recommendation of the committee on the Capital Plan. Devine reported that the committee reviewed project components of the President's Recommended Six-Year Capital Plan and voted unanimously to recommend approval of the resolution. He moved its approval.

Chair Beeson called upon Regent McMillan, Chair of the Finance Committee, to provide the recommendation of the committee. McMillan reported that the committee reviewed the financial components of the President's Recommended Six-Year Capital Plan. He seconded the motion.

The Board of Regents voted unanimously to approve the Recommendation Related to the President's Six-Year Capital Improvement 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 President's Six-Year Capital Improvement Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research and outreach objectives.

UPDATE ON UNIVERSITY OF MINNESOTA HEALTH

Chair Beeson invited Vice President Jackson and Bobbie Daniels, Co-President of University of Minnesota Health, CEO of University of Minnesota Physicians, and Vice Dean for Clinical Affairs, Medical School, to provide an update on progress in implementing University of Minnesota Health (M Health), share M Health's strategic plan, and discuss opportunities and challenges in the changing health care marketplace, as detailed in the docket materials.

Jackson reported that M Health was established in May 2013 with approval of the Fairview Health Services (FHS) Board, University of Minnesota Physicians (UMP), and the Board of Regents. Jackson presented the governance, management, and operational model, described the scope of operations, and discussed how the structure encompasses the various clinics and hospitals.

Jackson presented M Health's strategic goals:

- Enhancing relationships with providers and payers.
- Developing focused clinical activities with sustainable competitive differentiation for key programs of distinction.
- Implementing innovative methods to provide high-quality interdisciplinary care, increased access, and improved services.
- Financial performance to support priority investment.

Jackson described activities and initiatives underway to work toward achieving and goals of the integrated structure.

Daniels reported how M Health is a significant first step in becoming an academic health system. She presented and discussed the goals of M Health: To be a national leader in outcomes, research and education, and aspire to be among the top 10 percent of academic medical centers in the nation. She stressed that the goals focus on improving patient care, enhancing education, increasing on-site training and inter-professional education, and supporting health care research with an increased emphasis on clinical trials.

Daniels reported that the M Health, FHS, and UMP boards recently approved a five-year strategic plan for M Health. She briefly discussed strategic plan priorities and what will be required to achieve success. Daniels reported M Health is on target to meet net income targets for 2014, which guarantees a full academic support payment for the Medical School. She also

reported that construction of the M Health Clinics and Surgery Center – also known as the Ambulatory Care Center – is underway, with a targeted January 2016 opening.

In response to questions from Regent Cohen, Daniels expressed her vision for how the new care model would look in the new M Health Clinics and Surgery Center. She noted that all parts of patient care would be more patient-centered and streamlined, and would leverage the strengths of the University of Minnesota and the Fairview Health system.

In response to comments from Regent Devine, Daniels commented that the University of Minnesota is a national leader in inter-professional education, with many resources available to foster cultural change. She noted that the possibility of a truly interdisciplinary care model fosters excitement and a willingness to change.

DEMOGRAPHIC TRENDS & SYSTEM-WIDE ENROLLMENT MANAGEMENT

Senior Vice President Hanson introduced Rachelle Hernandez, Director of Admissions, Twin Cities Campus, and Andrea Schokker, Executive Vice Chancellor, University of Minnesota Duluth, to present on demographic trends and system-wide enrollment management, as detailed in the docket.

Hanson reported that staying informed about projected state demographic changes is an important part of enrollment management, tuition, financial aid planning, and policy making. She referred to a report and accompanying data prepared by Minnesota's state demographer outlining four key demographic trends poised to impact higher education:

1. An aging population will put new pressures on public budgets.
2. Slower labor force growth may alter the costs and benefits of attending college.
3. The composition of the student population continues to change.
4. The number of Minnesota high school graduates has declined recently, and is projected to remain at current levels for the next few years.

Hernandez briefly highlighted trends related to high school graduates. She reported Minnesota numbers are projected to be stagnant through 2016, with no return to near-2007 levels until 2023. She indicated the high school graduation rate in the entire Midwest region has been in decline, resulting in increasing competition for a smaller pool of students. Hernandez also reviewed the history and projections of Minnesota high school graduates.

Hernandez reported that the Western Interstate Commission on Higher Education predicts that multicultural students will make up 23-27 percent of Minnesota high school graduates by 2023, up from 15 percent in 2007. Because of current disparities in income across Minnesota by race and ethnicity, the value proposition will continue to be a priority for students and families.

Hanson stressed that the University will continue to be aggressive in recruiting talented students and enrolling a student body that reflects diversity. She described several proactive recruitment and enrollment efforts aimed at Minnesota students, and discussed expanded national recruitment to offset regional declines. Hanson indicated enhanced attention to diversity and multicultural recruitment and greater collaboration in recruitment efforts system-wide.

Schrokker provided information on three key themes:

- The University of Minnesota prepares all students for living and working in today's communities and in the more diverse communities of the future.

- Academic programs are developed with an eye on state, national, and global workforce needs, for today and for the future.
- The University is supporting the success of students at all levels while adapting to meet the specific needs of particular subgroups of students.

She noted that academic programs continue to be future-focused to support students of today and the future.

Hernandez reported that the University's recruitment and enrollment efforts are proactive and personal, ensuring a strong commitment to Minnesota students. She discussed initiatives on all five campuses to expand and enhance recruitment efforts to leverage resources and connect with students and counselors across Minnesota. She shared how the Twin Cities campus collaborates with University of Minnesota alumni to recruit students, as well as strategies to enhance recruitment of diverse populations, including first-generation students and those from less affluent socio-economic backgrounds.

Hernandez discussed other ways the recruiting strategy is robust and responsive to changing demographics. She announced the "Share my App" program, which allows a student applying for admission to share an application across all the system campuses.

ANNUAL REPORT ON PRIVATE GIVING

Chair Beeson invited Kathy Schmidlkofer, President and CEO, and Becky Malkerson, Executive Vice President and Chief Advancement Officer, University of Minnesota Foundation (UMF), to present an annual review of fundraising highlights as provided in the docket materials.

President Kaler noted philanthropy is a key element to student and faculty support, and a positive way for alumni and supporters to move the institution from good to great. He offered that the past year of giving has been exceptional, and a tribute to the value and trust the many donors place in the University.

Schmidlkofer provided a brief overview of the University of Minnesota Foundation, formed in 2013 when UMF and the Minnesota Medical Foundation merged to become one foundation. She discussed accomplishments and activities of UMF over the past year, and presented a number of priorities for the coming year.

Schmidlkofer reported that in FY 2014, more than 75,000 donors made commitments of $282 million in current and future gifts – the second highest amount in history, representing a 20 percent increase in giving over FY 2013. She outlined how gifts are received and how donors designated their gifts, noting the largest category of giving was academic program support. UMF distributed $184 million to the University community in scholarships, fellowships, academic programs, faculty support, and research. Schmidlkofer also reported that in FY 2013, the University's endowment ranked fifth among 14 Big Ten peers and ninth among all public universities. In 2014, strong market returns and gift production helped the endowment increase by nearly $5 million.

Schmidlkofer and Malkerson highlighted a number of accomplishments made possible by gifts to the University and reported a gift from Bob Eddy, alumnus and retired business executive, who pledged $20 million in support to academic programs and athletics.

BOARD OF REGENTS POLICY: *ATTORNEYS AND RELATED SERVICES*

Chair Beeson invited General Counsel Donohue to present for action proposed amendments to Board of Regents Policy: *Attorneys and Related Services* as outlined in the docket materials. Donohue recalled the amendments were reviewed at the July 2014 Board of Regents meeting.

Donohue reviewed the principal elements of the policy, noting the delegation of authority to the general counsel to hire outside legal counsel. He pointed out that most hiring of outside counsel is for specialized expertise not available in the Office of the General Counsel. The policy amendment is a minor language change related to hiring outside counsel without competitive bidding.

A motion was made and seconded and the Board of Regents voted unanimously to adopt proposed amendments to Board of Regents Policy: *Attorneys and Related Services*, as follows:

Attorneys and Related Services

Subd. 1. Delegation of Authority. The Board of Regents (Board) of the University of Minnesota (University) delegates to the president and to the general counsel authority to hire attorneys from outside the Office of the General Counsel (OGC) and to enter into related contracts for services in any legal matter involving the University.

Subd. 2. Hiring Factors. The following factors shall be considered in the decision to hire outside attorneys and to contract for related services:

(a) the existence of insurance coverage for the legal matter;
(b) special expertise or experience in the subject area;
(c) actual or perceived conflict of interest;
(d) the need for additional resources beyond those available in the OGC to handle a particular matter because of its scope or time demands;
(e) special need for independent counsel or a second opinion; and
(f) the need for legal services outside the State of Minnesota.

Subd. 3. Exemption from Competitive Bidding**.** When the University retains outside attorneys it may do so without competitive bidding.

Subd. 4. Report. The general counsel shall report annually to the Board on the activities of the OGC. The Board's Litigation Review Committee may require from the OGC additional reports regarding legal matters.

BOARD OF REGENTS POLICY: *GIFTS RECEIVED AND GIVEN BY REGENTS AND UNIVERSITY OFFICIALS*

General Counsel Donohue presented for action proposed amendments to Board of Regents Policy: *Gifts Received and Given by Regents and University Officials*. He noted the proposed addition of assistant vice provosts to the definition of "University Official," which will make this policy consistent with Board of Regents Policy: *Institutional Conflict of Interest*. He recalled the proposed amendments were reviewed at the July 2014 Board of Regents meeting.

A motion was made and seconded and the Board of Regents voted unanimously to adopt proposed amendments to Board of Regents Policy: *Gifts Received and Given by Regents and University Officials*, as follows:

Gifts Received and Given by Regents and University Officials

This policy regulates gifts received and given by members of the Board of Regents (Board) and University of Minnesota (University) officials. Such regulation is essential in order to ensure that:

(1) Regents and University officials do not influence inappropriately, or appear to influence inappropriately, decisions by federal, state, and local government officials; and
(2) Regents and University officials are not influenced inappropriately, or do not appear to be influenced inappropriately, in performing their duties.

This policy is not intended to prohibit Regents or University officials from soliciting gifts on behalf of the University for University purposes.

SECTION I. SCOPE.

Subd. 1. Constitutional Authority. The Board has considered analogous federal and state laws and policies and has concluded that the University should have its own policy governing gifts, consistent with the Board's exclusive constitutional authority to establish rules for the governance and management of the University.

Subd. 2. Application. This policy shall be interpreted and applied with sound practical judgment in a manner that best serves the overall interests of the University, not any individual.

SECTION II. DEFINITIONS.

Subd. 1. Gift. *Gift* shall mean any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, services, training, transportation, lodging, meals, or other item that constitutes a personal benefit to the recipient. It does not include any gift made to the University or its foundations for University purposes.
Gift also shall mean a gift to a family member of a Regent or University official or a gift to any other individual based on that individual's relationship with a Regent or University official (1) if it is given with the knowledge and acquiescence of the Regent or University official and (2) if the Regent or University official has reason to believe the gift was given because of the recipient's University status.

The term *gift* shall not include the following:

(a) anything for which the individual recipient pays the market value;
(b) anything the individual receives but returns or gives to the University without substantial personal use or benefit;
(c) food or refreshments of reasonable value in the normal course of University business;
(d) plaques, trophies, mementos, hats, or similar items of reasonable value;
(e) any gift from a relative, provided that the Regent or University official has no reason to believe that the gift was provided because of the recipient's official University position;
(f) informational materials in the form of books, articles, other written materials, audio/video media, and other similar materials;
(g) anything received because a Regent or University official participated in a group, a majority of whose members are not Regents or University officials and who customarily may receive an equivalent item;
(h) anything paid for or reimbursed by the University pursuant to University policy;
(i) tickets to University athletic or cultural events;
(j) local transportation; and

(k) political contributions to any candidate, political committee, organization, or party as permitted by state and federal law, provided that no such contributions may be made from University funds or resources.

Subd. 2. Financial Interest. *Financial interest* shall mean an actual or foreseeable nontrivial financial benefit resulting from a decision.

Subd. 3. University Official. U*niversity official* shall mean:

(a) chancellors and vice chancellors;
(b) deans;
(c) division I athletic directors;
(d) general counsel;
(e) president and president's chief of staff;
(f) provosts, vice provosts, associate vice provosts, and assistant vice provosts;
(g) senior vice president and provost;
(h) senior vice presidents, vice presidents, associate vice presidents, and assistant vice presidents;
(i) University directors and campus-wide directors; and
(j) University employees officially engaged in legislative lobbying on behalf of the University.

SECTION III. GIFTS TO AND FROM REGENTS.

Subd. 1. Government Officials. No Regent shall give a gift or solicit another to give a gift to any federal, state, or local government officials or to any member of their staff.

Subd. 2. Financial or Personal Interests. No Regent shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in a decision before the Board, provided, however, that a Regent may receive food, lodging, or other benefits resulting from the Regent's outside business or employment activities or other outside activities not connected to their duties as a Regent if (a) such food, lodging, or other benefits have not been offered or enhanced because of the Regent's official status and (b) such benefits customarily are provided to others in similar circumstances.

SECTION IV. GIFTS TO AND FROM UNIVERSITY OFFICIALS.

Subd. 1. Government Officials. No University official shall give a gift or solicit another to give a gift to any federal, state, or local government official or to any member of their staff.

Subd. 2. Financial or Personal Interests. No University official or other University employee authorized to make a decision involving the purchase of goods or services on behalf of the University shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in such decision.

BOARD OF REGENTS POLICY: *LEGAL CLAIMS AND SETTLEMENTS*

General Counsel Donohue presented for action proposed amendments to Board of Regents Policy: *Legal Claims and Settlements* as outlined in the docket materials. He noted the proposed amendments were reviewed at the July 2014 Board meeting.

Donohue indicated that the proposed amendment increases the limit for settlements that must be presented to the Board of Regents Litigation Review Committee for approval from $250,000 to $500,000, an amount more consistent with Board of Regents commercial policies.

In response to questions from Regents Frobenius and Omari, Donohue explained that the Board has delegated to the Litigation Review Committee authority to initiate or settle legal claims above the threshold established in policy. It is the committee's responsibility to determine when significant matters require attention of the full Board.

Regent Simmons noted that regardless of the delegation outlined in policy, the Board retains the authority to act on legal matters at its discretion. Regent Brod added that it is the responsibility of the Board Chair to communicate to the Board significant matters or those that might carry reputational risk.

As a member of the Litigation Review Committee, Regent McMillan affirmed that the committee is mindful of items requiring attention from the full Board.

A motion was made and seconded and the Board of Regents voted unanimously to adopt proposed amendments to Board of Regents Policy: *Legal Claims and Settlements*, as follows:

Legal Claims and Settlements

Subd. 1. Scope. This policy applies to all legal claims asserted by the Regents of the University of Minnesota (University), legal claims asserted against the University, legal claims asserted against the Board of Regents (Board) as a corporate body or Board members in their official capacity, and legal claims asserted against Board members, employees of the University, and other individuals when the University has agreed to provide legal defense and indemnification to them, consistent with Board and administrative policy.

Subd. 2. Delegation of Authority. Except as provided in subds. 3 and 4, the president is authorized to initiate, appeal, or settle any claim after consultation with the general counsel. The president may delegate such authority, provided that any initiation, appeal, or settlement decision by a delegate of the president must be approved by the general counsel.

Subd. 3. Reservation of Authority. The Board reserves to itself authority to initiate, appeal, or settle a claim involving a specific decision of the Board or a claim against Board members in their individual capacity.

Subd. 4. Board of Regents Litigation Review Committee. Any settlement of a claim involving payment by the University in excess of $500,000 shall be presented to the Litigation Review Committee (LRC) for approval. The president shall determine, in consultation with the general counsel, those other claims that shall be presented to the LRC for review prior to a decision to initiate, appeal, or settle, taking into account whether the claim involves one or more of the following factors:

(a) a significant change in University-wide policy;
(b) a serious conflict with University-wide policy;
(c) an unusually significant financial impact;
(d) a matter of special public interest; or
(e) Board members as named defendants in their official capacity.

The LRC is authorized to determine which claims shall be referred to the Board for review or approval.

REPORT OF THE FACILITIES & OPERATIONS COMMITTEE

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

a) Approval of the University of Minnesota Rochester Campus Master Plan, "Envision UMR" as presented to the committee and described in the October 9, 2014 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Facilities & Operations Committee.

Devine reported that the committee also received and discussed a report on ensuring a safe university; and reviewed a proposed amendment to the FY 2015 Capital Budget for the following project: a) Combined Heat and Power Plant, Twin Cities Campus.

REPORT OF THE FACULTY & STAFF AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the October 9, 2014 committee minutes.

b) Approval of a Resolution Related to the Proposed Labor Agreement with University Education Association for Faculty on the Duluth and Crookston Campuses (Outstate Instructional Unit 9), as follows:

WHEREAS, the parties have met and negotiated over the course of the summer and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents Office); and

WHEREAS, the University Education Association (UEA) has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents Policy: *Board Operations and Agenda Guidelines*, approval of labor agreements by the Board of Regents is required; and

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for October 9, 2014.

The Board of Regents voted unanimously to approve the recommendations of the Faculty & Staff Affairs Committee.

Frobenius reported that the committee also discussed human resource needs in University Services; received an update on student work; discussed developing leaders; and reviewed a number of information items outlined in the docket materials.

REPORT OF THE FINANCE COMMITTEE

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

a) Approval of the Consent Report for the Finance Committee as presented to the committee and described in the October 9, 2014 committee minutes.

b) Approval of a Resolution Related to Issuance of Debt, as follows:

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale of indebtedness (such indebtedness, whether issued in the form of bonds, notes, commercial paper or such other form of indebtedness as may be designated by the University, the "Debt"), the proceeds of which are to be used to finance University capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of the Debt;

WHEREAS, the Debt will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which the Debt will be issued will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Debt;

WHEREAS, the principal amount of the Debt authorized will be the amount of the Debt outstanding at any time, and not an aggregate principal amount;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota (Board) as follows:

1. To provide funds to finance capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing, the Board hereby authorizes the sale and issuance of the Debt in the principal amount of up to $52,000,000. The Debt may be issued in one or more series and shall mature (or if commercial paper, shall have an amortization schedule terminating) not later than the date that is 25 years after the date of issuance of each series. The Treasurer is authorized to determine whether or not the Debt shall be issued as a general obligation of the University and whether or not the Debt shall be issued as tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended.

2. The purchases of land and buildings, construction and remodeling projects, or acquisition of equipment to be financed by the proceeds of the Debt shall be those the source of funding of which is so designated by the Board of Regents or by the Treasurer as part of the University's capital planning process.

3. If issued in the form of bonds, the Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. If issued in the form of commercial paper, the Debt is authorized to be issued under the University's existing commercial paper program authorized November 8, 1996, as supplemented and amended on September 9, 2005 and October 12, 2007. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of the Debt. Such agreements

shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

4. In connection with the issuance of any series of the Debt, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order or any supplement or amendment thereto under which the Debt is to be issued in the form and containing such covenants, agreements, representations and warranties as is approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Debt in accordance with such Indenture of Trust or Order or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the documents evidencing the Debt may be by facsimile.

5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of the Debt in the form and containing such covenants, agreements, representations and warranties of the University as are approved by the Treasurer and General Counsel.

6. The Treasurer is authorized to approve the Preliminary Official Statement, final Official Statement, Offering Memorandum, Offering Circular, or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of the Debt, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto. In the case of the sale of any series of the Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.

7. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Debt.

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Debt certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Debt as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

9. The execution of any document by the appropriate University officers herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Debt may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

The Board of Regents voted unanimously to approve the recommendations of the Finance Committee.

McMillan reported that the committee also discussed administrative cost definition and benchmarking, and reviewed a number of information items included in the docket materials.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the October 9, 2014 committee minutes.

b) Approval of a Resolution Related to Global Operations Compliance, as follows:

WHEREAS, the University has a growing number of research, outreach and educational activities abroad that require the University to conform to local country laws;

WHEREAS, the administration is working with attorneys and other appropriate advisors to ensure legal and operational compliance in the U.S. and abroad in connection with its global operations;

WHEREAS, there is a need for the President or designee(s) to have authority to establish, maintain or dissolve branches, registered organizations or separate legal entities (compliance related structures) for the University to continue to operate in other countries.

NOW, THEREFORE, BE IT RESOLVED that the Board delegates authority to the President or designee(s) to establish, maintain or dissolve an entity in the United States which will be responsible for creating, maintaining and controlling representative offices or similar organizations in countries outside the United States. The sole purpose of the entities shall be conducting University education, research and outreach programs abroad in a manner that conforms to the laws and regulations relating to each specific country.

BE IT FURTHER RESOLVED, that this authorization is limited to only those general educational, research and outreach activities similar to and consistent with those activities which are currently conducted by the University and does not authorize any other activities that would require further board approval absent this specific authorization/delegation relating to compliance related structures.

BE IT FURTHER RESOLVED, that the Board authorizes, empowers and directs the President and designee(s) to undertake on behalf of the University all acts necessary and desirable to effectuate this resolution.

The Board of Regents voted unanimously to approve the recommendations of the Academic & Student Affairs Committee.

Simmons reported that the committee also discussed shifts to the legal education environment.

REPORT OF THE AUDIT COMMITTEE

Regent Brod, Chair of the committee, reported that the committee met in a work session to discuss an institutional risk profile.

REPORT OF THE LITIGATION COMMITTEE

Chair Beeson reported that the committee did not meet this month.

REPORT OF THE SPECIAL COMMITTEE ON ACADEMIC MEDICINE

Regent Cohen, Chair of the committee, reported that the committee discussed the 2014-15 committee work plan; discussed implementation of the Medical School Strategic Plan; received an update on the Governor's Committee on the University of Minnesota Medical School; and discussed the impacts of health care reform on the clinical marketplace.

The meeting adjourned at 12:07 p.m.

BRIAN R. STEEVES
Executive Director
and Corporate Secretary

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents **December 12, 2014**

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 12, 2014**

Agenda Item: Report of the Chair

☐ **Review** ☐ **Review + Action** ☐ **Action** [X] **Discussion**

☐ *This is a report required by Board policy.*

Presenters: Regent Richard Beeson

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 12, 2014**

Agenda Item: Receive & File Reports

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☒ *This is a report required by Board policy.*

Presenters: Regent Richard Beeson

Purpose & Key Points

The following items are included for receipt and filing:

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

Office of the Vice President for Research

University of Minnesota
Driven to Discover℠

Meeting of the Board of Regents

Quarterly Report of Grant/Contract Activity

Fiscal Year 2015

First Quarter Data: July - September, 2014

University of Minnesota

Quarterly Report of Grant and Contract Activity

Fiscal Year 2015 First Quarter: July - September, 2014

Quarter 1 Summary

Quarter 1 award amounts for fiscal year 2015 show an increase in overall dollars awarded even with a decrease in funding from NIH over the same quarter last fiscal year. The largest increases were in NSF (51.2%) and Business & Industry (37.8%). Other Federal awards also saw a double digit increase (11.0%). There were 32 awards over $1M in Q1 2015 with an average award amount of $197K for all awards.

There were nine NSF awards over $1M in Q1 2015: CSE received three for $4.1M, $4M and $1M; CFANS received one for $1.1M; the Graduate School received one for $1.3M; HHH received one for $1.3M; MED received one for $1.1M; OVPR received one for $2.3M; and UMN-Duluth received one for $3.2M. There was one NIH award for $8M to the Medical School. Business & Industry had four awards over $1M; one was received by SPH for $6.2M; two received by the Medical School for $5M and $2.3M; and CEHD received one for $1.3M. The increase for Other colleges/campuses came from a $8.4M award received by Extension from the State of Minnesota.

Comparison of FY15 Q1 to FY14 Q1

(Amounts shown in Millions)

by Source		FY14 Q1		FY15 Q1		$ Change	$ Change
Sponsor Group	Sponsor	Number	Amount	Number	Amount	(Amount)	(%)
Federal	NIH	356	107.2	246	95.6	-11.6	-10.8%
Federal	NSF	143	33.6	158	50.8	17.2	51.2%
Federal	Other Federal	188	44.5	216	49.4	4.9	11.0%
Private	Business & Industry	279	16.3	275	22.5	6.2	37.8%
Private	Other Private	372	30.4	425	32.4	2.0	6.5%
State & Local	State & Local	122	34.6	131	34.4	-0.1	-0.4%
Total		**1460**	**266.7**	**1451**	**285.2**	**18.5**	**6.9%**

by College/Campus	Number	Amount	Number	Amount		
Medical School	540	77.3	463	85.1	7.8	10.1%
College of Science and Engineering	246	51.1	266	58.6	7.5	14.6%
Public Health	68	27.5	83	26.3	-1.2	-4.2%
CFANS	132	16.6	179	22.6	6.0	36.3%
Other	44	12.0	52	22.0	10.0	83.8%
CEHD	51	13.0	61	16.8	3.8	29.2%
Other Health Sciences	86	25.1	96	16.0	-9.1	-36.3%
UMC, UMD, UMM, UMR	62	7.1	54	10.1	3.0	41.6%
Dentistry, Nursing, Pharmacy & Vet Med	93	15.4	86	9.0	-6.4	-41.6%
Other TC Provost	50	9.1	45	7.7	-1.4	-15.1%
CBS	54	8.7	28	6.4	-2.3	-26.6%
CLA	34	3.8	38	4.6	0.8	20.5%
Sr VP Systems Academic Admin						
Total	**1460**	**266.7**	**1451**	**285.2**	**18.5**	**6.9%**

University of Minnesota

Quarterly Report of Grant and Contract Activity

Fiscal Year 2015 First Quarter: July - September, 2014

Figure 1: FY15 Q1 Award Dollars by Funding Source

(in millions)

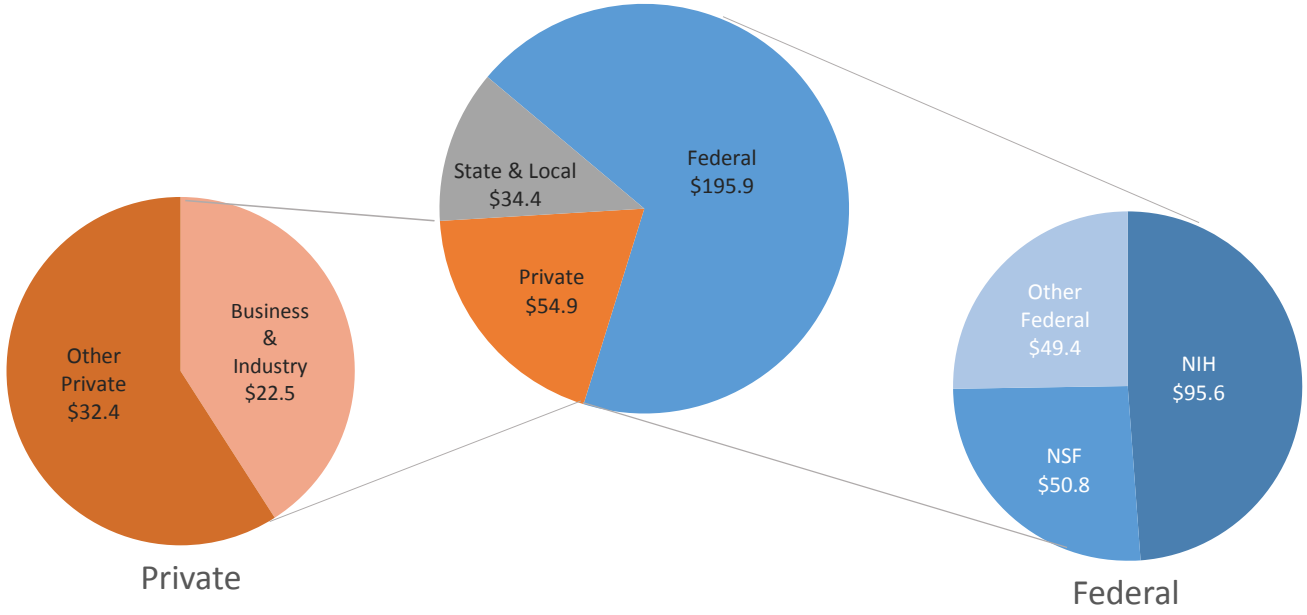
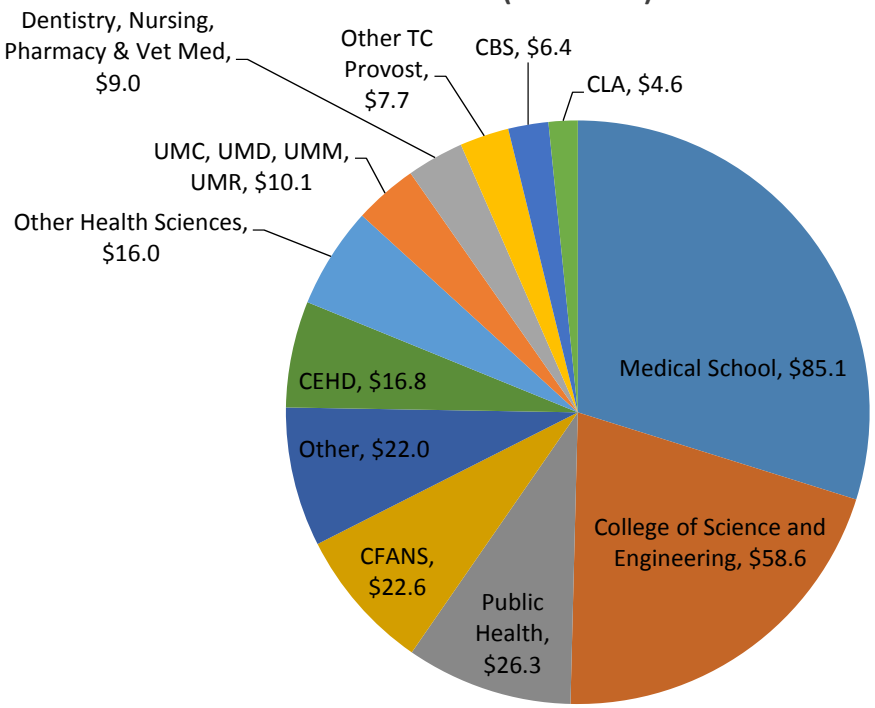
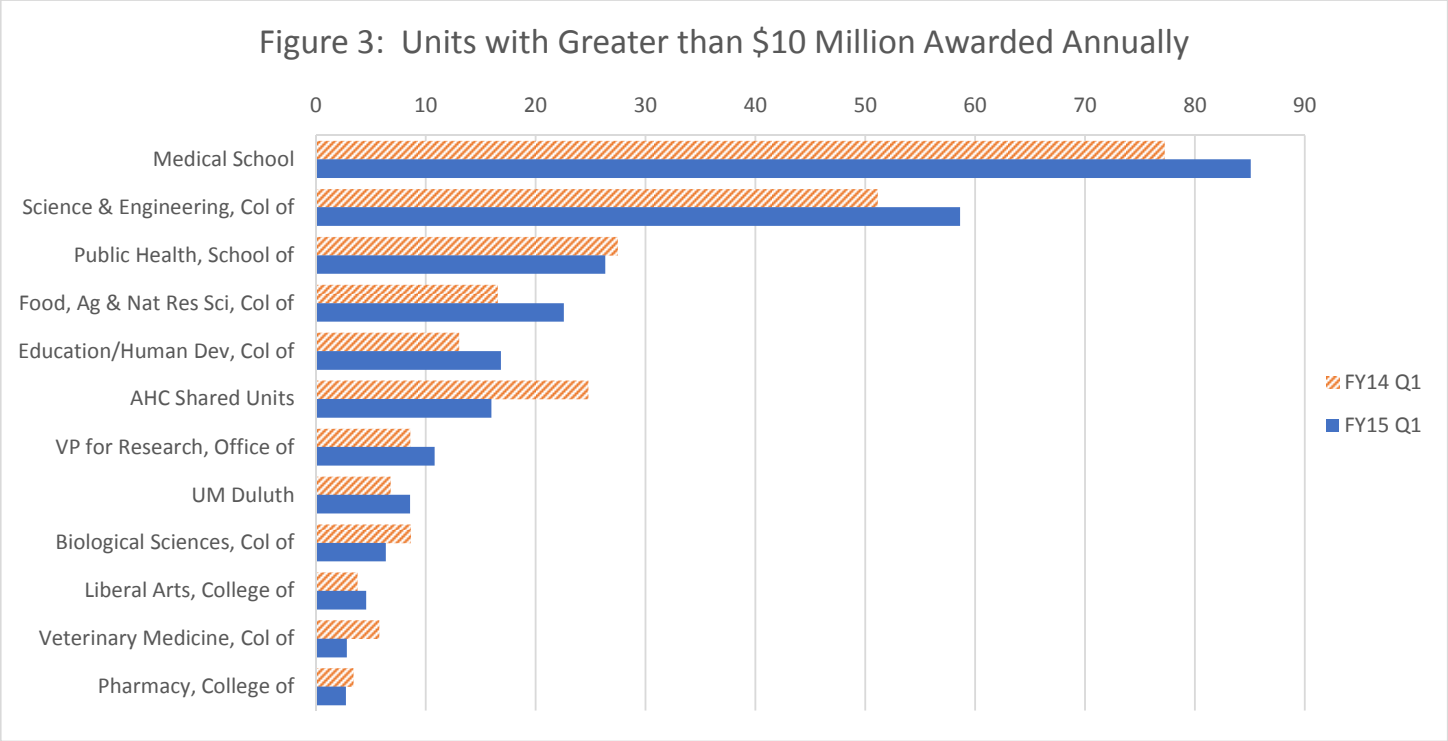


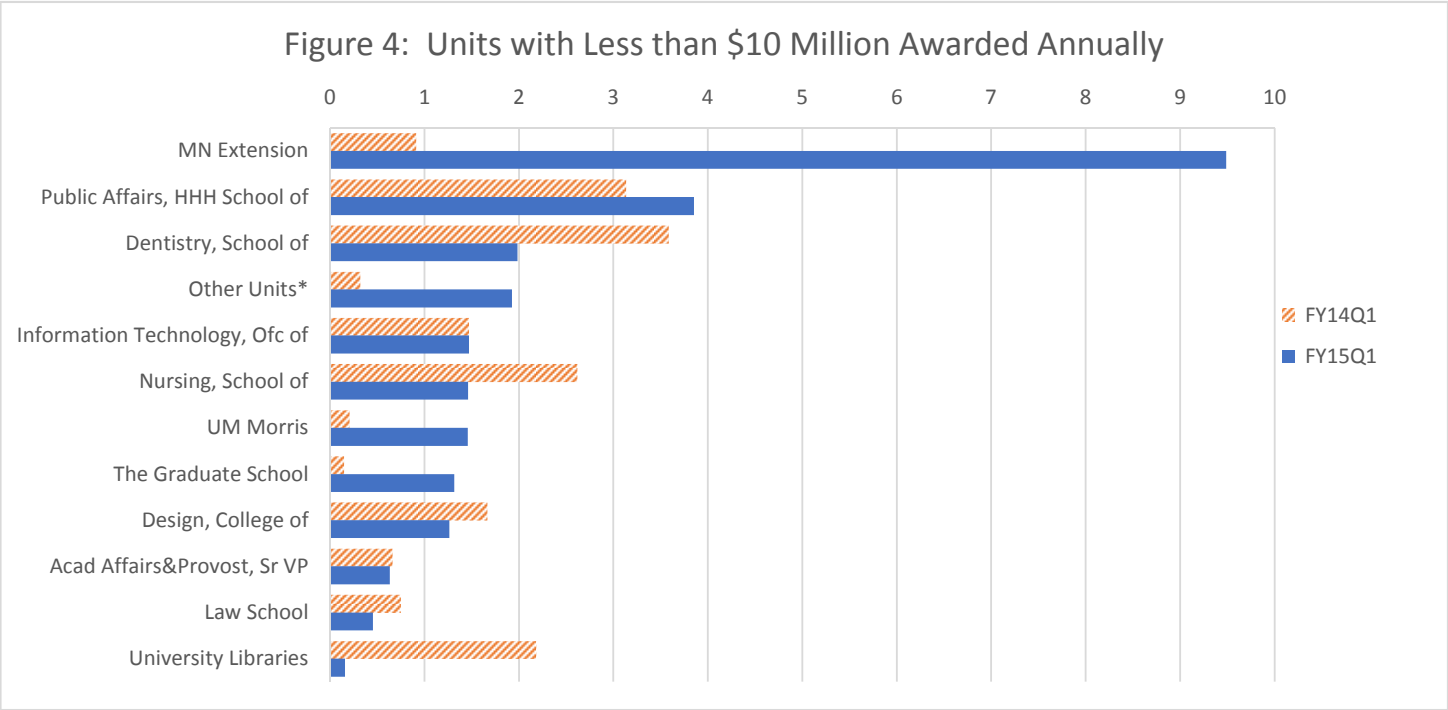
Figure 2: FY15 Q1 Award Dollars by College/Campus

(in millions)



Quarter 1 Award Dollars by College/Campus





**Other Units includes: University Health & Safety, College of Continuing Education, UMN-Crookston, Global Programs & Strategy, Undergraduate Education-Vice Provost & Dean, Student Affairs-Vice Provost, System Academic Administration-Senior Vice President, Carlson Schoolof Management, Health Sciences Administration.*

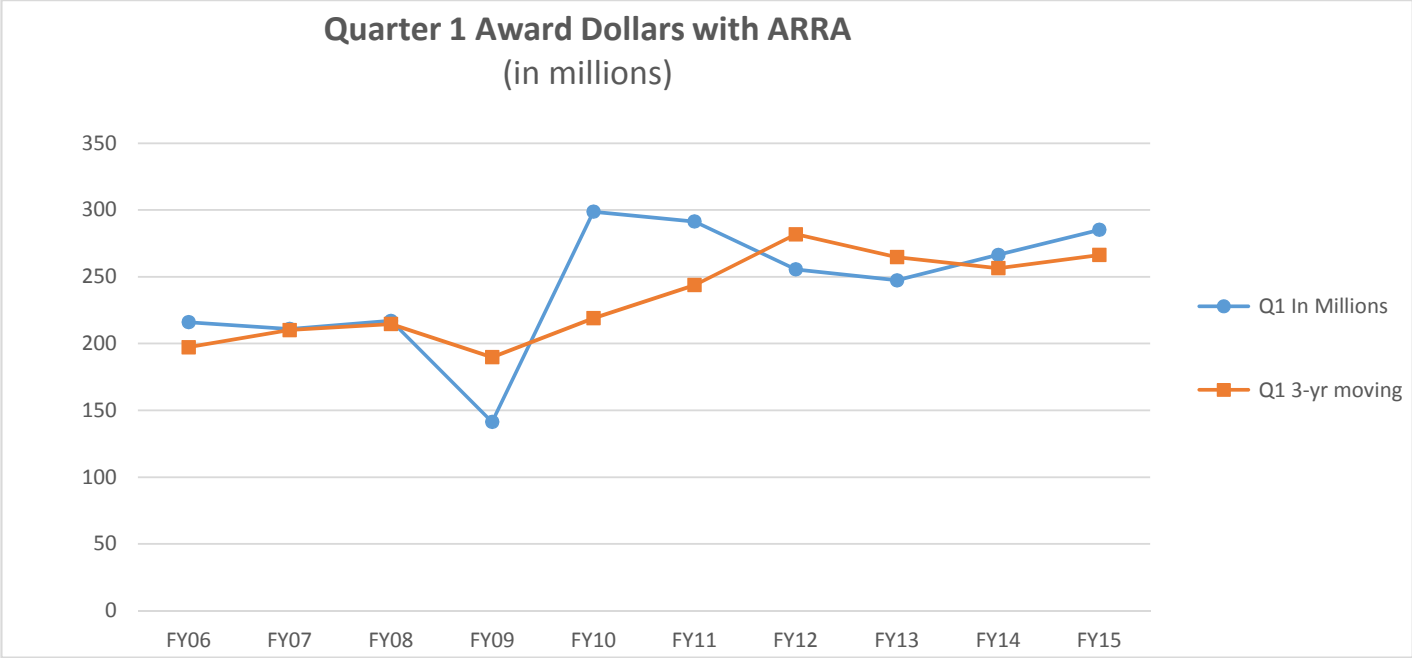


Figure 5: 10-year trend of first quarter award dollars.
Showing actual amount and rolling 3-year average.
Includes ARRA awards.

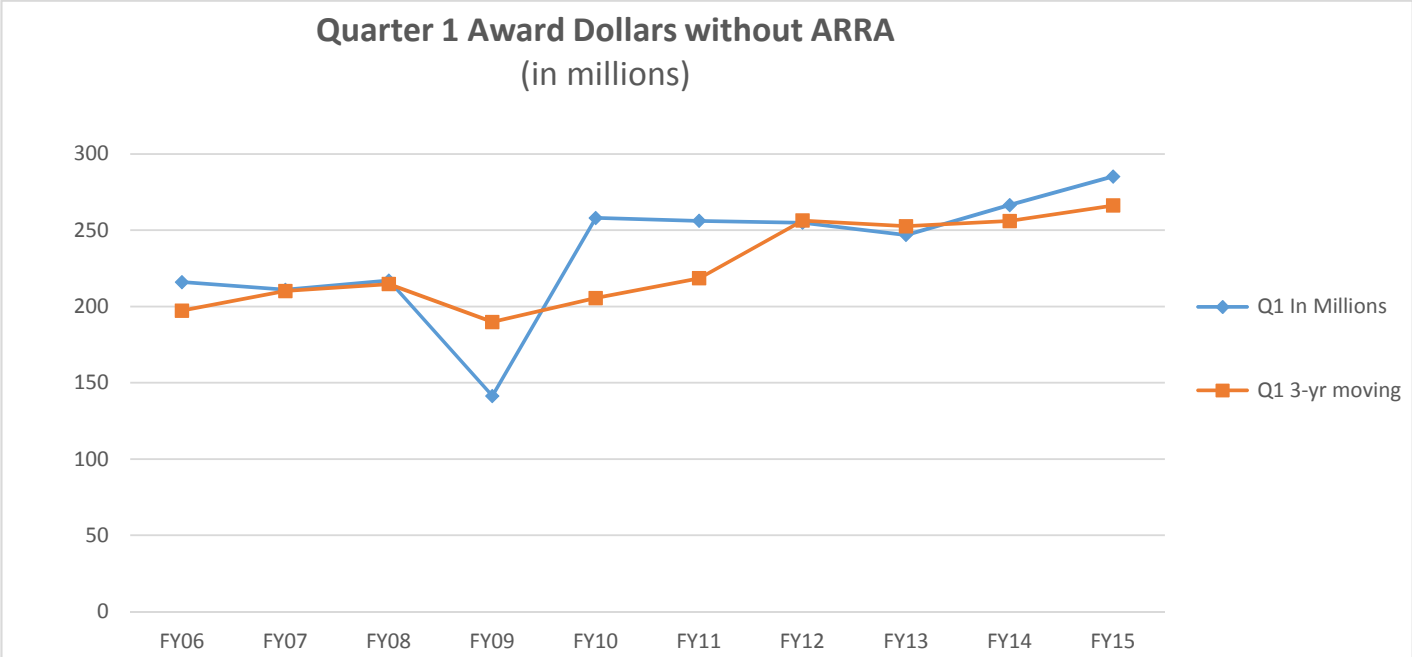


Figure 6: 10-year trend of first quarter award dollars.
Showing actual amount and rolling 3-year average.
Excludes ARRA awards.

University of Minnesota

Consolidated Financial Statements for the Years Ended June 30, 2014 and 2013, Independent Auditors' Report, and Management's Discussion and Analysis

Financial Report

3 Independent Auditors' Report

5 Management's Discussion and Analysis (Unaudited)

23 Consolidated Financial Statements
as of and for the Years Ended June 30, 2014 and 2013

- 23 Consolidated Statements of Net Position (Excluding Component Units)
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79 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*

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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, 2014 and 2013, 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 in accordance with auditing standards generally accepted in the United States of America, 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.

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 University'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 and the reports of the other auditors are sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2014 and 2013, 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, 2014 and 2013, in accordance with accounting principles generally accepted in the United States of America.

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 audit 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 October 29, 2014 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

October 29, 2014

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, 2014, 2013, and 2012. 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 Twin Cities campus is the fourth largest campus in the country in terms of enrollment (approximately 52,000 students) and among the top nine public research institutions nationally. The University is the state's major research institution with expenditures of approximately $679.7 million, $656.6 million, and $633.2 million in fiscal years 2014, 2013, and 2012, 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.

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 15,600 students, 40 percent with graduate or first professional degrees on the Twin Cities campus;
- 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.

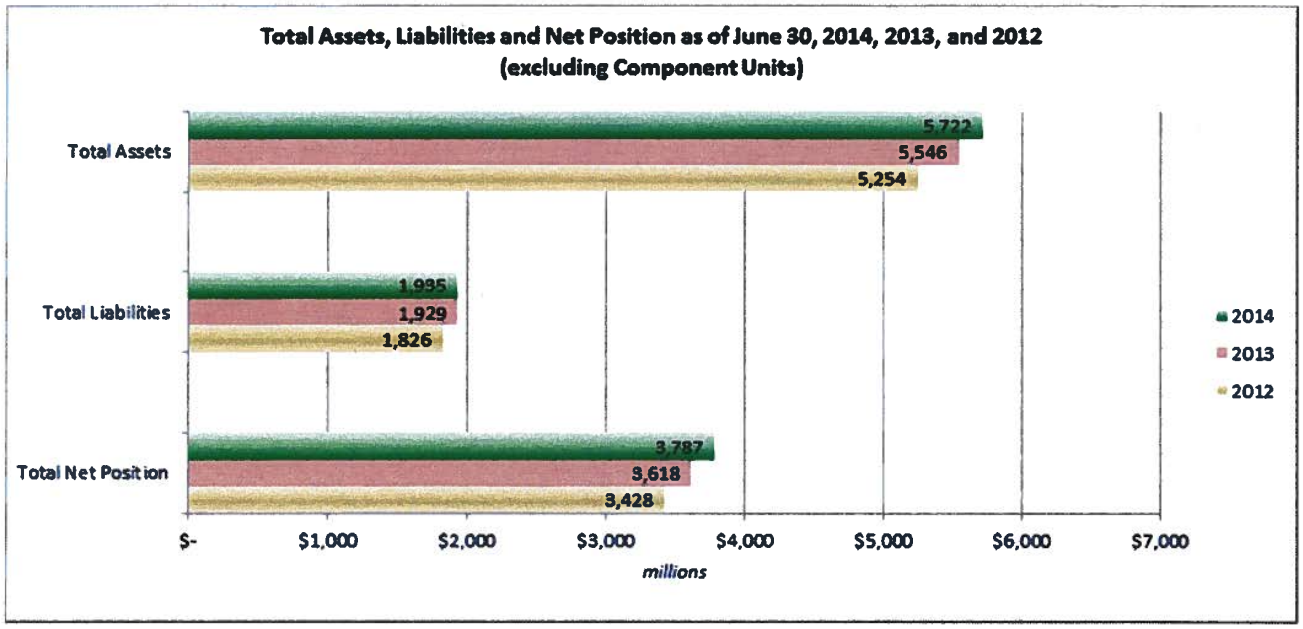
In fiscal year 2014, the University implemented GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities,* GASB Statement No. 66 (GASB 66), *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No.* 62, and GASB Statement No. 70 (GASB 70), *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. There are no financial statement impacts to the University as a result of the implementation of GASB standards 66 and 70.

Previous GASB guidance allowed for bond issuance costs to be recorded as a prepaid expense on the balance sheet and amortized over the life of the bond. GASB 65 revised this guidance and requires bond issuance costs to be expensed during the year of the bond issuance. The implementation of GASB 65 resulted in $4.8 million dollars of additional expense recognized in fiscal year 2014 related to the remaining unamortized bond issuance costs.

Financial Highlights

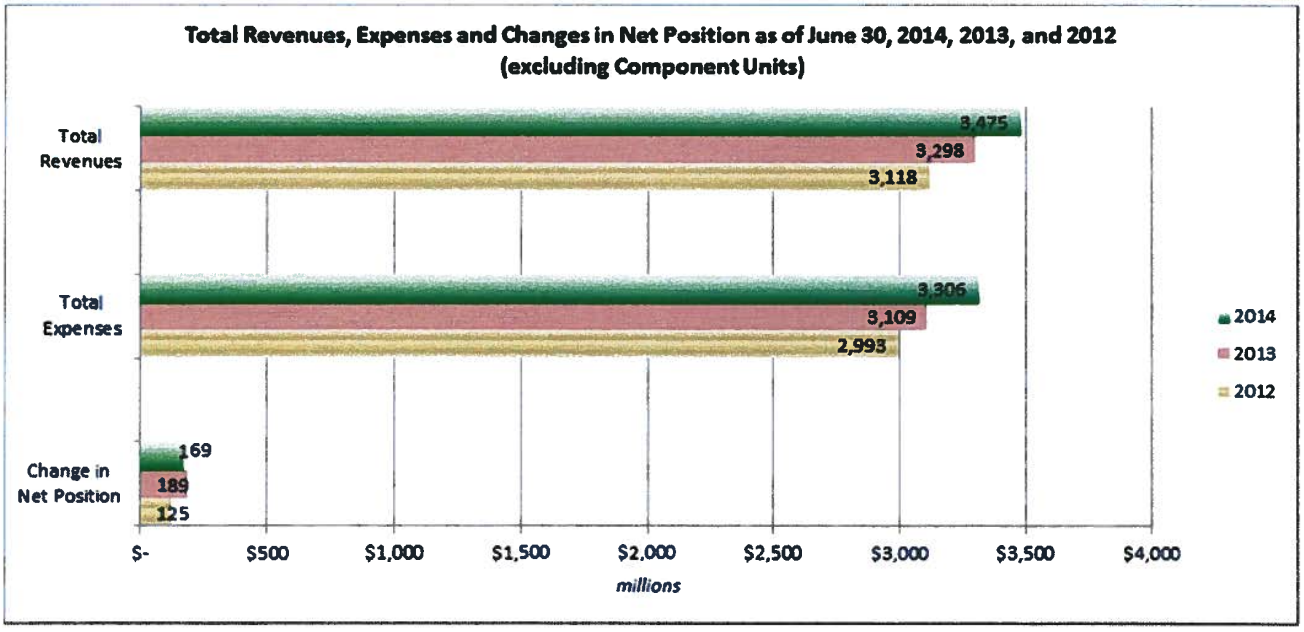
The University's financial position remains strong with assets of $5.7 billion, an increase of $0.2 billion from fiscal year 2013. Liabilities remained unchanged at $1.9 billion for both fiscal years. The University's net position, the difference between total assets and total liabilities, increased year over year to $3.8 billion as of June 30, 2014 compared to $3.6 billion as of June 30, 2013.

The following chart summarizes total assets, liabilities and net position for the periods ending June 30, 2014, 2013 and 2012, 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 increased $169.3 million in fiscal year 2014 and $189.8 million in fiscal year 2013.

The following chart summarizes total revenues, expenses and the changes in net position for the periods ending June 30, 2014, 2013 and 2012, respectively:



The University experienced an increase in total revenue of $177.1 million or 5.4 percent with operating revenues contributing $13.0 million or 0.6 percent increase in operating revenues. Total expenses increased

$197.7 million or 6.4 percent primarily consisting of 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 and liabilities and reports net position under four separate classifications.

A comparison of the University's assets, liabilities, and net position as of June 30, 2014, 2013 and 2012 is summarized in the table below:

Condensed Statements of Net Position
(in thousands)

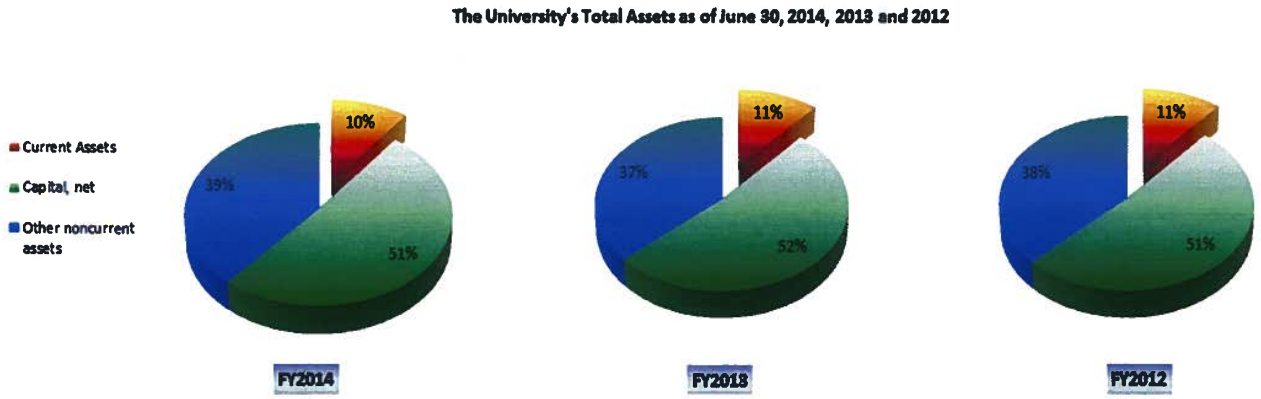
	2014	2013	2012
Assets			
Current assets	$ 589,977	$ 629,376	$ 585,161
Noncurrent assets, excluding capital assets	2,231,939	2,040,048	1,971,938
Capital assets, net	2,900,494	2,876,914	2,696,951
Total assets	5,722,410	5,546,338	5,254,050
Liabilities			
Current liabilities	444,319	443,100	432,135
Noncurrent liabilities, excluding long-term debt	208,518	184,726	167,583
Long-term debt	1,282,507	1,300,730	1,226,389
Total liabilities	1,935,344	1,928,556	1,826,107
Net position			
Unrestricted	812,356	820,146	727,348
Restricted—expendable	1,004,191	865,819	784,443
Restricted—nonexpendable	289,366	277,601	265,156
Net investment in capital assets	1,681,153	1,654,216	1,650,996
Total net position	3,787,066	3,617,782	3,427,943
Total net position and liabilities	$ 5,722,410	$ 5,546,338	$ 5,254,050

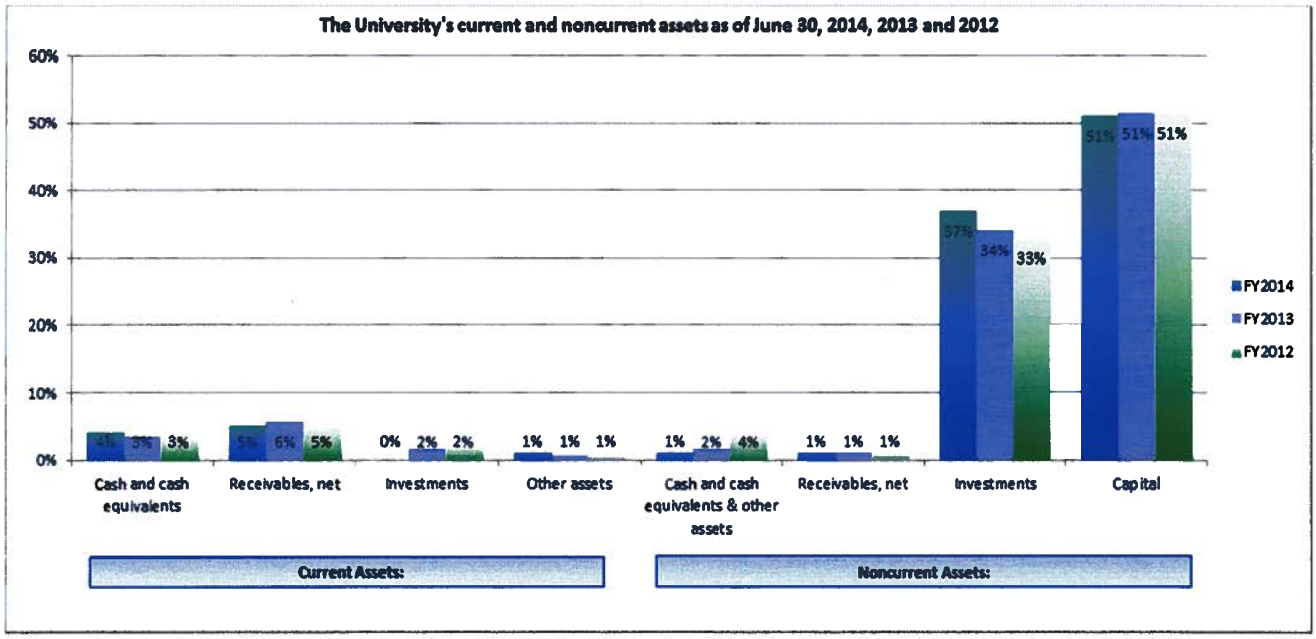
Assets

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 and capital assets net of accumulated depreciation. Noncurrent receivables consist mainly of student loan receivables scheduled for collection after the current report year.

The following charts illustrate the composition of total assets:





The University's current and noncurrent assets as of June 30, 2014, 2013 and 2012
(in thousands)

	2014	2013	2012	Increase (Decrease) From 2013 to 2014 Amount	Percent	Increase (Decrease) From 2012 to 2013 Amount	Percent
Current assets							
Cash and cash equivalents	$ 243,049	$ 194,006	$ 167,751	$ 49,043	25.3%	$ 26,255	15.7%
Receivables, net	312,323	310,878	251,814	1,445	0.5%	59,064	23.5%
Investments	676	89,534	133,586	(88,858)	(99.2%)	(44,052)	(33.0%)
Other assets	33,929	34,958	32,010	(1,029)	(2.9%)	2,948	9.2%
Total current assets	589,977	629,376	585,161	(39,399)	(6.3%)	44,215	7.6%
Noncurrent assets							
Capital	2,900,494	2,876,914	2,696,951	23,580	0.8%	179,963	6.7%
Other noncurrent assets							
Cash and cash equivalents & other assets	68,522	92,656	192,781	(24,134)	(26.0%)	(100,125)	(51.9%)
Receivables, net	71,699	58,236	53,487	13,463	23.1%	4,749	8.9%
Investments	2,091,718	1,889,156	1,725,670	202,562	10.7%	163,486	9.5%
Total other noncurrent assets	2,231,939	2,040,048	1,971,938	191,891	9.4%	68,110	3.5%
Total assets	$5,722,410	$ 5,546,338	$ 5,254,050	$ 176,072	3.2%	$ 292,288	5.6%

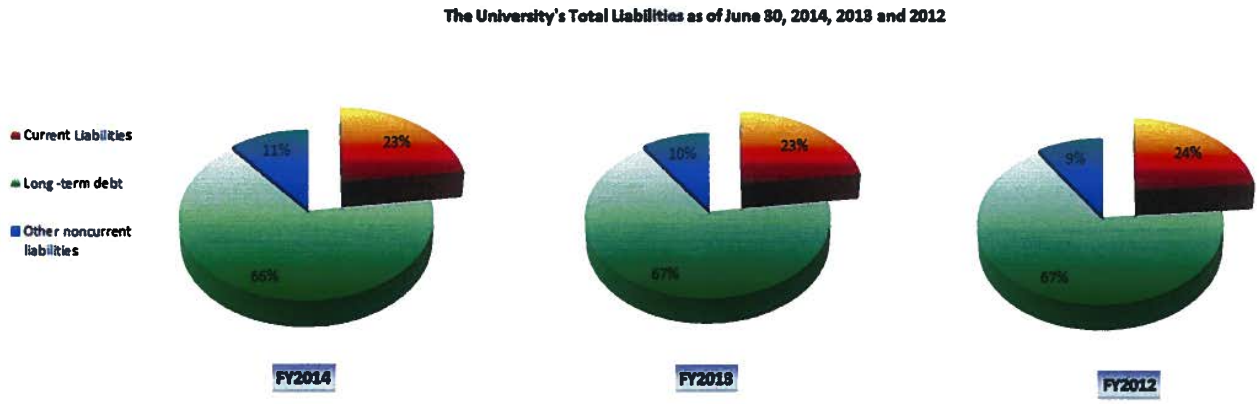
As of June 30, 2014, total assets increased $176.1 million primarily due to increases in cash and cash equivalents, investments and capital. Investments increased $113.7 million primarily due to increases in Consolidated Endowment Fund fair market value, partially offset by decreases in Temporary Investment Pool investment activity. Cash and cash equivalents increased $24.9 million. Noncurrent cash and cash equivalents consist of unspent bond proceeds of $66.9 million and $87.0 million in fiscal year 2014 and 2013, respectively. Capital assets, net of accumulated depreciation, increased $23.6 million due to increased spending on construction projects, specifically the Ambulatory Care Clinic and the Amundson Hall Addition. Refer to Footnote 4 for additional information related to capital assets.

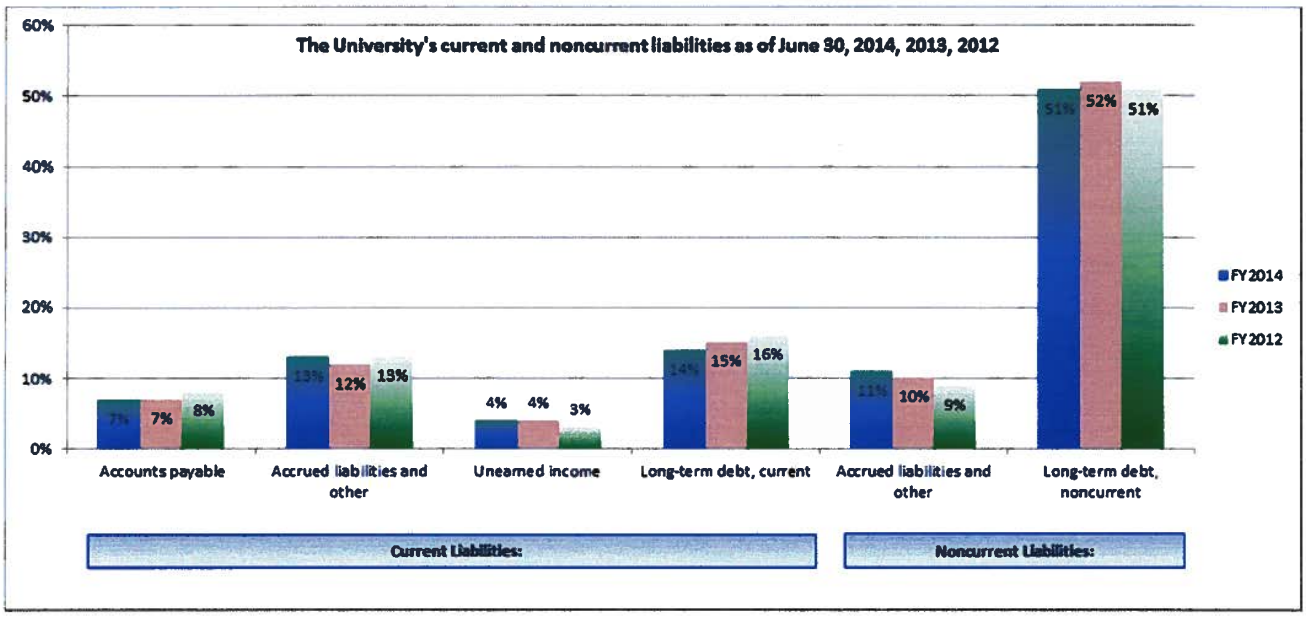
Liabilities

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 capital obligations, notes payable, leases and bonds payable (long-term debt). The University's long-term debt represents 66 percent of total liabilities or $1,282.5 million as of June 30, 2014 compared to 67 percent or $1,300.7 million as of June 30, 2013.

The following charts illustrate the composition of total liabilities:





The University's current and noncurrent liabilities as of June 30, 2014, 2013 and 2012
(in thousands)

	2014	2013	2012	Increase (Decrease) From 2013 to 2014 Amount	Increase (Decrease) From 2013 to 2014 Percent	Increase (Decrease) From 2012 to 2013 Amount	Increase (Decrease) From 2012 to 2013 Percent
Current liabilities							
Accounts payable	$ 131,403	$ 134,954	$ 144,073	$ (3,551)	(2.6%)	$ (9,119)	(6.3%)
Accrued liabilities and other	244,389	239,401	228,360	4,988	2.1%	11,041	4.8%
Unearned income	68,527	68,745	59,702	(218)	(0.3%)	9,043	15.1%
Long-term debt, current	272,026	285,416	293,941	(13,390)	(4.7%)	(8,525)	(2.9%)
Total current liabilities	716,345	728,516	726,076	(12,171)	(1.7%)	2,440	0.3%
Noncurrent liabilities							
Accrued liabilities and other	205,360	184,564	167,259	20,796	11.3%	17,305	10.3%
Unearned income *	3,158	162	324	2,996	1849.4%	(162)	(50.0%)
Long-term debt, noncurrent	1,010,481	1,015,314	932,448	(4,833)	(0.5%)	82,866	8.9%
Total noncurrent liabilities	1,218,999	1,200,040	1,100,031	18,959	1.6%	100,009	9.1%
Total Liabilities	$1,935,344	$ 1,928,556	$ 1,826,107	$ 6,788	0.4%	$ 102,449	5.6%

** Total is less than 1 percent - not included in the graph.*

As of June 30, 2014, total liabilities increased $6.8 million. Long-term debt decreased $18.2 million or 5.2 percent. The University issued Special Purpose Revenue Bonds Series 2013C and General Obligation Bonds Series 2013D, with a par amount of $35.4 million and $12.8 million in fiscal year 2014, respectively. 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. Accrued liabilities increased $25.8 million due to the gradual amortization of the University's full liability related to Other Post- Employment Benefits (OPEB). The University recorded an OPEB liability of $18.9 million in fiscal year 2014 and $19.4 million in fiscal year 2013. As of June 30, 2014, the cumulative OPEB liability of $101.3 million was recorded as a current liability of $6.6 million and a noncurrent liability of $94.7 million.

Net Position

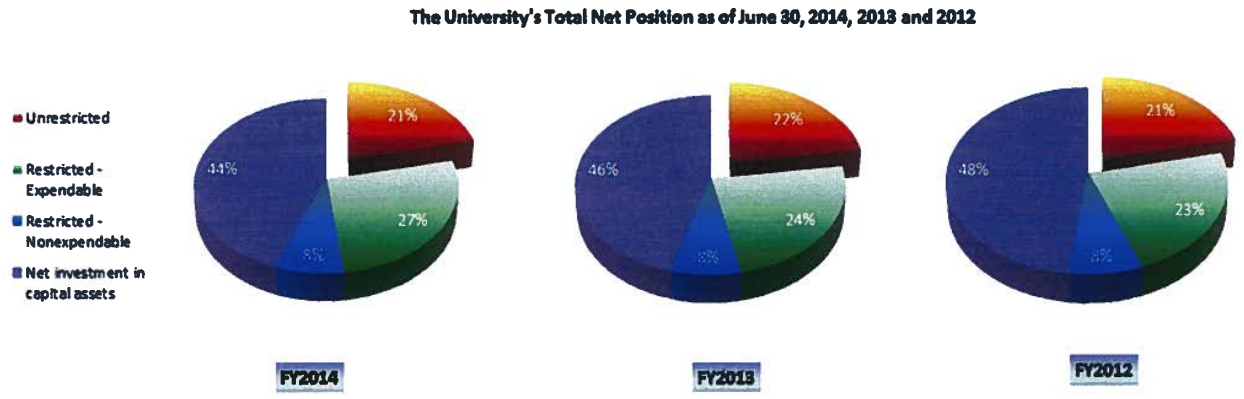
Net position represents the residual value of the University's assets after deducting liabilities and consists of the following three classifications:

- 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, 2014, 2013 and 2012
(in thousands)

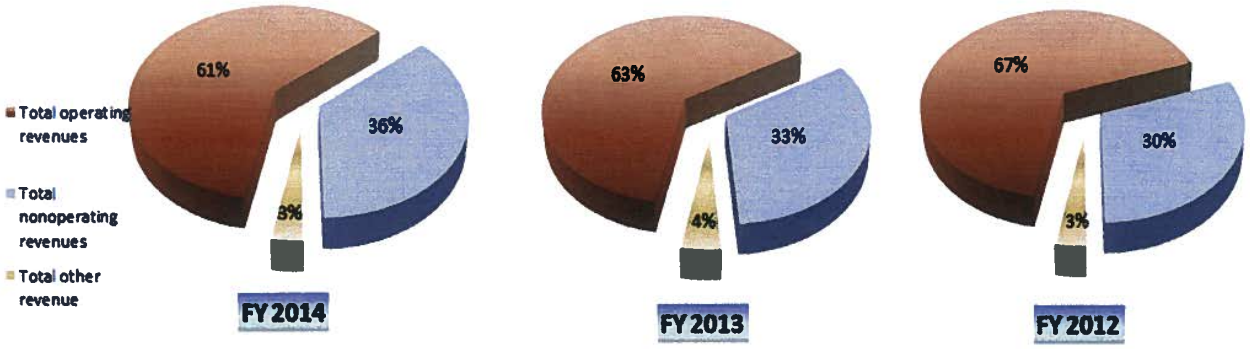
				Increase (Decrease)			
				From 2013 to 2014		From 2012 to 2013	
	2014	2013	2012	Amount	Percent	Amount	Percent
Unrestricted	$ 812,356	$ 820,146	$ 727,348	$ (7,790)	(0.9%)	$ 92,798	12.8%
Restricted:							
Expendable	1,004,191	865,819	784,443	138,372	16.0%	81,376	10.4%
Nonexpendable	289,366	277,601	265,156	11,765	4.2%	12,445	4.7%
Net investment in capital assets	1,681,153	1,654,216	1,650,996	26,937	1.6%	3,220	0.2%
Total net position	$3,787,066	$3,617,782	$3,427,943	$ 169,284	4.7%	$ 189,839	5.5%

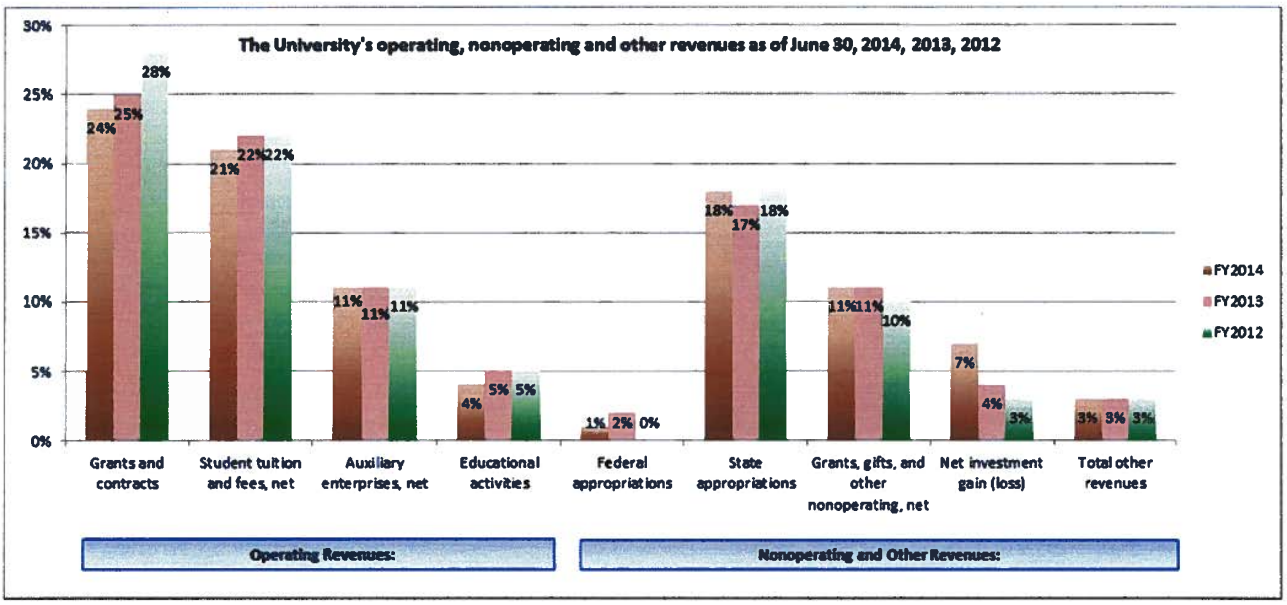
The University's restricted expendable net position increased $138.4 million in fiscal year 2014 compared to an increase of $81.4 million in fiscal year 2013 due to changes in market values related to endowments.

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 61 percent and 63 percent of total revenues for fiscal year 2014 and 2013, respectively.

The University's Revenues as of June 30, 2014, 2013, and 2012





The University's operating, nonoperating and other revenue for the years ended June 30, 2014, 2013 and 2012
(in thousands)

				Increase (Decrease)			
				From 2013 to 2014		From 2012 to 2013	
	2014	2013	2012	Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	$ 836,819	$ 836,423	$ 858,810	$ 396	0.0%	$ (22,387)	(2.6%)
Student tuition and fees, net	732,821	720,510	696,278	12,311	1.7%	24,232	3.5%
Auxiliary enterprises, net	376,449	365,459	351,571	10,990	3.0%	13,888	4.0%
Educational activities	147,134	157,840	162,096	(10,706)	(6.8%)	(4,256)	(2.6%)
Other operating revenue *	137	135	162	2	1.5%	(27)	(16.7%)
Total operating revenues	2,093,360	2,080,367	2,068,917	12,993	0.6%	11,450	0.6%
Nonoperating revenues							
Federal appropriations	19,072	22,039	15,145	(2,967)	(13.5%)	6,894	45.5%
State appropriations	614,791	575,491	572,075	39,300	6.8%	3,416	0.6%
Grants, gifts, and other nonoperating, net	396,147	357,741	322,010	38,406	10.7%	35,731	11.1%
Net investment gain	234,407	122,797	36,895	111,610	90.9%	85,902	232.8%
Total nonoperating revenues	1,264,417	1,078,068	946,125	186,349	17.3%	131,943	13.9%
Total other revenues	117,438	139,655	103,353	(22,217)	(15.9%)	36,302	35.1%
Total revenues (noncapital)	$ 3,475,215	$ 3,298,090	$3,118,395	$ 177,125	5.4%	$ 179,695	5.8%

** Total is less than 1 percent - not included in the graph.*

Total revenues increased in fiscal year 2014 by $177.1 million due to increases in State appropriations and net investment gains due to market increases. Grants, gifts and other nonoperating revenue increased primarily due to increased funding from the University of Minnesota Foundation as well as other donors. Operating revenues increased $13.0 million or 0.6 percent mainly due to increases in student tuition and fees and auxiliary enterprises. Revenues from sales and services of educational activities decreased $10.7 million due to timing of normal business activity.

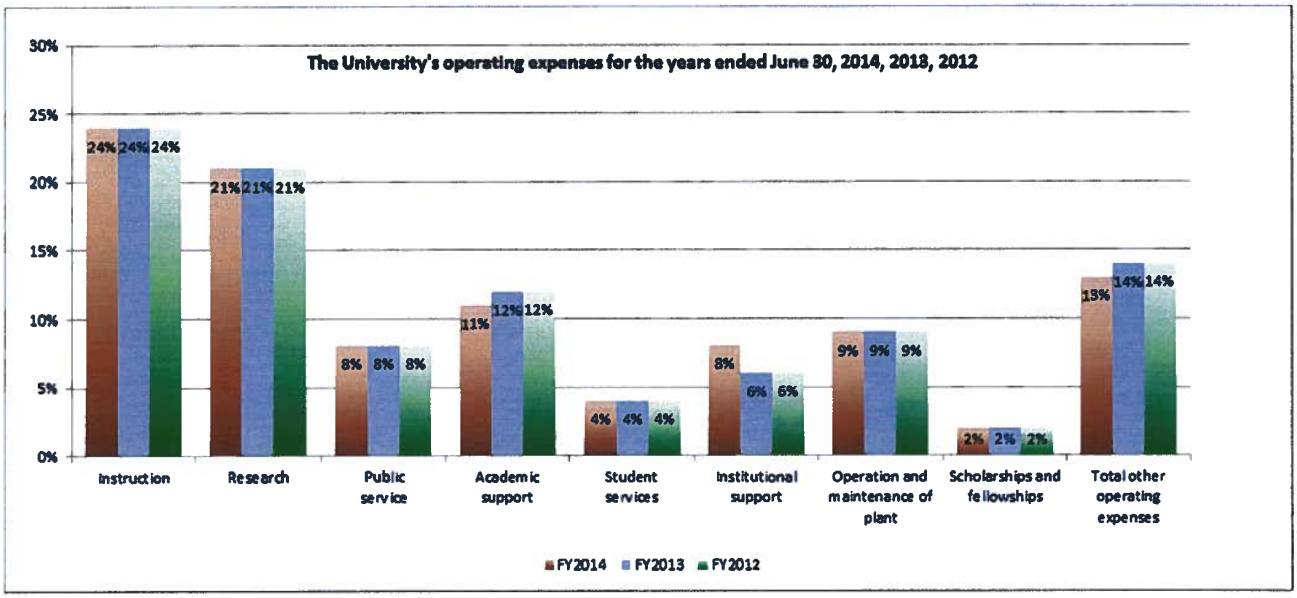
State appropriations increased $39.3 million compared to fiscal year 2013 increasing to $614.8 million in fiscal year 2014 from $575.5 million in fiscal year 2013. New State appropriations for fiscal year 2014 included appropriations for the MnDRIVE project and Tuition Relief program. MnDRIVE (Minnesota's Discovery Research and InnoVation Economy) is an $18 million annual investment by the state of Minnesota in four research areas: Global Food Ventures; Advancing Industry, Conserving Our Environment; Discoveries and Treatments for Brain Conditions; and Robotics, Sensors and Advanced Manufacturing. The initiative combines the University's distinctive research strengths with the state's key and emerging industries to develop innovative solutions that propel Minnesota's economy forward. As one of these areas, Global Food Ventures aims to partner research, agriculture and industry to develop holistic approaches to ensuring a safe, sustainable and resilient food system.

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 $197.2 million, $159.2 million, and $143.0 million, and grants and gifts for capital purposes of $22.9 million, $28.8 million, and $31.3 million in fiscal years 2014, 2013, and 2012, respectively.

For the year ended June 30, 2014, other revenues, which consist of capital appropriations, and capital endowments gifts and grants decreased $22.2 million or 15.9 percent in fiscal year 2014 compared to an increase of $36.3 million or 35.1 percent in fiscal year 2013.

Total Operating Expenses



The University's total operating expenses by functional category for the years ended June 30, 2014, 2013 and 2012
(in thousands)

				Increase (Decrease)			
				From 2013 to 2014		From 2012 to 2013	
	2014	2013	2012	Amount	Percent	Amount	Percent
Education and general							
Instruction	$769,479	$737,596	$696,217	$31,883	4.3%	$41,379	5.9%
Research	679,718	656,551	633,176	23,167	3.5%	23,375	3.7%
Public service	253,141	249,257	245,511	3,884	1.6%	3,746	1.5%
Academic support	394,927	367,265	360,626	27,662	7.5%	6,639	1.8%
Student services	116,575	110,230	106,152	6,345	5.8%	4,078	3.8%
Institutional support	256,641	197,319	189,040	59,322	30.1%	8,279	4.4%
Operation and maintenance of plant	285,938	266,994	254,553	18,944	7.1%	12,441	4.9%
Scholarships and fellowships	54,519	50,435	52,014	4,084	8.1%	(1,579)	(3.0%)
Total education and general	2,810,938	2,635,647	2,537,289	175,291	6.7%	98,358	3.9%
Other operating expenses							
Depreciation	192,705	193,139	183,875	(434)	(0.2%)	9,264	5.0%
Auxiliary enterprises	256,068	235,411	227,397	20,657	8.8%	8,014	3.5%
Other operating expenses, net	583	19	(195)	564	2968.4%	214	(109.7%)
Total other operating expenses	449,356	428,569	411,077	20,787	4.9%	17,492	4.3%
Total operating expenses	$3,260,294	$3,064,216	$2,948,366	196,078	6.4%	115,850	3.9%

Total operating expenses increased $196.1 million or 6.4 percent in fiscal year 2014 compared to fiscal year 2013. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $2.1 billion or 63.3 percent, $2.0 billion or 63.8 percent and $1.9 billion or 64.5 percent of operating expenses in fiscal years 2014, 2013 and 2012, respectively. Compensation related expenditures increased $108.7 million or 5.6 percent in fiscal year 2014

and $53.4 million or 2.8 percent in fiscal year 2013. These increases are primarily due to the University's salary increase of 2.5 percent, in addition to increases in compensation related liabilities. Institutional support expenses increased percentage-wise more than the other categories of operating expenses, driven primarily by two factors. First, $23.8 million of the increase is attributable to compensation related expenditures such as normal salary increases, fringe benefit costs, and accrued liabilities. Second, the merger of the University of Minnesota Foundation and Minnesota Medical Foundation (MMF) resulted in $24.6 million in increased compensation and other related expenses being recorded on the University's financial statements. Prior to the Foundation merger, MMF expenses were recorded in an Agency fund and incorporated into the University's Statement of Net Position. After the merger, MMF expenses are now recorded in the Statements of Financial Position.

Consolidated Statements of Cash Flows

The University's cash flows for the years ended June 30, 2014, 2013 and 2012
(in thousands)

				Increase (Decrease)			
				From 2013 to 2014		From 2012 to 2013	
	2014	2013	2012	Amount	Percent	Amount	Percent
Cash (used in) provided by							
Operating activities	$ (924,284)	$ (781,600)	$ (659,788)	$ (142,684)	(18.3%)	$(121,812)	(18.5%)
Noncapital financing activities	1,038,968	925,488	913,558	113,480	12.3%	11,930	1.3%
Capital and related financing activities	(204,533)	(223,374)	(140,030)	18,841	8.4%	(83,344)	(59.5%)
Investing activities	118,775	4,977	(177,252)	113,798	2286.5%	182,229	102.8%
Net increase (decrease) in cash	28,926	(74,509)	(63,512)	103,435	138.8%	(10,997)	(17.3%)
Cash, beginning of year	281,011	355,520	419,032	(74,509)	(21.0%)	(63,512)	(15.2%)
Cash, end of year	$ 309,937	$ 281,011	$ 355,520	$ 28,926	10.3%	$ (74,509)	(21.0%)

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 above table, the University's cash and cash equivalents increased $28.9 million due to cash inflows from investing activities and noncapital financing activities, partially offset by the use of funds by operating activities, and capital and related financing activities. The cash used by capital and financing activities decreased $18.8 million primarily due to a reduction in capital equipment purchases. During fiscal year 2014, the University issued $48.2 million in new bond issuances compared to $96.5 million in fiscal year 2013. The most significant sources of cash provided by noncapital financing activities included State appropriations totaling $616.4 million and $575.0 million, grants totaling $197.3 million and $181.7 million and gifts totaling $190.1 million and $150.8 million in 2014 and 2013, 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

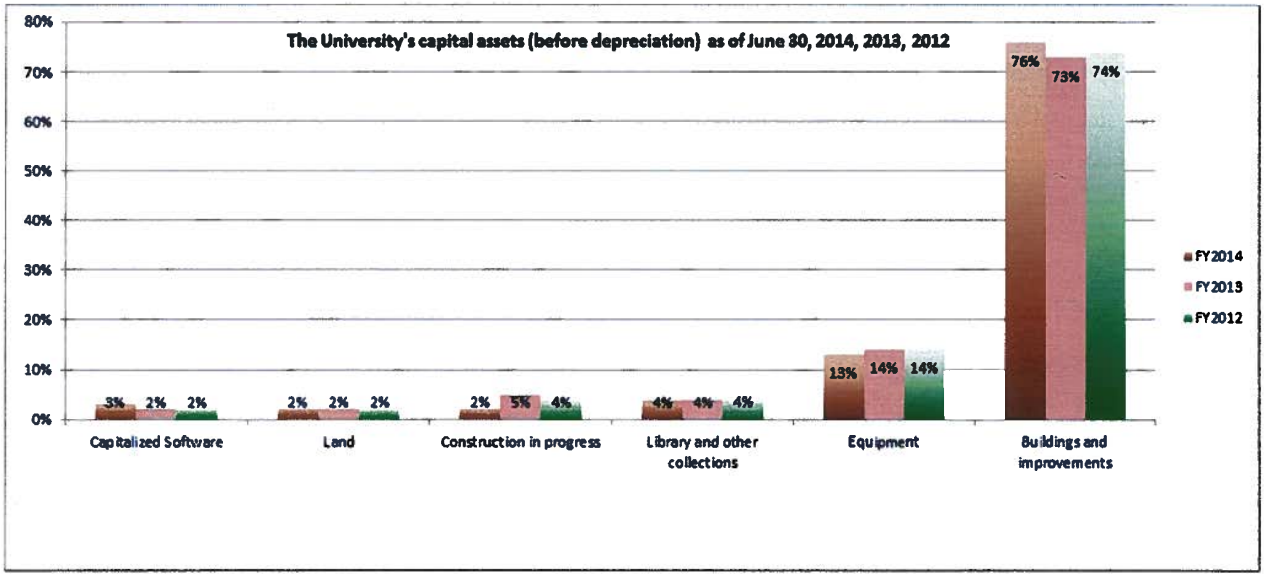
The University's endowment funds are invested to preserve the inflation-adjusted value of the endowment and to maximize total return within acceptable risk parameters. These objectives are benchmarked over three-to five-year periods.

Long-term endowment and other investments included increases from net unrealized gains on the endowment and other investments of $120.6 million and $13.5 million in fiscal year 2014 and 2013, respectively. In addition, decreases of $46.7 million and $45.2 million in 2014 and 2013, respectively related to annual distributions of the endowment to departments, partially offset by reinvested endowment earnings.

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 2014 and 2013.

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, 2014, 2013 and 2012
(in thousands)

				Increase (Decrease)			
				From 2013 to 2014		From 2012 to 2013	
	2014	2013	2012	Amount	Percent	Amount	Percent
Capital assets (gross)							
Buildings and improvements	$4,256,855	$ 3,966,992	$ 3,760,552	$ 289,863	7.3%	$206,440	5.5%
Equipment	742,667	741,166	721,675	1,501	0.2%	19,491	2.7%
Library and other collections	211,287	199,366	191,117	11,921	6.0%	8,249	4.3%
Construction in progress	120,380	278,103	186,973	(157,723)	(56.7%)	91,130	48.7%
Land	94,015	91,089	90,189	2,926	3.2%	900	1.0%
Software and other intangibles	140,259	122,991	116,422	17,268	14.0%	6,569	5.6%
Total capital assets (gross)	$5,565,463	$ 5,399,707	$ 5,066,928	$ 165,756	3.1%	$332,779	6.6%

Capital additions totaled $225.8 million, $375.3 million, and $277.0 million in fiscal year 2014, 2013 and 2012, respectively. Fiscal year 2014 spending included the completion of the Physics and Nanotech Building, the Fourth Street Housing Project, and the Northrop Interior Renovation, in addition to spending

on existing projects such as the Ambulatory Care Clinic and the Amundson Hall Addition. See Note 4 of the consolidated financial statements for more detailed information about capital assets. Project spending continuing in fiscal year 2015 is projected to be $148.9 million, $48.1 million, and $14.9 million for the Ambulatory Care Clinic, the Microbiology Research Facility, and the Lysaker Wellness Recreation Center Addition, respectively.

Fiscal year 2014 activity included the issuance of General Obligation Taxable Bonds, Series 2013D and Special Purpose Revenue Bonds, Series 2013C to fund the Biomedical Science Research Facilities. During fiscal year 2014, the University's final auxiliary bond debt obligations matured. Student housing and food services net revenues were pledged until fiscal year 2014, at which time the debt obligation on these auxiliary revenue bonds were satisfied.

Capital leases of $1.9 million and $45.3 million were issued in fiscal year 2014 and 2013, respectively. Refer to Note 5 for additional information.

Factors Affecting Future Economic Conditions

Following the completion of the 2013 legislative session, the University received a significant boost in State appropriations which allowed for the implementation of two notable events:

1. The approval of $42,600,000 in new State appropriations to hold Minnesota resident undergraduate tuition increase to zero percent in each of the next two years, saving a Minnesota resident undergraduate on the Twin Cities campus, more than $2,500 over the next four years.

2. The establishment of a new Minnesota Discovery, Research and InnoVation Economy (MNDRIVE) funding program through the commitment of $33,650,000 by the State of Minnesota over the next two years.

President Kaler's biennial operating budget request for fiscal years 2016 and 2017 to the State of Minnesota for the upcoming 2015 legislative session calls for the commitment of an additional $127,200,000 above current levels of state funding. Key elements of the request include:

1. An increase of $65,200,000 in new funds for the University of Minnesota to achieve

    a. a second biennium of zero percent tuition increases for Minnesota resident undergraduate students, which has been exceedingly popular. Continued state investment will save Minnesota students and families an average of $2,500 over their four-year degree program at the time the state needs a highly trained work force and

    b. the proposal also recognizes the need to address tuition increases for graduate and professional students. Savings for students and families will vary by program ($1,500 for graduate students, $5,000 for medical students, $7,000 for law students) as the tuition costs and time to degree are different by program.

    The proposal to hold tuition to a zero percent increase in each of the next two years would improve access and decrease debt for resident students – at the undergraduate, as well as graduate and professional school levels. Middle class families have experienced stagnant incomes over the last decade. Meanwhile historic state budget cuts to the University shifted a significant financial burden to students and families through tuition increases. The State of Minnesota cut higher education funding per student twice the national average over the past decade. The University's request represents a reinvestment in Minnesota students and our state's innovation and economic future. This

proposed tuition freeze would give many Minnesota students and families a full four years of zero tuition increases, allowing them to begin to recover from the Great Recession, reduce their debt burden and make the dream of graduating from the University of Minnesota a reality.

2. An increase of $34,500,000 in funds to support a healthy Minnesota initiative to improve the health of Minnesotans through research, clinical services, and innovative programs.

3. An increase of $15,000,000 in funds to support facilities condition improvements in order to ensure that students and faculty have modern educational and research facilities to ensure their success.

4. An increase of $12,500,000 in funds to support a vibrant economy to ensure Minnesota has strong communities with economic development opportunities.

Reducing costs is also a top priority for the University. President Kaler and his administration are on track to reduce administrative costs by $90 million over a six-year period. These dollars are being reinvested in mission-centered activities (e.g., faculty, student services, instructional and other program support, research support, etc.) that directly enhance student education, maintain the University's exceptional quality, and ensure research innovation and outreach continue to strengthen the entire state.

At its October 2014 meeting, the University of Minnesota Board of Regents approved a strategic plan that articulates a vision and priorities for the next decade. The plan builds on the Twin Cities campus' exceptional strengths and opportunities as one of the country's most comprehensive research universities and one of the few located in a large metropolitan area. The plan, shaped by faculty, staff, and students over nearly 12 months, aims to reinvigorate the institution as a 21st-century land-grant research university of ambition, innovation, and impact. It will create new learning and career pathways for students, build and retain a faculty of field-shaping researchers and teachers, expand campus-community partnerships, and combine university strengths more broadly and deeply to address the most pressing and complex problems facing the state, nation, and world.

The plan calls on the University to:

- Leverage its breadth and depth to take on society's grand challenges through more cross-cutting research, creative scholarship, and curriculum;

- Support excellence and reject complacency by changing practices to create an invigorated campus culture of ambition, challenge, exploration, and innovation;

- Aggressively recruit, retain and promote diverse field-shaping researchers and teachers; and

- Build a culture of mutual engagement between the University and many partners and stakeholders that capitalizes on the institution's dynamic metropolitan location.

To jump-start institutional transformation, three initial grand challenge areas have been identified that harness University expertise across many fields of knowledge, from the core disciplines of the liberal arts to the new frontiers of the biosciences:

1. Ensuring sustainable, healthy, secure food;

2. Advancing industry while conserving the environment and addressing climate change; and

3. Building vibrant communities that enhance human potential and collective well-being in a diverse and changing society.

Additional grand challenge priorities will be identified and developed through collaborative processes.

The plan is focused on a set of strategic goals and is intended to be dynamic. It will be a framework for a more detailed set of goals, outcomes, and implementation steps. Beginning in fall 2014, resources and work plans will be aligned with the plan, which will be incorporated into ongoing academic planning by the provost to develop indicators for excellence; integrate into compact planning; connect the Twin Cities campus plan with plans of academic and administrative units; advance action plans to achieve goals derived from the compact planning; and share successes and report outcomes. Concurrently, the provost's office will coordinate an ongoing process of communication and engagement with the campus community and external stakeholders to continue to refine the plan as a dynamic framework that advances the University's land grant, research, and teaching missions.

University of Minnesota
Consolidated Statements of Net Position (Excluding Component Units)
June 30, 2014 and 2013 (in thousands)

			2014	2013
Assets				
Current assets				
	Cash and cash equivalents		$ 243,049	$ 194,006
	Short-term investments		676	89,534
	Receivables, net		302,424	297,021
	Inventories		22,519	22,554
	Student loans receivable, net		9,899	13,857
	Prepaid expenses		11,034	12,028
	Other assets		376	376
		Total current assets	589,977	629,376
Noncurrent assets				
	Restricted cash and cash equivalents		66,888	87,005
	Investments		2,091,718	1,889,156
	Receivables, net		14,554	4,148
	Student loan receivables, net		57,145	54,088
	Prepaid expenses		1,634	5,636
	Other assets			15
	Capital assets, net		2,900,494	2,876,914
		Total noncurrent assets	5,132,433	4,916,962
Total assets			5,722,410	5,546,338
Deferred Outflows of Resources				
		Total deferred outflows of resources	-	-
Total assets and deferred outflows of resources			5,722,410	5,546,338
Liabilities				
Current liabilities				
	Accounts payable		131,403	134,954
	Accrued liabilities and other		244,389	239,401
	Unearned income		68,527	68,745
	Long-term debt-current portion		272,026	285,416
		Total current liabilities	716,345	728,516
Noncurrent liabilities				
	Accrued liabilities and other		205,360	184,564
	Unearned income		3,158	162
	Long-term debt		1,010,481	1,015,314
		Total noncurrent liabilities	1,218,999	1,200,040
Total liabilities			1,935,344	1,928,556
Deferred Inflows of Resources				
		Total deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources			1,935,344	1,928,556
Net Position				
	Unrestricted		812,356	820,146
	Restricted	Expendable	1,004,191	865,819
		Nonexpendable	289,366	277,601
	Net investment in capital assets		1,681,153	1,654,216
Total net position			$ 3,787,066	$ 3,617,782

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statements of Financial Position
June 30, 2014 and 2013 (in thousands)

	University of Minnesota Foundation	University of Minnesota Physicians	
	2014	2014	2013
Assets			
Cash and cash equivalents	$ 21,910	$ 73,179	$ 47,539
Investments, substantially at fair market value	2,267,360	28,561	17,626
Pledges receivable, net	142,775		
Accounts and other receivables	20,202	80,432	82,336
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	97,416		
Gift annuities	40,256		
Property and equipment, net	64,637	8,012	13,825
Prepaids and other assets	830	1,849	4,202
Total assets	2,655,386	192,033	165,528
Liabilities			
Accounts payable and accrued liabilities	23,507	84,929	68,887
Deferred revenue and gains			13,556
Gift annuities payable	20,344		
Unitrusts, pooled income, and annuity trusts payable	11,633		
Investments held for custody of others	250,176		
Bonds and capital lease payable	51,236	852	
Total liabilities	356,896	85,781	82,443
Net Assets			
Unrestricted	80,800	106,252	83,085
Temporarily restricted	1,266,264		
Permanently restricted	951,426		
Total net assets	2,298,490	106,252	83,085
Total liabilities and net assets	$ 2,655,386	$ 192,033	$ 165,528

See notes to consolidated financial statements.

University of Minnesota
Consolidated Statements of Revenues, Expenses and Changes in Net Position
(Excluding Component Units)
Years ended June 30, 2014 and 2013 (in thousands)

			2014		2013
Revenues					
Operating revenues	Student tuition and fees, net of scholarship allowances of $248,030 in 2014; $239,066 in 2013		$ 732,821	$	720,510
	Federal grants and contracts		480,177		497,444
	State and other government grants		63,848		60,775
	Nongovernmental grants and contracts		292,794		278,204
	Student loan interest income		1,831		1,867
	Sales and services of educational activities, net of scholarship allowances of $28 in 2014; $36 in 2013		145,303		155,973
	Auxiliary enterprises, net of scholarship allowances of $9,423 in 2014; $7,792 in 2013		376,449		365,459
	Other operating revenues		137		135
Total operating revenues			2,093,360		2,080,367
Expenses					
Operating expenses	Education and general				
		Instruction	769,479		737,596
		Research	679,718		656,551
		Public service	253,141		249,257
		Academic support	394,927		367,265
		Student services	116,575		110,230
		Institutional support	256,641		197,319
		Operation & maintenance of plant	285,938		266,994
		Scholarships & fellowships	54,519		50,435
		Depreciation	192,705		193,139
	Auxiliary enterprises		256,068		235,411
	Other operating expenses, net		583		19
Total operating expenses			3,260,294		3,064,216
Operating Loss			(1,166,934)		(983,849)
Nonoperating Revenues (Expenses)					
Federal appropriations			19,072		22,039
State appropriations			614,791		575,491
Grants			200,895		195,141
Gifts			197,172		159,167
Investment income, net			234,407		122,797
Interest on capital-asset related debt			(45,637)		(44,035)
Other nonoperating revenues (expenses), net			(1,920)		3,433
Net nonoperating revenues			1,218,780		1,034,033
Income Before Other Revenues			51,846		50,184
Capital appropriations			83,081		98,396
Capital grants & gifts			22,929		28,801
Additions to permanent endowments			11,428		12,458
Total other revenues			117,438		139,655
Increase In Net Position			169,284		189,839
Net position at beginning of year			3,617,782		3,427,943
Net position at end of year			$ 3,787,066	$	3,617,782

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statement of Activities
Year ended June 30, 2014 (in thousands)

	University of Minnesota Foundation			
	Unrestricted	Temporarily restricted	Permanently restricted	Total 2014
Revenues				
Contributions	$ 278	$ 139,856	$ 49,462	$ 189,596
Investment income, net	2,536	11,045	154	13,735
Net realized and unrealized gains (losses) on investments	16,819	203,735		220,554
Change in value of trusts	5	6,683	102	6,790
Support services revenue	7,091			7,091
UMF - Real Estate Advisors rental revenue	5,986			5,986
University Gateway Corporation revenue	4,376			4,376
Other revenue	2,488			2,488
Net assets released from restriction	217,619	(217,619)		
Total revenues	257,198	143,700	49,718	450,616
Expenses				
Program services				
Distributions for educational purposes	183,951			183,951
Support services				
Management and general	8,742			8,742
Fund-raising	27,153			27,153
UMF - Real Estate Advisors	5,921			5,921
University Gateway Corporation	5,663			5,663
Total expenses	231,430	-	-	231,430
Increase in net assets	25,768	143,700	49,718	219,186
Net assets at beginning of year	55,032	1,122,564	901,708	2,079,304
Net assets at end of year	$ 80,800	$ 1,266,264	$ 951,426	$ 2,298,490

See notes to consolidated financial statements.

University of Minnesota
Component Units - Statements of Activities
Years ended June 30, 2014 and 2013 (in thousands)

	University of Minnesota Physicians	
	Total (unrestricted)	
	2014	2013
Revenues		
Net patient service revenue	$ 198,100	$ 187,242
Investment income, net	1,263	1,188
Net realized and unrealized gains (losses) on investments	143	(120)
Other revenue	270,151	261,909
Gain on sale of oncology clinic	13,556	
Total revenues	483,213	450,219
Expenses		
Program services		
Health care services	415,121	397,378
Support services		
Management and general	44,925	40,576
Total expenses	460,046	437,954
Increase in net assets	23,167	12,265
Net assets at beginning of year	83,085	70,820
Net assets at end of year	$ 106,252	$ 83,085

See notes to consolidated financial statements.

University of Minnesota

Consolidated Statements of Cash Flows (Excluding Component Units)

Years ended June 30, 2014 and 2013 (in thousands)

	2014	2013
Cash Flows From Operating Activities		
Grants and contracts (federal, state, nongovernmental, other)	$ 842,339	$ 828,937
Student tuition and fees	731,580	719,758
Auxiliary enterprises	381,991	362,450
Sales and services of educational activities	152,455	151,848
Collection of loans to students	15,798	6,828
Other operating revenues	137	141
Payments to employees for services	(1,540,179)	(1,464,867)
Payments to suppliers for goods and services	(958,378)	(862,842)
Payments for fringe benefits	(494,881)	(468,608)
Payments for scholarships and fellowships	(41,713)	(43,069)
Loans issued to students	(13,433)	(12,176)
Net cash used by operating activities	(924,284)	(781,600)
Cash Flows From Noncapital Financing Activities		
State appropriations	616,446	575,044
Grants for other than capital purposes	197,328	181,695
Gifts for other than capital purposes	190,094	150,787
Other nonoperating revenues, net	10,616	6,022
Federal appropriations	19,329	14,963
Private gifts for endowment purposes	11,428	12,458
Direct lending receipts	315,294	322,178
Direct lending disbursements	(314,944)	(321,565)
Agency transactions	(6,623)	(16,094)
Net cash provided by noncapital financing activities	1,038,968	925,488
Cash Flows From Capital and Related Financing Activities		
Capital appropriations	81,521	99,989
Proceeds from capital debt	50,986	96,483
Capital grants and gifts	10,579	18,347
Proceeds from sale of capital assets	863	1,149
Principal received on notes receivable	844	
Interest received on notes receivable	321	
Purchases of capital assets	(223,333)	(324,447)
Principal paid on capital debt	(67,121)	(63,723)
Interest paid on capital debt	(50,438)	(51,172)
Issuance of notes receivable	(8,755)	
Net cash used by capital and related financing activities	(204,533)	(223,374)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	930,671	1,059,348
Investment income, net	96,702	124,239
Purchase of investments	(908,598)	(1,178,610)
Net cash provided by investing activities	118,775	4,977
Net Increase (Decrease) in Cash and Cash Equivalents	28,926	(74,509)
Cash and Cash Equivalents at Beginning of Year	281,011	355,520
Cash and Cash Equivalents at End of Year	$ 309,937	$ 281,011

See notes to consolidated financial statements.

University of Minnesota

Consolidated Statements of Cash Flows (Excluding Component Units)

Years ended June 30, 2014 and 2013 (in thousands)

Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities	2014	2013
Operating loss	$ (1,166,934)	$ (983,849)
Adjustments to reconcile net operating loss to net cash used by operating activities		
Depreciation expense	192,705	193,139
Changes in assets and liabilities		
Receivables, net	13,218	(22,477)
Inventories	(84)	851
Prepaid and other items	726	(4,008)
Accounts payable	10	(7,485)
Accrued liabilities	32,453	34,487
Unearned income	3,622	7,742
Net cash used by operating activities	$ (924,284)	$ (781,600)
Noncash Investing, Capital, and Financing Actvities		
Unrealized gains on investments	$ 140,458	$ 1,507
Capital assets on account	33,540	42,345
Contribution of capital assets	7,639	3,747
Amortization of bond discount/premium	4,031	3,725
Capital assets acquired with capital lease	1,944	45,306
Cash and Cash Equivalents at End of Year		
Cash and cash equivalents	$ 243,049	$ 194,006
Restricted cash and cash equivalents	66,888	87,005
Total cash and cash equivalents at end of year	$ 309,937	$ 281,011

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements
Years ended June 30, 2014 and 2013 (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 year 2013, the Board of Trustees for UMF and the Board of Trustees for the Minnesota Medical Foundation (MMF) agreed to combine their operations to better fulfill their respective missions, to enhance their ability to serve the University and their donors, and to create one voice for private giving at the University. The effective date of the Legal Plan of Merger was February 1, 2013. Under this Legal Plan of Merger, the MMF was merged with and into UMF, and MMF's separate existence ceased. Prior to the merger with MMF, UMF had a 50 percent voting interest in University Gateway Corporation (Gateway). Under Generally Accepted Accounting Principles (GAAP), consolidation was not required. Subsequent to the merger, UMF has a 67 percent voting interest which thus requires consolidation of Gateway's assets, liabilities, income, and expense activity commencing with the effective merger date of February 1, 2013.

As a result of the merger, fiscal year 2013 only reflects a partial year of the newly combined organization; therefore, UMF's fiscal year 2014 financial statements are in single year presentation.

During fiscal years 2014 and 2013, the UMF distributed $209,829 and $181,005, 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 2014 and 2013, UMP distributed $83,447 and $83,122, 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 based on its initial capital contribution of $1,960. 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. As of June 30, 2014, the University received $208 in interest income and the $8,750 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 $1,473 and $2,987 for fiscal years 2014 and 2013, 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	

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.

Net Position—Net position is reported in three components based upon the type of external restriction imposed.

- **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 classified as nonoperating revenues as part of other nonoperating revenues, net, which total $2,195 and $2,510 for fiscal years 2014 and 2013, respectively.

- **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 2014 and 2013, departmental research in nonsponsored accounts of $182,617 and $180,713, 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.

Reclassifications—Certain prior-year amounts have been reclassified to conform to the presentation used in the current year. These reclassifications had no impact on net position as previously reported.

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 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. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* improves 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, *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 Statement No. 68, *Accounting and Financial Reporting for Pensions.* 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.

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, 2014 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, 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

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company, as of June 30, 2013:

	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	$ 166,847	$ 24,496	$ 713		$ 1,756	$ 194	$ 194,006
Short-term investments	89,534						89,534
Total current assets	256,381	24,496	713		1,756	194	283,540
Restricted cash and cash equivalents					87,005		87,005
Long-term investments							
Fixed Income	731,220	193,329	45,304			21,032	990,885
Public Equity		287,051				14,601	301,652
Private Capital		343,386					343,386
Inflation Hedges		216,647					216,647
Other		10,557		$ 26,029			36,586
Total noncurrent investments	731,220	1,050,970	45,304	26,029		35,633	1,889,156
Total cash and investments	$ 987,601	$ 1,075,466	$ 46,017	$ 26,029	$ 88,761	$ 35,827	$ 2,259,701

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, 2014 and 2013, the market value of the TIP assets invested in the CEF was $134,237 and $123,638, 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, 2014 and 2013 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, 2014 and 2013, $46,653 and $46,267, respectively, in net appreciation over the prior fiscal year was made available for departmental spending in restricted expendable net assets.

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, 2014 and 2013, the University had unfunded commitments to LPs of $220,576 and $161,157, 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, 2014 and 2013, the market value of the GIP assets invested in the CEF was $13,459 and $11,916, 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	$ 12,266	$ 3,842	$ 16,108
Consolidated Endowment Fund	97,572	127,386	224,958
Group Investment Pool	(478)	1,313	835
Separately Invested Funds and Other	253	(14,343)	(14,090)
Invested Assets Related to Indebtedness	7	2,401	2,408
RUMINCO, Ltd. Insurance Subsidiary	510	3,678	4,188
Total 2014	$ 110,130	$ 124,277	$ 234,407
Total 2013	$ 108,715	$ 14,082	$ 122,797

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, 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					

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2013:

Fixed-income securities:	Market value	Weighted average maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	$ 205,380		100			
Mortgage-backed securities	93,636	20.6	100			
US Agency	601,139	3.1	100			
US Treasury	124,160	3.5	100			
Mutual Funds	224,655	5.7				100
Total marketable fixed-income securities	1,248,970	4.4				
Private fixed-income securities	35,010					
Total fixed-income securities	$ 1,283,980					

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, 2014, and 2013, 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, 2014 and 2013:

Investment type	Foreign currency	Market value 2014	Market value 2013
Equity/Debt/RE	Euro	$ 70,441	$ 53,281
Equity	British Pound Sterling	39,855	32,336
Equity	Japanese Yen	27,717	24,251
Equity	Hong Kong Dollar	15,436	10,024
Equity	Canadian Dollar	7,806	7,382
Equity/Debt	Brazilian Real	7,220	3,729
Equity	South African Rand	6,164	4,088
Equity	Swiss Franc	5,943	5,555
Equity	Australian Dollar	5,404	5,368
Equity	South Korean Won	4,963	2,344
Equity	Thailand Baht	4,184	1,233
Equity/Debt	Mexican Peso	3,509	3,690
Equity	Swedish Krona	2,519	2,227
Equity	Singapore Dollar	2,411	3,131
Equity	Turkish Lira	2,185	638
Equity	Indonesian Rupiah	2,167	927
Equity	Malaysian Ringgit	2,004	1,985
Equity	New Taiwan Dollar	1,906	644
Equity/Debt	Indian Rupee	1,760	317
Equity	Norwegian Krone	1,613	670
Equity	Philippine Peso	990	801
Equity	Danish Krone	971	679
Equity/Debt	Other Currency	841	234
Equity	Polish Zloty	499	88
Equity	Chile Peso	458	214
Equity	Israeli Shekel	325	289
Equity	New Zealand Dollar	138	80
Equity	Russian Ruble	86	761
Equity	Chinese Renminbi	2	
Equity	Uruguay Peso		211
Equity	Argentine Peso		73
Total		$ 219,517	$ 167,250

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. Beginning December 31, 2010, and ending December 31, 2012, all non-interest-bearing accounts were fully insured, regardless of balance, at qualified FDIC-insured institutions. This change was due to the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage for such non-interest-bearing accounts. As scheduled, the Dodd-Frank Wall Street Reform and Consumer Protection Act expired on December 31, 2012. 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 reverted back to $250 thousand. As of June 30, 2014 the University's bank balances of $244,132 were uninsured and uncollateralized and as of June 30, 2013 the University's bank balances of $203,130 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, 2014 and 2013, the market value of investments held in the custodial accounts was $804,646 and $818,936 in TIP; and $101,002 and $69,574 in CEF; and $21,757 and $0 in GIP, respectively.

3. Other Asset and Liability Information

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

Receivables, net, and student loans receivable,net, as of June 30, 2013, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 9,498		$ 9,498
Sponsored grants and contracts	108,265		108,265
Notes receivable	1,300	$ 4,136	5,436
Student receivables	40,737		40,737
Trade receivables	122,893		122,893
Accrued interest	2,283		2,283
Other	24,010	12	24,022
Allowance for uncollectible accounts	(11,965)		(11,965)
Total receivables, net	$ 297,021	$ 4,148	$ 301,169
Student loans receivable	16,926	54,634	71,560
Allowance for uncollectible accounts	(3,069)	(546)	(3,615)
Student loans receivable, net	$ 13,857	$ 54,088	$ 67,945

Accrued liabilities as of June 30, 2013, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 14,553	$ 714	$ 15,267
Compensation and benefits	130,661	119,206	249,867
Self-insurance reserves	32,445	10,535	42,980
Accrued interest	11,552		11,552
Refundable advances		53,330	53,330
Other	50,190	779	50,969
Total accrued liabilities	$ 239,401	$ 184,564	$ 423,965

Activity for certain liabilities consisted of the following for the year ended June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances (excluding pensions, OPEB, termination benefits, see Notes 6, 10, 11)	$ 220,097	$ 144,233	$ (119,135)	$ 245,195	$ 130,661
Self-insurance reserves (see Note 9)	48,109	256,536	(261,665)	42,980	32,445
Refundable advances	55,037		(1,707)	53,330	
Other	41,123	50,969	(41,123)	50,969	50,190

4. Capital Assets

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

Capital assets, net as of June 30, 2013, consisted of the following:

	Beginning balance	Additions	Transfers	Retirements	Ending balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 3,313,255	$ 41,854	$ 140,625		$ 3,495,733
Leasehold improvements	9,242	409	124	$ (41)	9,734
Equipment	721,675	61,663		(42,173)	741,165
Infrastructure	438,055	(83)	23,553		461,525
Library and reference books	139,389	5,283			144,672
Capitalized software (intangible asset)	111,949	5,986			117,935
All other intangible assets	4,473	579			5,052
Total depreciable / amortizable capital assets	4,738,038	115,691	164,302	(42,214)	4,975,816
Non-depreciable / amortizable capital assets					
Land	90,189	901			91,090
Museums and collections	51,728	2,246	721		54,695
Construction in progress	186,973	256,499	(165,023)	(346)	278,103
Permanent right-of-way easements (intangible asset)	2				2
Total non-depreciable / amortizable capital assets	328,892	259,646	(164,302)	(346)	423,890
Accumulated depreciation / amortization					
Buildings and improvements	(1,489,974)	(91,269)			(1,581,243)
Leasehold improvements	(4,327)	(796)			(5,123)
Equipment	(496,331)	(61,492)		40,326	(517,497)
Infrastructure	(217,352)	(15,070)			(232,422)
Library and reference books	(72,275)	(12,508)			(84,783)
Capitalized software (intangible asset)	(86,762)	(11,378)			(98,140)
All other intangible assets	(2,958)	(626)			(3,584)
Total accumulated depreciation / amortization	(2,369,979)	(193,139)		40,326	(2,522,792)
Capital assets, net	$ 2,696,951	$ 182,198	$ -	$ (2,234)	$ 2,876,914

Summary					
Depreciable / amortizable capital assets	$ 4,738,038	$ 115,691	$ 164,302	$ (42,214)	$ 4,975,816
Non-depreciable / amortizable capital assets	328,892	259,646	(164,302)	(346)	423,890
Total capital assets	5,066,930	375,337		(42,560)	5,399,706
Less accumulated depreciation / amortization	(2,369,979)	(193,139)		40,326	(2,522,792)
Capital assets, net	$ 2,696,951	$ 182,198	$ -	$ (2,234)	$ 2,876,914

5. Long-Term Debt

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

Long-term debt as of June 30, 2013, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2013 beginning balance	Additions	Reductions	FY 2013 ending balance	Current portion
General obligation bonds									
Series 2013B (taxable)	$ 13,780	2013	2.60%-3.75%	2038		$ 13,780		$ 13,780	$ 345
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038		73,570		73,570	1,750
Series 2011D (tax-exempt)	53,610	2012	2.00%-5.00%	2037	$ 53,610		$ 1,160	52,450	1,195
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	19,335		300	19,035	530
Series 2011A (tax-exempt)	335,270	2011	2.00%-5.50%	2037	317,580		20,575	297,005	21,415
Series 2010B (taxable)	41,720	2011	.74%-5.02%	2036	40,800		1,295	39,505	1,305
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	5,825		1,385	4,440	1,425
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	36,665		2,965	33,700	3,120
Series 2009B (taxable)	17,035	2009	2.50%-6.00%	2029	15,405		620	14,785	640
Series 2009A (tax-exempt)	41,000	2009	3.00%-5.25%	2034	38,245		1,075	37,170	1,110
Commercial paper notes, Series A	159,100	2006	.10%–.16%	2014	124,100		7,000	117,100	117,100
Commercial paper notes, Series B	61,000	2007	.11%–.15%	2014	46,000		3,000	43,000	43,000
Commercial paper notes, Series C	70,000	2008	.11%–.16%	2014	54,000		3,500	50,500	50,500
Commercial paper notes, Series D	25,000	2010	.12%–.15%	2014	22,250		2,800	19,450	19,450
Obligations to the State of Minnesota pursuant to Infrastructure development bonds	109,234	1991-2006	3.55%–5.70%	2026	30,639		4,822	25,817	4,306
Auxiliary revenue bonds	12,555	1971-1977	3.00%	2014	1,420		800	620	620
Special purpose revenue bonds, Series 2011B (tax-exempt)	52,485	2012	3.00%–5.00%	2037	52,485		375	52,110	1,180
Special purpose revenue bonds, Series 2010A (tax-exempt)	111,400	2011	3.00%–5.00%	2036	110,705		2,540	108,165	2,655
Special purpose revenue bonds, Series 2006 (tax-exempt)	137,250	2007	4.00%–5.00%	2030	118,490		4,495	113,995	4,695
Unamortized premiums and discounts	84,969	2007-2013		2016-2038	68,316	9,133	3,724	73,725	3,956
Capital leases and other		1999-2013	1.98%–10.00%	2024	5,988	45,306	5,016	46,278	5,119
Total	$ 1,535,948				$ 1,226,388	$ 141,789	$ 67,447	$ 1,300,730	$ 285,416

General Obligation Bonds

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 0.9 – 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 will be 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 2013B bonds were issued at coupon rates of 2.6 – 3.75 percent with a premium of $354. The 2013A bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of $8,779.

On December 21, 2011, the University issued General Obligation Bonds, Series 2011D in the par amount of $53,610. The proceeds will be used to fund various capital projects including portions of the renovation of Northrop Memorial Auditorium, the renovation of the Recreation Center, and construction of the student residence hall and dining facility, all on the Twin Cities campus, and the acquisition and installation of equipment related to these projects. The 2011D bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of $7,354.

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 is expected to receive a 35 percent annual interest subsidy from the Federal Government for the life of the bonds. Due to the implementation of federal sequestration during FY13, the subsidy payments received to offset the June 1, 2014, February 1, 2014 and December 1, 2013 interest payments were reduced by 7.2 percent, and the August 1, 2013 and June 1, 2013 interest payments were reduced by 8.7 percent.

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 is provided to reimburse the University for the annual debt service on these bonds.

Commercial Paper Notes

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.

Although commercial paper is short-term in nature and classified as current liabilities in the financial statements, the University intends to hold the commercial paper notes as a long-term financing vehicle.

Auxiliary Revenue Bonds

On November 1, 2013, the University's final auxiliary revenue bond debt obligations matured. 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. Student housing and food services net revenues of $1,504 in fiscal year 2014 and $1,544 in fiscal year 2013 were pledged as security to pay total debt service payments of $639 and $887 for auxiliary revenue bonds in fiscal years 2014 and 2013, respectively. Revenues were pledged until fiscal year 2014, at which time the debt obligation on these auxiliary revenue bonds was satisfied.

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 $64,531 as of June 30, 2014 and $77,448 as of June 30, 2013 of which the University owes $21,511 and $25,817, 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 $18,621 and capital leases for vehicles and equipment are $11,384 and related accumulated depreciation of $5,573. The capital leases bear interest rates between 1.94 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 3.0 percent floor for the note payable was maintained during the fiscal year ended June 30, 2014 and does not extend beyond fiscal year 2017. A second third–party financing agreement has interest rates tied to commercial paper, which ranged from 1.94 percent to 2.31 percent during fiscal year ended June 30, 2014.

Interest Rate Swaps

At June 30, 2014 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 are included in investment income reported in the Consolidated Statements of Revenues, Expenses, and Changes in Net Position.

The University had two freestanding pay-fixed, receive-variable interest rate swaps with notional amounts of $37,500 each that matured in fiscal year 2013. Fixed rates of 4.88 percent and 4.90 percent, respectively, were paid to two separate counterparties. The variable rate received on both was based on the LIBOR Index**.

The terms, fair values, and credit rating of the outstanding swap as of June 30, 2014, 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	$ (9,498)	8/27/2017
		$ 70,000					$ (9,498)	

* 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).*

** LIBOR Index is an *average yield of interbank offered rates for one-year US dollar-denominated deposits in the London Market.*

Credit Risk—The swap that exists at the end of fiscal year 2014 is with a counterparty that is rated Aa3 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, 2014, 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.

Basis Risk—The University was exposed to basis risk on the two swaps that matured during the current fiscal year since the variable-rate payments received by the University on the swaps were based on a rate or index other than interest rates the University pays to the holders of its commercial paper.

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.

Variable-rate bond interest payments and net swap payments will vary depending on current market conditions from week to week. Using rates as of June 30, 2014, 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							
2015	$ 51,812	$ 214,800	$ 5,414	$ 272,026	$ 47,535	$ 3,444	$ 323,005
2016	53,951		5,447	59,398	44,486	3,444	107,328
2017	55,805		5,172	60,977	41,936	3,444	106,357
2018	57,889		5,073	62,962	39,340	547	102,849
2019	59,656		5,007	64,663	36,551		101,214
2020-2024	236,774		15,949	252,723	146,657		399,380
2025-2029	249,532		579	250,111	90,466		340,577
2030-2034	173,941			173,941	38,503		212,444
2035-2039	85,706			85,706	7,022		92,728
	$ 1,025,066	$ 214,800	$ 42,641	$ 1,282,507	$ 492,496	$ 10,879	$ 1,785,882

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, 2014	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	110,000	7/1/2021

The Series 1982A bonds were issued December 1, 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 to provide funds for capital projects and to refund the general obligation variable rate demand bonds Series 1985F, 1985G, 1985H, and 1985I and the Series 1991A and Series 1991B Commercial Paper. 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 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, 2014 or June 30, 2013.

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 plans, multiple-employer plans

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 23 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 five 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 91 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.

State of Minnesota Retirement Plans

Public Employee Police and Fire Fund (PEPFF)

The Public Employee Police and Fire Fund (PEPFF) covers approximately 62 active law enforcement staff; participation is mandatory and begins from the first day of employment. PEPFF, in total, provides coverage to approximately 500 local governmental subdivisions within the state of Minnesota. 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. 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 from 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) covers approximately 8,900 active Civil Service and non-faculty bargaining unit employees. SERF, in total, provides coverage to approximately 33 employers within the state of Minnesota. Participation is mandatory and begins from the first day of employment. 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 65. 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. Applicable rates for each year of allowable service are 1.2 percent and 1.7 percent of a member's average salary, which is defined as the highest salary paid in five successive years of service. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained from the Minnesota State Retirement System (MSRS), 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Funding Policy

	CSRS	CSRS Offset	FERS	PEPFF	SERF
Statutory authority					
Minnesota chapter	N/A	N/A	N/A	353	352
United States code	Title 5, Chapter 83	Title 5, Chapter 83	Title 5, Chapter 84	N/A	N/A
Required contribution rates (%)					
Active plan members	7.00%	1.20%	0.80%	10.20%	5.00%
University	7.00%	8.51%	11.90%	15.30%	5.00%
Required contributions ($)					
Employee					
2014	$ 152	$ 6	$ 60	$ 513	$ 20,411
2013	172	6	59	511	20,800
2012	226	5	61	462	20,244
University					
2014	$ 152	$ 35	$ 894	$ 770	$ 20,411
2013	172	34	878	766	20,800
2012	226	33	900	693	20,249

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 151 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)	$	380
Interest on net pension obligation (NPO)		121
Adjustment to ARC		(374)
Annual pension cost (expense)	$	127
Less contributions made – fiscal year ended June 30, 2014		(393)
Decrease in NPO	$	(266)
NPO—June 30, 2013		2,422
NPO—June 30, 2014	$	2,156

Three-Year Trend Information

Fiscal year ended	Annual pension cost	Employer contribution	Percentage of annual pension cost contributed	Net pension obligation
6/30/2014	$ 127	$ 393	309.45%	$ 2,156
6/30/2013	149	409	274.50%	2,422
6/30/2012	177	409	231.07%	2,682

Schedule of Funding Progess

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)
7/1/2013	$ 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%
7/1/2011	2,106	5,263	3,157	40.02%	731	431.87%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the 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	7/1/2013
Actuarial cost method	Entry age
Amortization method	Level of dollar by 6/30/2021, closed
Remaining amortization period	8 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.

Description of Plans and Contribution Information

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 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 9,080 active faculty and professional and administrative (P&A) staff. This amount includes approximately 2,280 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 940 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. Ten University employees are part of this plan.

Contributions Made for Fiscal Year 2014

	FRP	ORP	457	415(m)
Employee	$ 23,179	$ 39,842	$ 12,962	N/A
University	98,809	312	N/A	448

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 $120,380 on June 30, 2014. The estimated cost to complete these facilities is $421,430, which is to be funded from plant fund assets and $19,296 in appropriations available from the State of Minnesota as of June 30, 2014.

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, 2014 and 2013, were $18,638 and $18,264, respectively, of which $14,512 and $14,640 were for real property and $4,126 and $3,624 were for equipment, respectively.

The future steam plant and operating lease commitments as of June 30, 2014, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2015	$ 246	$ 8,634	$ 8,880
2016	246	7,404	7,650
2017	246	6,788	7,034
2018	246	4,482	4,728
2019	246	3,712	3,958
2020-2024		13,524	13,524
2025-2029		11,583	11,583
2030-2034		11,646	11,646
2035-2039		1,810	1,810
Total commitments	$ 1,230	$ 69,583	$ 70,813

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 disallowed claims at this time, and any such disallowances that are currently being reviewed by grantor agencies are immaterial.

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 0.46 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 medical conversion carrier, that provided policies to the University under which terminated employees were able to convert their UPlan

coverage to single coverage once their COBRA rights expired, discontinued this service as of January 1, 2014 due to the Affordable Care Act. 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 $250,000 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, 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

Reported liabilities as of June 30, 2013, are shown below:

	Liability beginning of year	New Claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 8,142	$ 801	$ (1,639)	$ (123)	$ 7,181
Workers' compensation	11,574	2,999	(2,999)	186	11,760
UPlan medical	21,139	216,606	(215,935)	(5,445)	16,365
UPlan dental	996	16,934	(16,131)	(513)	1,286
Graduate assistant health plan	1,198	18,942	(18,942)	248	1,446
Student health plan	4,561			(125)	4,436
Medical Residents & Fellows	499			5	504

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, 2014 and 2013 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
2014	88	$ 768
2013	73	632

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
2014	73	$ 639
2013	83	988

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
2014	109	$ 1,208
2013	82	1,017

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
2014	15	$ 26
2013	12	21

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
2014	193	$ 2,600
2013	136	1,316

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 2014:

Beneficiary type	Beneficiary annual rate (Actual amounts, not rounded to thousands)
Non-Medicare retiree	$ 6,279
COBRA	6,405
Disabled Participants	6,279

The UPlan is currently financed on a pay-as-you-go basis. For fiscal year 2014, the University paid $5,411 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)	$	27,048
Interest on net OPEB obligation		2,746
Adjustment to annual required contribution		(5,528)
Annual OPEB cost (expense)		24,266
Less contributions made – fiscal year ended June 30, 2014		(5,411)
Increase in net OPEB obligation		18,855
Net OPEB obligation—June 30, 2013		82,433
Net OPEB obligation—June 30, 2014	$	101,288

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
6/30/2014	$ 24,266	$ 5,411	22.3%	$ 101,288
6/30/2013	26,192	6,746	25.8%	82,433
6/30/2012	24,800	5,944	24.0%	62,987

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, is as follows:

Actuarial accrued liability (AAL)	$	113,145
Actuarial value of plan assets		
Unfunded actuarial accrued liability (UAAL)	$	113,145
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Increase in net OPEB obligation	$	18,855
Covered payroll (active plan members)	$	1,252,154
UAAL as a percentage of covered payroll		9.04%

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, 2014.

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	7/1/2014
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	6.50%
2nd year rate	6.40%
Ultimate rate	5.00%
Year ultimate rate reached	2060

12. Operating Expenses by Natural Classification

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

Operating expenses by natural classification for the year ended June 30, 2013, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 637,233	$ 100,363			$ 737,596
Research	423,002	233,549			656,551
Public service	158,293	90,964			249,257
Academic support	284,620	82,645			367,265
Student services	86,978	23,252			110,230
Institutional support	151,181	46,138			197,319
Operation and maintenance of plant	110,147	156,847			266,994
Scholarships and fellowships	8,427	2,689	$ 39,319		50,435
Depreciation				$ 193,139	193,139
Auxiliary enterprises	96,224	139,187			235,411
Other operating expense		19			19
	$ 1,956,105	$ 875,653	$ 39,319	$ 193,139	$ 3,064,216

13. Subsequent Events

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 the Ambulatory Care Center and to pay capitalized interest during the construction period and costs of issuance. The 2014B bonds were issued at coupon rates of 2.0 – 5.0 percent with a premium of $13,778.

The Ambulatory Care Center is owned by the University and will be leased to University of Minnesota Physicians and Fairview Health Services.

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, 2014, are summarized as follows:

	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 406,328		$ 406,328
Fixed income	254,161	$ 78,417	332,578
Global equity	80,985	293,909	374,894
Hedge funds	22,909	378,697	401,606
Natural resources		128,701	128,701
Treasury inflation protected securities (TIPS)	74,983		74,983
Real estate		111,639	111,639
Private equity		471,463	471,463
Other investments		3,433	3,433
Subtotal	839,366	1,466,259	2,305,625
Less charitable gift annuities reported separately			(38,265)
Total			$ 2,267,360

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. UMF has $1,466,259 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 follows 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.

The following table summarizes UMF's financial assets and other liabilities measured at fair value on a recurring basis as of June 30, 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
Alternative structures			$ 78,417	78,417
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
Alternative structures			293,909	293,909
Other		15		15
Hedge funds:				
Directional long biased equity			137,345	137,345
Fixed income arbitrage	22,910		81,620	104,530
Long/short nonequity			79,400	79,400
Market neutral equity			22,047	22,047
Structured credit			58,284	58,284
Natural resources			128,701	128,701
Real estate			111,639	111,639
Treasury inflation protected securities (TIPS)		74,983		74,983
Private equity:				
Buyout			141,979	141,979
Distressed			64,043	64,043
Special situations			45,419	45,419
Venture capital			220,022	220,022
Other investments			3,433	3,433
Total investments	$ 110,752	$ 322,287	$ 1,466,258	$ 1,899,297
Cash and cash equivalents				406,328
Total investments and cash				$ 2,305,625
Gift annuities not categorized above	$ 1,990			$ 1,990
Beneficial interest in perpetual trusts			$ 67,573	67,573
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)

There were no transfers between Level 1, Level 2, or Level 3 during the year ended June 30, 2014.

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, 2013	Investment income	Net realized and unrealized gains (losses)	Purchases	Sales	Ending balance at June 30, 2014
Fixed income:						
Alternative structures	$ 22,465		$ 1,670	$ 67,284	$ (13,002)	$ 78,417
Global equity:						
Alternative structures	223,555	$ 1,396	42,390	27,024	(456)	293,909
Hedge funds:						
Directional long-biased equity	139,344		12,984	10,000	(24,983)	137,345
Fixed income arbitrage	91,788		(3,589)	11,000	(17,579)	81,620
Long/short nonequity	49,188		5,560	25,000	(348)	79,400
Market neutral equity	24,279		2,475	5,000	(9,707)	22,047
Structured credit	43,776		12,508	2,000		58,284
Natural resources	110,296		8,044	17,698	(7,337)	128,701
Real estate	90,857		18,095	40,814	(38,127)	111,639
Private equity:						
Buyout	143,709		14,372	7,247	(23,349)	141,979
Distressed	69,367		11,894	4,531	(21,749)	64,043
Special situations	39,521		406	12,691	(7,199)	45,419
Venture capital	148,320		79,013	20,186	(27,497)	220,022
Other investments	3,378		(1)	145	(89)	3,433
Total	$ 1,199,843	$ 1,396	$ 205,821	$ 250,620	$ (191,422)	$ 1,466,258

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, 2013	Change in carrying value of trusts	Net realized and unrealized gains (losses)	Purchases/ Sales	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

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, 2014, 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:

Capital improvement/facilities	$ 8,479
Faculty support	9,652
Scholarships and fellowships	133,737
Lectureships, professorships, and chairs	191,232
College program support	62,928
Research	13,469
Other	2,184
Subtotal	$ 421,681

Gifts and other unexpended revenues and gains available for:

Capital improvement/facilities	$ 118,783
Faculty support	15,142
Scholarships and fellowships	145,544
Lectureships, professorships, and chairs	40,742
College program support	370,911
Research	132,441
Trusts	12,878
Other	8,142
Subtotal	844,583
Total temporarily restricted net assets	$ 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, 2014, are as follows:

Capital improvement/facilities	$ 7,744
Faculty support	21,612
Scholarships and fellowships	387,190
Lectureships, professorships, and chairs	339,752
College program support	80,276
Research	37,916
Trusts	74,337
Other	2,599
Total permanently restricted net assets	$ 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, 2014 and 2013 for RUMINCO, Ltd, a blended component unit of the University, are as follows:

Condensed statements of net position:	2014	2013
Current assets	$ 648	$ 398
Noncurrent assets	38,816	35,633
Total assets	39,464	36,031
Deferred outflows of resources		
Total assets & deferred outflows of resources	39,464	36,031
Current liabilities	1,615	2,103
Noncurrent liabilities	1,817	1,644
Total liabilities	3,432	3,747
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	3,432	3,747
Unrestricted net position	$ 36,032	$ 32,284

Condensed statements of revenues, expenses, and changes in net position:	2014	2013
Operating revenues:		
Net underwriting income	$ 589	$ 2,030
Operating expenses	1,029	1,036
Operating income (loss)	(440)	994
Nonoperating revenues:		
Investment income, net	4,188	2,969
Increase in net position	3,748	3,963
Net position at beginning of year	32,284	28,321
Net position at end of year	$ 36,032	$ 32,284

Condensed statements of cash flows:	2014	2013
Net cash provided (used) by:		
Operating activities	$ (360)	$ 1,134
Investing activities	403	(1,162)
Net increase (decrease) in cash	43	(28)
Cash at beginning of year	67	95
Cash at end of year	$ 110	$ 67

Required Supplementary Information

72 Schedules of Funding Progress for Supplemental Benefits Plan and Other Postemployment Benefits

Required Supplementary Information (RSI) (Unaudited)
Years ended June 30, 2014 and 2013 (in thousands)

Schedule of Funding Progress for the 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)
7/1/2013	$ 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%
7/1/2011	2,106	5,263	3,157	40.02%	731	431.87%

Additional information related to the SBP Plan is provided in Note 6.

Schedule of Funding Progress for 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)
7/1/2014		$ 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%
7/1/2012		116,182	116,182	0.00%	1,222,548	9.50%

Additional information related to OPEB is provided in Note 11.

Supplemental Schedules

as of and for the Years Ended June 30, 2014 and 2013

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as of and for the years ended June 30, 2014 and 2013, as a whole. The accompanying schedules of net position by campus, and of revenues, expenses, and changes in net position by campus as of and for the years ended June 30, 2014 and 2013 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. These schedules are the responsibility of the University's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

October 29, 2014

Statements of Net Position by Campus

June 30, 2014 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 6,128	$ 39,996	$ 5,470	$ 2,347	$ 189,108	$ 243,049
Short-term investments					676	676
Receivables, net	194	7,448	1,147	587	293,048	302,424
Inventories	174	2,331	101		19,913	22,519
Student loans receivable, net	111	1,657	228		7,903	9,899
Prepaid expenses		438			10,596	11,034
Other assets					376	376
Total current assets	6,607	51,870	6,946	2,934	521,620	589,977
Noncurrent assets						
Restricted cash and cash equivalents					66,888	66,888
Investments	3,207	97,237	3,491		1,987,783	2,091,718
Receivables, net			45	3,505	11,004	14,554
Student loan receivables, net	530	8,412	1,131		47,072	57,145
Prepaid expenses		15	3		1,616	1,634
Other assets						
Capital assets, net	41,401	209,717	66,765	36,760	2,545,851	2,900,494
Total noncurrent assets	45,138	315,381	71,435	40,265	4,660,214	5,132,433
Total assets	51,745	367,251	78,381	43,199	5,181,834	5,722,410
Deferred Outflows of Resources						
Total deferred outflows of resources						
Total assets and deferred outflows of resources	51,745	367,251	78,381	43,199	5,181,834	5,722,410
Liabilities						
Current liabilities						
Accounts payable	647	5,641	857	544	123,714	131,403
Accrued liabilities and other	1,227	18,151	2,236	657	222,118	244,389
Unearned income	971	4,183		46	63,327	68,527
Long-term debt-current portion					272,026	272,026
Total current liabilities	2,845	27,975	3,093	1,247	681,185	716,345
Noncurrent liabilities						
Accrued liabilities and other	1,704	18,468	2,931	309	181,948	205,360
Unearned income					3,158	3,158
Long-term debt					1,010,481	1,010,481
Total noncurrent liabilities	1,704	18,468	2,931	309	1,195,587	1,218,999
Total liabilities	4,549	46,443	6,024	1,556	1,876,772	1,935,344
Deferred Inflows of Resources						
Total deferred inflows of resources						
Total liabilities and deferred inflows of resources	4,549	46,443	6,024	1,556	1,876,772	1,935,344
Net Position						
Unrestricted	661	1,835	(3,961)	2,014	811,807	812,356
Restricted						
Expendable	4,117	44,738	8,480	2,869	943,987	1,004,191
Nonexpendable	1,017	64,711	1,074		222,564	289,366
Net investment in capital assets	41,401	209,524	66,764	36,760	1,326,704	1,681,153
Total net position	$ 47,196	$ 320,808	$ 72,357	$ 41,643	$ 3,305,062	$ 3,787,066

Statements of Net Position by Campus

June 30, 2013 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Assets						
Current assets						
Cash and cash equivalents	$ 5,815	$ 38,472	$ 6,917	$ (1,790)	$ 144,592	$ 194,006
Short-term investments					89,534	89,534
Receivables, net	94	7,573	676	1,264	287,414	297,021
Inventories	152	2,218	121		20,063	22,554
Student loans receivable, net	104	1,391	226		12,136	13,857
Prepaid expenses	31	412	41		11,544	12,028
Other assets					376	376
Total current assets	6,196	50,066	7,981	(526)	565,659	629,376
Noncurrent assets						
Restricted cash and cash equivalents					87,005	87,005
Investments	2,881	86,492	3,133		1,796,650	1,889,156
Receivables, net			50	3,643	455	4,148
Student loan receivables, net	511	8,320	1,150		44,107	54,088
Prepaid expenses					5,636	5,636
Other assets					15	15
Capital assets, net	42,442	214,118	68,610	39,769	2,511,975	2,876,914
Total noncurrent assets	45,834	308,930	72,943	43,412	4,445,843	4,916,962
Total assets	52,030	358,996	80,924	42,886	5,011,502	5,546,338
Deferred Outflows of Resources						
Total deferred outflows of resources						
Total assets and deferred outflows of resources	52,030	358,996	80,924	42,886	5,011,502	5,546,338
Liabilities						
Current liabilities						
Accounts payable	578	4,241	768	379	128,988	134,954
Accrued liabilities and other	1,691	16,892	2,315	657	217,846	239,401
Unearned income	1,018	4,166	142	51	63,368	68,745
Long-term debt-current portion					285,416	285,416
Total current liabilities	3,287	25,299	3,225	1,087	695,618	728,516
Noncurrent liabilities						
Accrued liabilities and other	1,804	17,398	2,700	275	162,387	184,564
Unearned income					162	162
Long-term debt					1,015,314	1,015,314
Total noncurrent liabilities	1,804	17,398	2,700	275	1,177,863	1,200,040
Total liabilities	5,091	42,697	5,925	1,362	1,873,481	1,928,556
Deferred Inflows of Resources						
Total deferred inflows of resources						
Total liabilities and deferred inflows of resources	5,091	42,697	5,925	1,362	1,873,481	1,928,556
Net Position						
Unrestricted	1,398	7,909	1,627	(522)	809,734	820,146
Restricted						
Expendable	2,427	35,187	3,946	2,277	821,982	865,819
Nonexpendable	1,018	59,085	1,052		216,446	277,601
Net investment in capital assets	42,096	214,118	68,374	39,769	1,289,859	1,654,216
Total net position	$ 46,939	$ 316,299	$ 74,999	$ 41,524	$ 3,138,021	$ 3,617,782

Statements of Revenues, Expenses, and Changes in Net Position by Campus

Year ended June 30, 2014 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 11,345	$ 90,151	$ 10,037	$ 7,182	$ 614,106	$ 732,821
Federal grants and contracts	226	8,292	294		471,365	480,177
State and other government grants	68	4,312	51		59,417	63,848
Nongovernmental grants and contracts	306	2,412	1,496	21	288,559	292,794
Student loan interest income	16	280	30		1,505	1,831
Sales and services of educational activities, net	422	4,843	205	37	139,796	145,303
Auxiliary enterprises, net	3,935	37,130	7,438	1,738	326,208	376,449
Other operating revenues					137	137
Total operating revenues	16,318	147,420	19,551	8,978	1,901,093	2,093,360
Expenses						
Operating expenses						
Educational and general						
Instruction	9,872	68,042	12,423	2,499	676,643	769,479
Research	113	18,327	1,098	619	659,561	679,718
Public service	317	8,238	746	19	243,821	253,141
Academic support	3,077	24,191	4,571	1,386	361,702	394,927
Student services	2,521	14,623	4,512	1,636	93,283	116,575
Institutional support	2,434	12,690	2,901	5,119	233,497	256,641
Operation and maintenance of plant	4,207	26,346	6,561	143	248,681	285,938
Scholarships and fellowships	424	1,931	1,245	89	50,830	54,519
Depreciation	2,249	12,611	4,239	3,140	170,466	192,705
Auxiliary enterprises	5,770	30,672	8,949	160	210,517	256,068
Other operating expenses, net	(6)	59	(42)		572	583
Total operating expenses	30,978	217,730	47,203	14,810	2,949,573	3,260,294
Operating Loss	(14,660)	(70,310)	(27,652)	(5,832)	(1,048,480)	(1,166,934)
Nonoperating Revenues (Expenses)						
Federal appropriations					19,072	19,072
State appropriations	8,926	35,592	19,158	7,597	543,518	614,791
Grants	4,328	23,171	5,848		167,548	200,895
Gifts	778	5,283	1,153	71	189,887	197,172
Investment income, net	228	4,342	259		229,578	234,407
Interest on capital asset-related debt					(45,637)	(45,637)
Other nonoperating revenues (expenses), net	7	(1,841)	333	(219)	(200)	(1,920)
Net nonoperating revenues	14,267	66,547	26,751	7,449	1,103,766	1,218,780
Income (Loss) Before Other Revenues	(393)	(3,763)	(901)	1,617	55,286	51,846
Capital appropriations					83,081	83,081
Capital grants and gifts		1,055	(39)		21,913	22,929
Additions to permanent endowments		2,833	28		8,567	11,428
Transfers	3,737	24,143	2,568	1,912	(32,360)	
Other internal charges	(3,087)	(19,759)	(4,298)	(3,410)	30,554	
Total other revenues (expenses)	650	8,272	(1,741)	(1,498)	111,755	117,438
Increase (Decrease) in Net Position	257	4,509	(2,642)	119	167,041	169,284
Net position at beginning of year	46,939	316,299	74,999	41,524	3,138,021	3,617,782
Net position at end of year	$ 47,196	$ 320,808	$ 72,357	$ 41,643	$ 3,305,062	$ 3,787,066

Statements of Revenues, Expenses, and Changes in Net Position by Campus
Year ended June 30, 2013 (in thousands)

	Crookston	Duluth	Morris	Rochester	Twin Cities	Total
Revenues						
Operating revenues						
Student tuition and fees, net	$ 10,906	$ 91,844	$ 10,440	$ 5,962	$ 601,358	$ 720,510
Federal grants and contracts	462	7,961	421	50	488,550	497,444
State and other government grants	39	2,480	31	2	58,223	60,775
Nongovernmental grants and contracts	404	2,985	685	166	273,964	278,204
Student loan interest income	19	304	46		1,498	1,867
Sales and services of educational activities, net	393	4,717	190	12	150,661	155,973
Auxiliary enterprises, net	3,875	37,235	5,950	1,392	317,007	365,459
Other operating revenues					135	135
Total operating revenues	16,098	147,526	17,763	7,584	1,891,396	2,080,367
Expenses						
Operating expenses						
Educational and general						
Instruction	9,545	61,806	12,134	2,030	652,081	737,596
Research	139	17,265	919	516	637,712	656,551
Public service	565	7,827	521	117	240,227	249,257
Academic support	3,106	23,758	4,795	1,523	334,083	367,265
Student services	2,526	13,553	4,553	1,718	87,880	110,230
Institutional support	2,728	13,045	3,097	4,394	174,055	197,319
Operation and maintenance of plant	4,471	24,640	6,261		231,622	266,994
Scholarships and fellowships	433	1,985	1,209	116	46,692	50,435
Depreciation	1,747	12,472	3,881	3,072	171,967	193,139
Auxiliary enterprises	5,128	31,047	6,946	137	192,153	235,411
Other operating expenses, net	(8)	5	(53)		75	19
Total operating expenses	30,380	207,403	44,263	13,623	2,768,547	3,064,216
Operating Loss	(14,282)	(59,877)	(26,500)	(6,039)	(877,151)	(983,849)
Nonoperating Revenues (Expenses)						
Federal appropriations					22,039	22,039
State appropriations	8,541	30,816	18,756	7,428	509,950	575,491
Grants	4,595	22,677	5,508		162,361	195,141
Gifts	623	4,955	664	80	152,845	159,167
Investment income, net	204	4,156	256		118,181	122,797
Interest on capital asset-related debt					(44,035)	(44,035)
Other nonoperating revenues (expenses), net	15	(97)	283	(5)	3,237	3,433
Net nonoperating revenues	13,978	62,507	25,467	7,503	924,578	1,034,033
Income (Loss) Before Other Revenues	(304)	2,630	(1,033)	1,464	47,427	50,184
Capital appropriations					98,396	98,396
Capital grants and gifts		555	31	5,800	22,415	28,801
Additions to permanent endowments		6,153	6		6,299	12,458
Transfers	5,673	(13,236)	4,067	14,801	(11,305)	
Other internal charges	(3,122)	(19,662)	(4,209)	(3,005)	29,998	
Total other revenues (expenses)	2,551	(26,190)	(105)	17,596	145,803	139,655
Increase (Decrease) in Net Position	2,247	(23,560)	(1,138)	19,060	193,230	189,839
Net position at beginning of year	44,692	339,859	76,137	22,464	2,944,791	3,427,943
Net position at end of year	$ 46,939	$ 316,299	$ 74,999	$ 41,524	$ 3,138,021	$ 3,617,782

80 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 on Additional Information

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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, 2014, 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 October 29, 2014. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

October 29, 2014

EASTCLIFF ANNUAL REPORT

July 2013 – June 2014

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 2014

BACKGROUND

In 1922, Mr. Edward Brooks, a local lumber baron, commissioned C.H. Johnston Jr., an architect of record for the University of Minnesota, to create a home for his family. The resulting twow story, twentyw 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 and students 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.

2013-14 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
Kathy Schmidlkofer, President & CEO, 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.

2013-14 Eastcliff Technical Advisory Committee Roster

Chair:
Lyndel King, Director, Frederick R. Weisman Art Museum

Voting Members:
J. Stephen Weeks, Associate Professor, 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:
Cynthia Scott, Associate to the President, 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 2013-14, private donations totaling $9,529 were raised through the Friends of Eastcliff Garden Party, an annual donor recognition and fundraising event, and other fundraising activities.

Eastcliff Endowment Funds

Markell Brooks Eastcliff Enhancement Endowment
Dwight F. Brooks II Eastcliff Enhancement Fund
July 1, 2013 – June 30, 2014

Purpose: To be used for enhancements to Eastcliff.

Beginning Balance 7/1/13	**$865,567.23**
Contributions	-
Disbursements	-
Investment Return	$87,286.25
Ending Balance 6/30/14	**$952,853.48**
Available Cash Balance	**$197,981.65**
(Accumulated earnings made available from endowment)	

Eastcliff Legacy Fund
July 1, 2013 – June 30, 2014

Purpose: To be used for enhancements to Eastcliff.

Beginning Balance 7/1/13	**$62,934.78**
Contributions	$9,529.00
Pledge payments	$20,000.00
Disbursements	($21,167.76)
Investment Return	$60.96
Ending Balance 6/30/14	**$71,356.98**
Available Cash Balance	**$71,356.98**

Eastcliff Legacy Fund Disbursements
July 1, 2013 – June 30, 2014

2012/2013 Garden Parties	$10,617.15
2014 Garden Party	$1,278.86
China cabinet repair	$450.00
Dining room table leaf repair	$125.00
Stickley sideboard	$5,044.99
Walnut oval table	$610.95
Removal and installation of new paintings	$280.00
Chair repair	$165.00
Commercial grade garland for fence	$2,595.81
Total Disbursements	**$21,167.76**

Eastcliff Endowment Fund
July 1, 2013 – June 30, 2014
Created January 15, 2014

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

Beginning Balance 7/1/13	**-**
Contributions	$49,970.83
Disbursements	-
Investment Return	$2,314.98
Ending Balance 6/30/14	**$52,285.81**
Available Cash Balance	**$1,128.50**

OFFICIAL UNIVERSITY ENTERTAINING

One of Eastcliff's primary functions is to serve as a venue for special University events and activities. More than 4,200 guests attended eighty-four events held at Eastcliff in fiscal year 2013-14 including University of Minnesota students, faculty, staff, alumni, and friends as well as community, national, and world leaders.

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.

Eastcliff Events Activity

Number of Events Held by Type

	Breakfast	Lunch	Reception	Dinner	Tour	Meeting	Picnic	Other
2004-2005	20	18	40	37	10	20	2	5
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

Number of Events Per Year

2004-2005	159
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

Number of Guests Per Year

2004-2005	6,808
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

CAPITAL AND MAINTENANCE PROJECTS COMPLETED FY 2013 –14

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 2013-14:

Maintenance Project Summary

Chimney stabilization	$44,700
Replace three sections of fence, touch up paint	$2,500
Paint two exterior walls off South terrace of main house	$9,500
Paint all exterior walls of Historic Summer House	$4,200
Electrical work in Carriage House	$4,100
Replace security camera #7 west walk	$2,900
Landcare Projects	$2,100

FACILITIES MANAGEMENT AND PRESIDENT'S OFFICE SUMMARY OF EXPENDITURES

General Operations and Maintenance Fund
12 Months Ending June 30, 2014
(unaudited)

	Current Year 2013/14			Prior Year 2012/13		
	Facilities	**Events**	**Total**	**Facilities**	**Events**	**Total**
Beginning Balance		$181,662	$181,662	$8,268	$107,347	$115,615
REVENUES						
Total Year Allocation	$258,945	$87,847	$346,792	$229,131	$138,154	$367,285
Transfer from Office of the President				$28,000		$28,000
Transfer from Facilities Management	$54,396			$21,363		$21,363
Transfer from the General Contingency Fund						
Transfer from Central Reserves				$69,852		$69,852
Total Resources	$313,341	$269,509	$528,454	$356,614	$245,501	$602,115
EXPENDITURES						
Salaries and Fringe Benefits	$63,525	$26,141	$89,666	$71,366	$33,289	$104,655
Supplies, Expenses, Equipment	$249,816	$5,307	$255,123	$285,248	$2,551	$287,799
Transfer to FM					$28,000	$28,000
Transfer to/(from) the Eastcliff Project Reserve						
Total Expenditures	$313,341	$31,448	$344,789	$356,614	$63,839	$420,453
Ending Balance	$0	$238,061	$183,665	$0	$181,662	$181,662

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 12, 2014**

Agenda Item: Consent Report

☐ **Review** ☒ **Review + Action** ☐ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

Presenters: Regent Richard Beeson

Purpose & Key Points

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

Items for consideration:

A. Report of the All-University Honors Committee
The President recommends approval of the All-University Honors Committee recommendations forwarded to the Board of Regents in a letter dated December 4, 2014.

B. Gifts
The President recommends approval of the Summary Report of Gifts to the University of Minnesota through October 31, 2014 (attached).

C. Report of a Special Naming Committee
A Special Naming Committee recommends approval of a University naming forwarded to the Board of Regents in a letter dated December 4, 2014.

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 2014 Regents Meeting

	September		Year-to-Date	
	2014	2013	07/01/14 09/30/14	07/01/13 09/30/13
U of M Gift Receiving	$ 147,021	$ 43,701	$ 193,225	$ 165,463
4-H Foundation	536,305	45,351	743,778	107,782
Arboretum Foundation	331,777	332,255	3,734,373	2,947,837
Univ of MN Foundation	18,804,277	21,291,271	38,190,475	56,219,648
Total Gift Activity	**$ 19,819,380**	**$ 21,712,578**	**$42,861,851**	**$ 59,440,730**

*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 2014

Donor	Rec'd by	Gift/Pledge	Purpose of gift
$1 Million and Over			
Dr. Roger E. Anderson Estate	UMF	Gift	Scholarships
Hormel Foundation	UMF	Gift	Hormel Institute
American Crystal Sugar Company	UMF	Pledge	College of Food, Agricultural and Natural Resource Sciences
Lynn Johnson Family Foundation	UMF	Pledge	Scholarships
Ronald and JoAnne Moquist	UMF	Pledge	Intercollegiate Athletics
$500,000 - $1,000,000			
Childrens Cancer Research Fund	UMF	Gift/Pledge	Medical School, Academic Health Center
Anonymous	UMF	Pledge	Law School
$250,000 - $500,000			
The McKnight Foundation	UMF	Gift	Center for Urban & Regional Affairs, Carlson School of Management, College of Food, Agricultural and Natural Resource Sciences
$100,000 - $250,000			
Hilda E. Jacob Estate	UMF	Gift	Scholarships
Alfred Harrison	UM	Gift	Minnesota Landscape Arboretum
Anonymous	UMF	Gift	College of Veterinary Medicine
Daneshy Charity-Fidelity Charitable Gift Fund	UMF	Gift	College of Science and Engineering
$50,000 - $100,000			
Anonymous	UMF	Gift	Unrestricted
Anonymous	UMF	Pledge	Intercollegiate Athletics
Intel Corporation	UMF	Gift	College of Science and Engineering
Linda Bachman Felker	UMF	Gift	Scholarships
Richard A. and Mary Jo M. Eastes	UM	Gift	University of Minnesota Crookston
National Sports Center	UMF	Gift	Academic Health Center
Arvid Olson Estate	UMF	Gift	Medical School
Nitto Denko Corporation	UMF	Gift	College of Science and Engineering
Robert S. and Karin L. Moe	UMF	Gift	Carlson School of Management
Terry G. Free	UMF	Pledge	College of Education and Human Development

$25,000 - $50,000

McLaughlin Gormley King Company	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Theodore E. Hanson	UMF	Pledge	Carlson School of Management
Dr. Vanessa D. Dayton	UMF	Gift	Medical School
Dr. Mark Ferguson and Phyllis Young	UM	Gift	College of Liberal Arts
Curtis L. Carlson Family Foundation	UMF	Gift	Carlson School of Management
Thomas F. and Sandra L. Glodek	UMF	Pledge	Medical School
Doris C. Hodroff	UMF	Gift	Medical School
Kellogg's	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
McCormick and Company Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
The National MPS Society Incorporated	UMF	Gift	Medical School
Robert W. and Joyce H. Rosene	UMF	Gift	College of Science and Engineering
General Mills Incorporated	UMF	Gift	Intercollegiate Athletics, Carlson School of Management
Mary Moon Foundation Incorporated	UMF	Gift	Academic Health Center
General Mills Foundation	UMF	Gift	Various Colleges
Berger Transfer and Storage Incorporated	UM	Gift	Intercollegiate Athletics
3M Company	UMF	Gift	Carlson School of Management
BASF Corporation	UMF	Gift	College of Science and Engineering
ExxonMobil Corporation	UMF	Gift	College of Science and Engineering, Carlson School of Management
Hazel and Mervin Hough and Marvin Dunnette Fund-St. Paul Foundation	UMF	Gift	College of Liberal Arts
Jake Enebak	UMF	Pledge	Intercollegiate Athletics
Jeremy G. Nyquist	UMF	Pledge	School of Nursing
Jerome P. Ledin	UMF	Gift	College of Liberal Arts
Larry and Sandra Stordahl Charitable Gift Fund	UMF	Gift	Intercollegiate Athletics
Neil P. Anderson	UMF	Gift	College of Liberal Arts
Paul and Patricia Sackett Fund-Schwab Charitable Fund	UMF	Gift	College of Liberal Arts
Richard and Patty DeLano	UMF	Pledge	University of Minnesota Duluth
Scott D. Meyer	UMF	Pledge	College of Liberal Arts
Syngenta Crop Protection LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

$10,000 - $25,000

Craig Dahl	UMF	Gift	Medical School
Charles E. Proshek Foundation	UMF	Gift	Medical School
Robertet Flavors Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Valent	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Jeanne A. Brandt	UMF	Gift	School of Nursing
Takasago International Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
West Central Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Boston Scientific Corporation	UMF	Gift	College of Science and Engineering
Environmental Defense Fund Incorporated	UMF	Gift	Institute on the Environment
Judy L. Knight	UMF	Gift/Pledge	Intercollegiate Athletics
MN Golf Course Superintendents Association Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Robert Steinberg	UMF	Gift	Medical School
Starkey Hearing Technologies Incorporated	UMF	Gift	College of Science and Engineering
Aaron M. Davis	UMF	Gift	Academic Health Center
The J. M. Smucker Company	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
CHS Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences, Intercollegiate Athletics
Russell Underdahl	UM	Gift	Bell Museum of Natural History
Center for Computer-Assisted Legal Instruction	UMF	Gift	Law School
Department of MN Ladies Auxiliary VFW	UMF	Gift	Hormel Institute
David S. and Mary F. Doty	UMF	Gift	Law School
Jean and Mark Schroepfer Fund-St. Paul Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Katherine Haley	UM	Gift	Minnesota Landscape Arboretum
McVay Foundation	UMF	Gift	College of Continuing Education
Mike and Linda Fiterman Family Foundation	UMF	Gift	Scholarships, Carlson School of Management
Pam Borton and Lynn Holleran	UMF	Pledge	College of Education and Human Development
Stephen A. and Gail J. Craine	UMF	Gift	Intercollegiate Athletics
Cavendish Farms Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

$10,000 - $25,000

Anonymous	UMF	Gift	Academic Health Center, Carlson School of Management, Intercollegiate Athletics
Dennis and Lois Maki Charitable Gift Fund	UMF	Gift	University of Minnesota Duluth
Grant M. Potulny	UMF	Pledge	Intercollegiate Athletics
Target Corporation	UMF	Gift	Carlson School of Management, College of Pharmacy
Chevron Corporation	UMF	Gift	Carlson School of Management
Land O'Lakes Incorporated Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Mozo-Grau	UMF	Gift	School of Dentistry
Ryan M. Potulny	UMF	Pledge	Intercollegiate Athletics
Jeannine M. Rivet	UM	Gift	Minnesota Landscape Arboretum
Boeing Shared Services Group	UMF	Gift	College of Science and Engineering
International Center for Tropical Agriculture	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Laurence F. and Jean Y. LeJeune	UMF	Gift	Academic Health Center, Medical School, College of Veterinary Medicine
National Marrow Donor Program	UMF	Gift	College of Science and Engineering
Cragun Enterprises Incorporated	UMF	Gift	Intercollegiate Athletics
Flavor and Extract Manufacturers Association of US Incorporated	UMF	Gift	Academic Health Center
Land O' Lakes Incorporated	UMF	Gift	Humphrey School of Public Affairs
Catherine L. and John H. Agee	UMF	Gift	Medical School
Ruth A. and Leroy M. Fingerson	UMF	Gift	Medical School
Peter Kiedrowski	UMF	Gift	Humphrey School of Public Affairs
Dr. James D. Lehmann	UMF	Gift	Medical School
Anthony R. and Vicky R. Dorso	UMF	Gift	Medical School
Barbara L. and Robert R. de la Vega	UMF	Gift	Scholarships
Benjamin and Laura Cooper Fund-Schwab Charitable Fund	UMF	Gift	Law School
Best Buy Company Incorporated	UMF	Gift	College of Science and Engineering, Medical School
Biosense Webster Incorporated	UMF	Gift	Medical School
Chorzempa Family Foundation	UMF	Gift	Academic Health Center
CoBank	UMF	Gift	Carlson School of Management
Donovan C. Loeslie	UMF	Gift	Intercollegiate Athletics
Dorothy E. Downey	UMF	Gift	School of Public Health
Dr. Herbert J. and Ms. Gertrude M. Hannam	UMF	Gift	College of Science and Engineering
Dr. Robert H. Bosl	UMF	Gift	Medical School
Dr. Robert M. and Linda L. Serafin	UMF	Gift	Medical School

$10,000 - $25,000

Frank P. Gallipoli	UMF	Gift	Intercollegiate Athletics
Hysitron Incorporated	UMF	Gift	College of Science and Engineering
Julie E. Oswald Family Trust-Fidelity Charitable Gift Fund	UMF	Gift	College of Education and Human Development
Lawrence Family Foundation	UMF	Gift	Carlson School of Management
Minnesota Golf Association Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Polaris Foundation	UMF	Gift	Carlson School of Management
Stoel Rives LLP	UMF	Gift	Carlson School of Management
The Bergquist Company	UMF	Gift	College of Science and Engineering
The Bush Foundation	UMF	Gift	Carlson School of Management
Thomas F. O'Grady	UMF	Gift	Intercollegiate Athletics
United States Potato Board	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

$5,000 - $10,000

Ruth V. Jones	UMF	Gift	Scholarships
Mark A. and Deborah J. Kravik	UMF	Gift	Intercollegiate Athletics
Janice Kispert	UM	Gift	Minnesota Landscape Arboretum
North Central Cheese Industries Association	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Syvilla M. Turbis Estate	UMF	Gift	Medical School
DePuy Orthopaedics Incorporated	UMF	Gift	Medical School
Carol J. Brezina	UMF	Gift	Academic Health Center
The Scotts Company	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
UnitedHealth Group	UM	Gift	Minnesota Landscape Arboretum
Katherine H. Anderson	UMF	Gift	College of Veterinary Medicine
Hearing Components Incorporated	UMF	Gift	College of Science and Engineering
Segetis Incorporated	UMF	Gift	College of Science and Engineering
Accenture LLP	UMF	Gift	Carlson School of Management
Ryan Contracting Company	UMF	Gift	Intercollegiate Athletics
Medtronic Incorporated	UMF	Gift	Humphrey School of Public Affairs
Rainbow TreeCare Scientific Advancements Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Daniel J. and Ruth J. Haggerty	UM	Gift	Minnesota Landscape Arboretum
Minnesota FFA Foundation Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
BioLegend Incorporated	UMF	Gift	Medical School
Patricia R. Thayer	UMF	Gift	Carlson School of Management
Research and Diagnostic Systems Incorporated	UMF	Gift	Medical School
Curtis L. Roy	UMF	Gift	Law School, Medical School

$5,000 - $10,000

John E. and Nancy E. Lindahl	UMF/UM	Gift	Minnesota Landscape Arboretum
Mary L. Aufderheide	UMF	Gift	University of Minnesota Duluth
Minnesota Masonic Charities	UMF	Gift	Medical School
Donald E. Ryks	UM	Gift	Minnesota Landscape Arboretum
Dr. Nancy E. Carpenter	UMF	Pledge	University of Minnesota Morris
Anonymous	UMF	Gift	College of Veterinary Medicine
Barbara J. Gullickson	UM	Gift	Minnesota Landscape Arboretum
CHR Hansen Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Christopher R. Hansen	UMF	Gift	College of Science and Engineering
Dr. Pareena G. Lawrence	UMF	Pledge	University of Minnesota Morris
Dr. Robert C. and Ms. Anita H. Hodson	UMF	Pledge	College of Biological Sciences
Dwight W. and Georgia E. Day	UMF	Gift	University of Minnesota Crookston
Eli Coleman	UMF	Gift	Medical School
George M. Reid	UMF	Gift	College of Liberal Arts
Gilead Sciences Incorporated	UMF	Gift	School of Public Health
Intertech Systems LLC	UMF	Gift	College of Science and Engineering
James R. Monteiro	UMF	Gift	College of Design
James W. Ramsey	UMF	Gift	College of Science and Engineering
Jim and Carole Hynes Family Foundation-American Endowment Foundation	UMF	Gift	Global Programs and Strategy Alliance
Joann and Dennis Johnson	UMF	Gift	Intercollegiate Athletics
JoAnn C. Schuldt	UMF	Gift	Intercollegiate Athletics
Kaplan Strangis and Kaplan P A	UMF	Gift	Law School
Kelle Company	UMF	Gift	College of Design
Lorraine Jamar	UMF	Gift	Medical School
Mark Z. Jones II and Judith S. Jones	UMF	Gift	Academic Health Center
Nancy McCabe	UM	Gift	Minnesota Landscape Arboretum
Patterson Companies Incorporated	UMF	Gift	School of Dentistry
Peter W. Robinson	UM	Gift	Minnesota Landscape Arboretum
Philip O. Isaacson	UM	Gift	Minnesota Landscape Arboretum
Ronald L. Christenson	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Schall Family Fund-Mpls Foundation	UMF	Gift	College of Liberal Arts
Sedona Blatt Trust	UMF	Gift	College of Science and Engineering
Stinson Leonard Street LLP	UMF	Gift	Carlson School of Management
Stuart W. Crombie	UMF	Gift	College of Liberal Arts
The Baseline Club Incorporated	UMF	Gift	Intercollegiate Athletics
Timothy R. M. Andersen	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Vital Images Incorporated	UMF	Gift	College of Science and Engineering
Woessner Freeman Family Foundation-American Endowment Foundation	UMF	Gift	College of Education and Human Development

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

December 2014 Regents Meeting

	October		Year-to-Date	
	2014	2013	07/01/14 10/31/14	07/01/13 10/31/13
U of M Gift Receiving	$ 60,627	$ 3,976,291	$ 253,852	$ 4,141,753
4-H Foundation	73,473	52,545	817,252	160,327
Arboretum Foundation	335,690	1,800,084	4,070,063	4,747,921
Univ of MN Foundation	81,404,525	13,390,531	119,595,000	69,610,179
Total Gift Activity	**$ 81,874,315**	**$ 19,219,451**	**$ 124,736,167**	**$ 78,660,180**

*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 2014

Donor	Rec'd by	Gift/Pledge	Purpose of gift
$1 Million and Over			
Minnesota Masonic Charities	UMF	Pledge	Academic Health Center
Land O'Lakes Incorporated Foundation	UMF	Pledge	Various Colleges
David M. (d) and Janis L. Larson	UMF	Gift	Scholarships, Intercollegiate Athletics, College of Liberal Arts
John E. and Nancy E. Lindahl	UMF	Gift	Intercollegiate Athletics
$500,000 - $1,000,000			
Jean Roberts Estate	UMF	Gift	University of Minnesota Foundation
Arthur P. Fischer Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Vance K. Opperman	UMF	Pledge	Law School
$250,000 - $500,000			
Minnesota Lions Vision Foundation Incorporated	UMF	Gift	Medical School
Howard G. Buffett Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Childrens Cancer Research Fund	UMF	Pledge	Medical School, Academic Health Center
Minnesota Lions Diabetes Foundation Incorporated	UMF	Pledge	Medical School
Susan M. Petersen	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
$100,000 - $250,000			
Medica	UMF	Gift	Office of Equity and Diversity, Medical School, School of Public Health
John Vaenoski Honey Farm	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
3M Company	UMF	Gift	School of Dentistry, Carlson School of Management, College of Science and Engineering
Dr. Craig R. Holt Estate	UMF	Gift	College of Science and Engineering
Brian K. and Patti S. Smith	UMF	Pledge	College of Food, Agricultural and Natural Resource Sciences

$100,000 - $250,000

Dale J. Engan	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Dr. Joseph D. Martin Estate	UMF	Gift	Medical School
Stephen P. Filler	UMF	Pledge	School of Public Health

$50,000 - $100,000

Katherine R. Lillehei Charitable Lead Unitrust	UMF	Gift	Medical School, School of Nursing
The Saint Paul Foundation	UMF	Gift	College of Education and Human Development, Medical School
Dow AgroSciences LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
S. Bartley Osborn Family Charitable Trust	UMF/UM	Gift	Intercollegiate Athletics, Minnesota Landscape Arboretum
Arnold S. Leonard Cancer Research Fund	UMF	Gift	Medical School
Starke and Virginia Hathaway Trust	UMF	Gift	College of Liberal Arts
Ross and Bridget Levin Charitable Gift Fund-Minneapolis Foundation	UMF	Gift	Intercollegiate Athletics
Fred H. and Renee B. Pritzker	UMF	Gift	Law School
Two Blades Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Wilson Family Charitable Fund-Vanguard Charitable Fund	UMF	Gift	Intercollegiate Athletics
RTP Company	UMF	Gift	College of Science and Engineering, Intercollegiate Athletics
Millicent Atkins Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Alfred P. Sloan Foundation	UMF	Gift	College of Liberal Arts
Marilyn A. Storm Estate	UM	Gift	Minnesota Landscape Arboretum
Gertrude L. Berndt Estate	UMF	Gift	College of Liberal Arts
Robert O. and Donna Vidas	UM	Gift	Minnesota Landscape Arboretum
A. Peter Hilger	UMF	Pledge	College of Continuing Education
Becton Dickinson and Company	UMF	Gift	College of Science and Engineering
Dai Nippon Printing Company Ltd	UMF	Gift	College of Science and Engineering
Ffolliott Family Trust	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ganoe Charitable Foundation-National Philanthropic Trust	UMF	Gift	Medical School
Henkel Corporation	UMF	Gift	College of Science and Engineering
John W. and Nancy A. Peyton	UMF	Pledge	College of Education and Human Development

$50,000 - $100,000

McGough Construction Company Incorporated	UMF	Pledge	College of Continuing Education
Michael C. Burns	UMF	Pledge	Intercollegiate Athletics
Silicon Valley Community Foundation	UMF	Gift	College of Science and Engineering
Sra Charitable Trust-Fidelity Charitable Gift Fund	UMF	Gift	College of Science and Engineering
Toray Industries Incorporated	UMF	Gift	College of Science and Engineering
Total American Services Incorporated	UMF	Gift	College of Science and Engineering

$25,000 - $50,000

George W. Taylor Charitable Trust	UMF	Gift	College of Science and Engineering
Wilbert G. Rohlfsen Estate	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Bayer Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Syngenta Crop Protection LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Patrick and Aimee Butler Family Foundation	UMF	Pledge	Bell Museum of Natural History
Betty J. Anderson Estate	UMF	Gift	University of Minnesota Duluth
Green Mountain Coffee Roasters	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
PepsiCo Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Bremer Bank of Crookston	UMF	Gift/Pledge	University of Minnesota Crookston
Eddy Foundation Charitable Trust U/W	UMF	Gift	University of Minnesota Duluth
Benjamin F. Nelson Estate	UMF	Gift	Medical School
Pfizer Incorporated	UMF/UM	Gift	Carlson School of Management, Minnesota Landscape Arboretum
Anonymous	UMF	Gift	Medical School
Bakken Family WRC Foundation	UMF	Gift	Medical School
John H. Daniels Jr. and Lisa Daniels	UM	Gift	University of Minnesota Duluth
Travelers	UMF	Gift	Carlson School of Management, College of Science and Engineering
Mr. and Mrs. George W. Taylor Foundation	UMF	Gift	College of Science and Engineering
Katharine E. Dumas	UMF	Gift	University of Minnesota Duluth
The Coca-Cola Company	UMF	Gift	College of Science and Engineering
Kenneth E. and Alix H. Behm	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Aron and Mary Anderson	UMF	Pledge	University of Minnesota Crookston

$25,000 - $50,000

Brian B. and Katherine W. Blankenburg	UMF	Pledge	College of Liberal Arts
Dean M. Williamson	UMF	Pledge	Intercollegiate Athletics
Donaldson Company Incorporated	UMF	Gift	Carlson School of Management
Dr. Arthur S. Brecher	UMF	Gift	Scholarships
Gerald M. Melnychuk	UMF	Pledge	Intercollegiate Athletics
Koons Family Fund-Oregon Community Foundation	UMF	Gift	School of Nursing
Lili P. Hall Scarpa	UMF	Gift	College of Liberal Arts
Michael E. Hill and Barbara Bink	UMF	Pledge	College of Liberal Arts
Rebecca D. Hoffman	UMF	Pledge	College of Science and Engineering
Robert E. Greiling, Jr.	UMF	Gift	College of Science and Engineering
Ronald A. and Kristine S. Erickson	UMF	Pledge	Law School
Valspar Corporation	UMF	Gift	College of Science and Engineering

$10,000 - $25,000

Austrian Federal Ministry of Science and Research	UMF	Gift	College of Liberal Arts
Gordon R. Johnson Endowed Fund-Minneapolis Foundation	UMF	Gift	Intercollegiate Athletics, Medical School
Alice Warren Gaarden Fund-Minneapolis Foundation	UMF	Gift	College of Science and Engineering
The Dow Chemical Company	UMF	Gift	College of Science and Engineering
Dr. Ruth A. Howe	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
HealthPartners Incorporated	UMF	Gift	Academic Health Center, School of Dentistry
Merz Aesthetics	UMF	Gift	Medical School
Monsanto Company	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Ronald L. and Janet A. Christenson	UMF	Gift	College of Science and Engineering
Arvid Olson Estate	UMF	Gift	Medical School
BNSF Foundation	UMF	Gift	Humphrey School of Public Affairs
Christensen Fund	UMF	Gift	Bell Museum of Natural History
Dr. Hans I. and Kathy Jorgensen	UMF	Gift	College of Veterinary Medicine
Dr. Mary A. Shimabukuro	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
James J. Trunk	UMF	Gift	College of Education and Human Development
The Scott Richards North Star Charitable Foundation	UMF	Gift	Medical School
Valent	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences

$10,000 - $25,000

The Caravan Trust	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Syvilla M. Turbis Estate	UMF	Gift	Medical School, Academic Health Center
Donald Weesner Foundation--US Bank Charitable Services Group	UMF	Gift	College of Veterinary Medicine, Minnesota Landscape Arboretum
Madeline van der Ziel-Meyer	UMF	Pledge	College of Science and Engineering
Cornelia van der Ziel	UMF	Pledge	College of Science and Engineering
Dr. Joanna C. Beachy	UMF	Pledge	College of Science and Engineering
Betty G. Schlotthauer Estate	UMF	Gift	College of Veterinary Medicine
BASF Corporation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Gary J. and Patricia K. Ray	UMF	Gift	Hormel Institute
Eleanor E. Kraker	UMF	Gift	University of Minnesota Duluth
Beth Ann Segal	UM	Gift	Minnesota Landscape Arboretum
Coyne Family Fund-Renaissance Charitable Foundation Incorporated	UMF	Gift	College of Veterinary Medicine
Donald V. and Nancy J. Moline	UMF	Gift	University of Minnesota Duluth
James B. Linsmayer Foundation	UMF	Gift	Medical School
Mary L. Aufderheide	UMF	Gift	University of Minnesota Duluth
Prudential Financial Incorporated	UMF	Gift	School of Public Health
Terry and Donna Brau	UMF	Gift	College of Liberal Arts
Community Health Charities of Minnesota	UMF	Gift	Academic Health Center
Christine H. Moen	UMF	Gift	4H Foundation, College of Food, Agricultural and Natural Resource Sciences, Academic Health Center
Dick and Peggy Lidstad	UMF	Gift	Carlson School of Management
Glenn W. Hasse Jr.	UMF	Gift	Intercollegiate Athletics
Gary's Gift	UMF	Gift	Academic Health Center
Wayne F. Schmidt Estate	UMF	Gift	Unrestricted
Boehringer Ingelheim Vetmedica Incorporated	UMF	Gift	College of Veterinary Medicine
Minnesota Community Foundation	UM	Gift	4H Foundation
The Luther Family Foundation	UMF	Gift	Medical School
Dr. Mary A. Ebert and Mr. Paul R. Stembler	UMF	Gift	Various Colleges
Ostara USA LLC	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Dr. Eldore B. Nash	UMF	Gift	Medical School
American Legion Family Brain Sciences Foundation	UMF	Gift	Medical School

$10,000 - $25,000

Ben and Jeanne Overman Charitable Trust	UMF	Gift	University of Minnesota Duluth
Dr. Dino Xykis	UMF	Gift	College of Science and Engineering
Ion Corporation	UMF	Gift	Intercollegiate Athletics
June B. Hendrickson	UMF	Gift	University of Minnesota Duluth
Boston Scientific Corporation	UMF	Gift	Medical School
Robert S. and Pamela M. Berkwitz	UMF	Gift	Intercollegiate Athletics
Anonymous	UMF	Gift	Medical School
Burley Foods LLC	UMF	Gift	Intercollegiate Athletics
Clement N. and Elizabeth Brau	UMF	Gift	College of Liberal Arts
Cumming Foundation	UMF	Gift	College of Science and Engineering
Dr. John A. Reichert	UMF	Gift	Medical School
Elizabeth A. Huey	UMF	Gift	College of Education and Human Development
Hoeft Family Foundation	UM	Gift	Minnesota Landscape Arboretum
Holly Christina Stahl Foundation Incorporated	UMF	Gift	College of Design
IBM Corporation	UMF	Gift	Carlson School of Management
Jon and Susan Campbell	UM	Gift	Minnesota Landscape Arboretum
Laura and Lawrence Ciavola	UMF	Gift	Academic Health Center
Laura K. Rehfeld	UMF	Pledge	Carlson School of Management
LG Academy	UMF	Gift	Carlson School of Management
Marcia M. Larson Estate	UM	Gift	Minnesota Landscape Arboretum
MN Golf Course Superintendents Association Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Mosaic Holdings Incorporated	UMF	Gift	Carlson School of Management, Intercollegiate Athletics
Robin J. and Craig R. Dahl	UMF	Gift	Academic Health Center
Roger H. Dreher	UMF	Gift/Pledge	Medical School
Smikis Foundation	UM	Gift	Minnesota Landscape Arboretum
Steven C. Leuthold Family Foundation	UMF	Gift	College of Veterinary Medicine
Thomas P. Vannelli	UMF	Pledge	Intercollegiate Athletics
Wendy and Peter J. Lee	UM	Pledge	Minnesota Landscape Arboretum

$5,000 - $10,000

Hormel Foundation	UMF	Gift	Hormel Institute
Barbara C. McGinnis	UMF	Gift	University of Minnesota Morris
Robert K. Eddy	UMF	Gift	Intercollegiate Athletics
Stryker Orthopaedics	UMF	Gift	Medical School
Curtis L. Carlson Family Foundation	UMF	Gift	Humphrey School of Public Affairs, Carlson School of Management

$5,000 - $10,000

West Central Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
DePuy Orthopaedics Incorporated	UMF	Gift	Medical School
Drs James T. and Penny I. Langland	UMF	Gift	Intercollegiate Athletics
American Veterinary Medical Foundation	UMF	Gift	College of Veterinary Medicine
Dr. S. Massoud Amin	UMF	Pledge	College of Science and Engineering
Muriel M. Orcutt Estate	UMF	Gift	Libraries
Cheminova Incorporated	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Gold Country Incorporated	UMF	Gift	Intercollegiate Athletics
Jim Smith Foundation	UMF	Gift	Medical School
Barbara A. Elsen Estate	UMF	Gift	Academic Health Center
Network for Good	UMF	Gift	Various Colleges
Kay E. Dobbs	UMF	Gift	Medical School
Spencer Stuart	UMF	Gift	Intercollegiate Athletics
Anonymous	UM	Gift	4H Foundation
Joseph M. Deignan	UMF	Gift	Intercollegiate Athletics
The PDI Charitable Giving Fund - St. Paul Foundation	UMF	Gift	Carlson School of Management, College of Education and Human Development
Wendy J. Wildung	UMF	Gift	College of Liberal Arts, College of Veterinary Medicine, Unrestricted
Bayer CropScience LP	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Kenneth and Amy Pucel	UMF	Gift	College of Education and Human Development, College of Science and Engineering
KPMG Foundation	UMF	Pledge	Carlson School of Management
Wheeler/Chutich Charitable Fund-R. James Charitable Endowed Fund	UMF	Gift	College of Education and Human Development, College of Science and Engineering, Humphrey School of Public Affairs
Yvonne P. Oaks Trust	UMF	Gift	Medical School
Stitching Pals	UM	Gift	Academic Health Center
IDEXX Laboratories Incorporated	UMF	Gift	College of Veterinary Medicine
Dakota Aggregates LLC	UMF	Gift	College of Science and Engineering
Donald H. Vogt	UMF	Gift	University of Minnesota Morris
Richard R. Lindeke	UMF	Gift	University of Minnesota Duluth
TCF National Bank	UMF	Gift	Academic Health Center, Scholarships, Academic Affairs - Veterans
Bachman's Incorporated	UM	Gift	Minnesota Landscape Arboretum
Alta M. Oben	UMF	Gift	University of Minnesota Duluth

$5,000 - $10,000

Fluid Fertilizer Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Wendy Friede	UMF	Gift	Academic Health Center
Irene M. Ott	UMF	Gift	College of Education and Human Development
Connie Lynn Geadelmann Trust	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
MN Grand Chapter Eastern Star	UMF	Gift	Medical School
John and Nancy Lambros	UMF	Gift	Libraries
Alan E. Peterson	UMF	Gift	College of Continuing Education
Allina Health System	UMF	Gift	Medical School
Anonymous	UMF	Gift	College of Liberal Arts
Best Buy Purchasing LLC	UMF	Gift	Scholarships
Bonita M. Kozub-Frels	UMF	Gift	College of Liberal Arts
Brian and Meghan Milovich	UMF	Pledge	Carlson School of Management
Catherine A. Taylor	UMF	Gift	Law School
Collins-Krause Family Fund-Renaissance Foundation	UMF	Gift	College of Food, Agricultural and Natural Resource Sciences
Davanni's Pizza and Hot Hoagies	UMF	Gift	Academic Health Center
David R. Frauenshuh	UM	Gift	Minnesota Landscape Arboretum
Delta Dental Benefit Plans of Minnesota	UMF	Gift	School of Dentistry
Dick and Joyce H. McFarland Family Fund-Minneapolis Foundation	UMF	Gift	Global Programs and Strategy Alliance
Donald J. Ruth Estate	UMF	Gift	Carlson School of Management
Dr. Fred A. Donath	UMF	Gift	College of Science and Engineering
Dr. Gary D. Geroy and Catherine Miller Geroy	UMF	Gift	College of Education and Human Development
Dr. Peh H. Ng	UMF	Pledge	University of Minnesota Morris
Dr. Rebecca A. Urbanski and Scott L. Junkert	UMF	Gift	College of Veterinary Medicine
Dr. Steven L. and Karen L. Crouch	UMF	Gift	College of Science and Engineering, College of Liberal Arts
Emily J. McNamara	UMF	Gift	Intercollegiate Athletics
GeoDigm Corporation	UMF	Gift	School of Dentistry
Gerald H. Friedell	UMF	Gift	Law School
Gerald S. Cloutier	UMF	Gift	Intercollegiate Athletics
H. William and Judy Walter	UMF	Gift	Carlson School of Management
Hubert and Nathalie Joly	UMF	Gift	Carlson School of Management
IGA Midtown Foods	UMF	Gift	Intercollegiate Athletics
Jack and Gretchen Norqual Foundation-MN Community Foundation	UMF	Gift	Intercollegiate Athletics

$5,000 - $10,000

Jeannine M. Rivet	UM	Gift	Minnesota Landscape Arboretum
Jeffrey T. Tuttle	UM	Gift	Minnesota Landscape Arboretum
Jerry R. Kill	UMF	Gift	Intercollegiate Athletics
Joseph A. Tennyson	UMF	Gift	Intercollegiate Athletics
Judith Conrad and Jim Stai	UMF	Gift	College of Liberal Arts
Kaplan Strangis and Kaplan P A	UMF	Gift	Law School
Karen D. Henke	UMF	Gift	Medical School
Marcia L. Page	UMF	Gift	Intercollegiate Athletics
Marjorie S. and Dwight A. Peterson	UMF	Gift	Carlson School of Management
Mary L. Devlin	UMF	Gift	College of Liberal Arts
Million Dollar Round Table Foundation	UMF	Gift	Academic Health Center
Minnesota Dental Association	UMF	Gift	School of Dentistry
Minnesota Farm Bureau Foundation	UM	Gift	4H Foundation
MN Pulmonary Fibrosis Support Group	UMF	Gift	Medical School
National Wild Turkey Federation Incorporated	UM	Gift	4H Foundation
Neil J. VanSloun	UM	Gift	Minnesota Landscape Arboretum
Neugent Family Charitable Fund - Fidelity Charitable Gift Fund	UMF	Gift	Carlson School of Management
Noran Neurology Clinic	UMF	Gift	Medical School
P. and D. Kahn Philanthropic Fund-Jewish Community Fund	UMF	Gift	College of Science and Engineering
Pamela S. Olson	UMF	Gift	Academic Health Center
Paul E. Rockne	UMF	Gift	Law School
Renville County Extension Fund	UM	Gift	4H Foundation
Ronald and Diane Leafblad	UMF	Gift	Intercollegiate Athletics
Samuel L. Kaplan	UMF	Gift	Law School
Sandra K. Olson-Loy	UMF	Pledge	University of Minnesota Morris
Shari Ballard and Marianne Barnett	UMF	Gift	College of Education and Human Development
Shirley I. Decker	UMF	Gift	College of Liberal Arts
Susan K. Cammack	UM	Gift	4H Foundation
Terry L. Wade	UMF	Gift	College of Veterinary Medicine
The Hubbard Broadcasting Foundation	UMF	Gift	Medical School
Timothy J. Forstad	UMF	Gift	Carlson School of Management
Unisys Corporation	UMF	Gift	College of Science and Engineering
Wells Fargo Bank Minnesota	UM	Gift	Minnesota Landscape Arboretum

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents **December 12, 2014**

Agenda Item: Report of the Faculty Consultative Committee

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☒ *This is a report required by Board policy.*

Presenters: Rebecca Ropers-Huilman, Professor, College of Education and Human Development; Chair, Faculty Consultative Committee

Purpose & Key Points

To provide the Board of Regents with an update on the goals and accomplishments of the Faculty Consultative Committee throughout the year.

Background Information

The chair of the Faculty Consultative Committee provides regular updates to the Board of Regents throughout the year. The last update occurred in June 2014.

FACULTY CONSULTATIVE COMMITTEE REPORT
TO THE UNIVERSITY OF MINNESOTA BOARD OF REGENTS
December 12, 2014

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

This is the fall semester report provided by the Faculty Consultative Committee to the Board of Regents. The purpose is to inform you of some of the issues that are on the minds of faculty and to bring you up to date with some of the items that are being discussed by faculty governance.

As is our practice, the FCC held a retreat in late August, the purpose of which was to identify and expand our understandings of issues that are important to the University of Minnesota. Within that broad agenda, we brought in panels of administrators, staff, faculty, and students to discuss issues related to diversity and equity, graduate and undergraduate education, the roles and experiences of non-tenure track faculty, and the effects of the external environment on the University. Following that discussion, we identified several areas which we were particularly interested in focusing on during this academic year.

Equity and Diversity
Many people at the University of Minnesota understand that scholarly excellence requires a diversity of views. Many also realize that in order for a diversity of views to be respectfully honored and integrated into all university functions, we need to work toward equity in addition to diversity. Throughout the institution, efforts have been made to move toward diversity and equity. Some examples of these efforts include conversations that the Office of Equity and Diversity has initiated with deans to help them prioritize their collegiate goals in this area. These conversations will help to institutionalize and provide support for equity and diversity efforts. Each college was also charged with reviewing salaries to identify if there are any inequities in compensation and, if so, to correct them. We will learn about the outcomes and future plans of each college's salary equity review process in the spring. The University's commitment to equity and diversity has also resulted in many discussions about how to enrich our faculty by recruiting and retaining outstanding colleagues with diverse perspectives, identities, and experiences. The FCC hopes to be a partner in moving the University toward greater equity and diversity to enhance our excellence. We continue to seek clarity about who has responsibility for this important work, and how we can make better progress.

Graduate Education
Without a doubt, graduate education is important for every aspect of our mission. Graduate students increase their knowledge and skills in their chosen fields while studying at the University. They also fuel the institution by sharing with other students and with faculty their enthusiasm and insights related to their subject matter and the grand challenges in their fields. In this way, graduate students are essential to the quality of a research university. The Board of Regents has heard quite often about graduate education in the last years, and many of us in the institution have been actively reflecting on how we can do better in this area. Toward that end, we have engaged with Provost Hanson and her staff as they move forward with the implementation of a re-envisioned administrative structure that will better support the wide range of post-baccalaureate programs that we have at the University. We also look forward to

enriching graduate education through the implementation of the strategic plan and its focus on grand challenges and excellence throughout the university. We expect that quality and funding of graduate education will remain high on the priority list of our shared governance system.

Faculty Engagement
Faculty members have many different roles and employment relationships with the University. In order for faculty in these various roles to achieve excellence individually and in collaboration with colleagues and students, they need to feel valued and engaged in their units. In this regard, we look forward to seeing the results of the first two years of data from the engagement survey to determine more conclusively how the University might better support engaging work environments for faculty and staff. We know that we must also have a robust system of review and assessment that supports tenure-track, tenured, and contract faculty in making their greatest contributions to the University. While we believe we already have a robust faculty assessment system, with recent and forthcoming changes in place to enhance that system further, we recognize that there are differences in current review processes across the University. We continue to emphasize the need to assess both faculty work and the academic contexts in which it happens to foster faculty engagement.

Parental Leave/Caregiver Support
The greatest number of responses to our call for faculty members' ideas about FCC's priorities this year came in the area of support for faculty who are caregivers of family members. The University's support for caregivers was considered in one of our senate committees last year, but many faculty believe that we are not yet where we need to be with our policies. We are hopeful that we can continue to work with the administration to create a more family-friendly environment that leads to a valuing (and likely enhanced performance) of faculty with various familial relationships. In order to achieve our goal of recruiting and retaining an excellent and diverse faculty who are poised to shape their fields, this is an important focus.

Strategic Plan
We understand the benefit of aligning our thinking with the University's strategic plan. At our October senate meeting, faculty, staff, and students engaged in robust discussion about the plan and were largely complimentary of both the effort invested in the planning process as well as its outcome. We are excited to be in the implementation stage, and look forward to working with regents, administrators, faculty colleagues, students, and community members as we fulfill the plan's promise.

Chris Uggen, who serves as the Vice Chair of the FCC this year, and I look forward to working with the regents to maintain strong shared governance at the University of Minnesota. We know that we stand on the shoulders of those who came before us in these roles, and we particularly are thankful to Will Durfee who served as the FCC Chair last year. We hope to continue the tradition of excellence that characterizes the University of Minnesota.

Respectfully submitted by Rebecca Ropers-Huilman, Professor of Higher Education in the Department of Organizational Leadership, Policy, and Development, and Chair, Faculty Consultative Committee

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents Meeting **December 12, 2014**

Agenda Item: 2014 University Plan, Performance, and Accountability Report

[X] **Review** [ ] **Review + Action** [ ] **Action** [ ] **Discussion**

[X] *This is a report required by Board policy.*

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

Purpose & Key Points

The annual *University Plan, Performance, and Accountability Report* provides the Board of Regents with information needed to fulfill its public accountability.

Throughout the year, the Board and others use the report as a reference guide to the University's progress toward strategic goals. This year's report highlights quantitative and qualitative data that demonstrates the University's success in remaining accessible, attracting outstanding students, offering a great student experience, graduating students prepared for success, conducting breakthrough research, engaging with communities, and 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. In 2014, the timetable for the production of the report shifted to December. The 2014 edition is the 13th edition produced.

2014 University Plan, Performance, and Accountability Report

Board of Regents
December 12, 2014

Karen Hanson, Senior Vice President For Academic Affairs and Provost

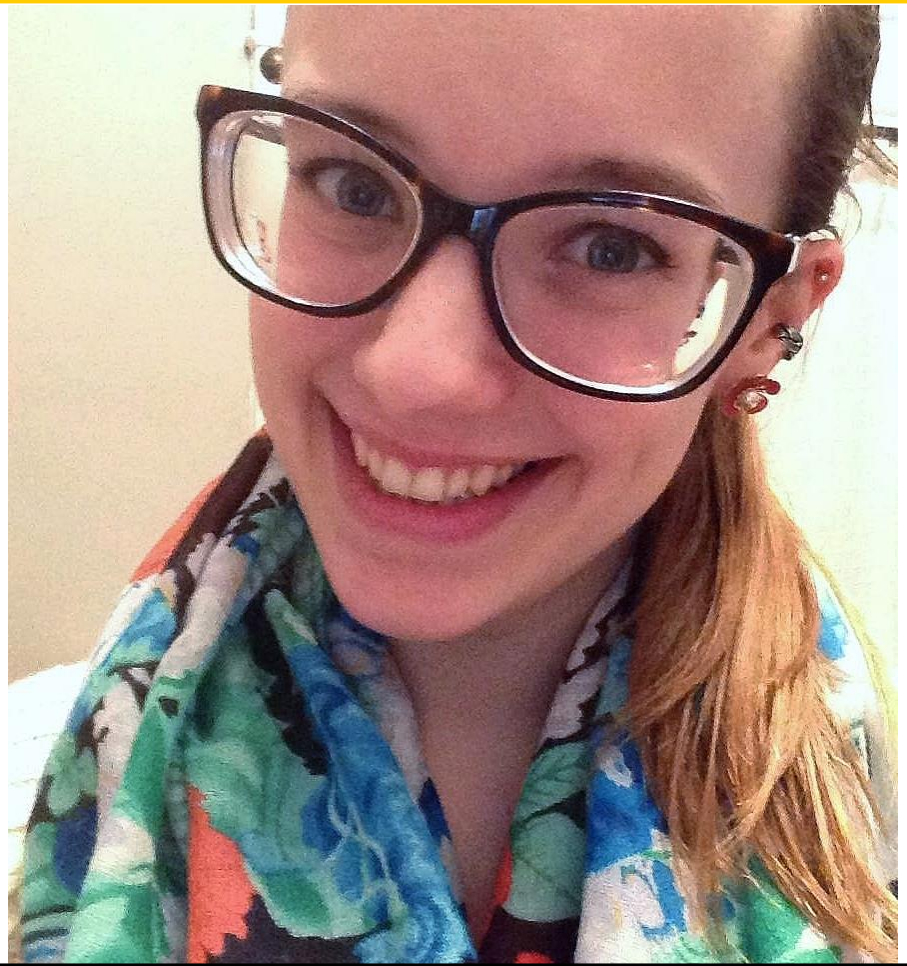
University of Minnesota
Driven to Discover℠

Education

Maria Lee, majoring in Geography and pursuing minors in Park and Protected Area Management and Outdoor Recreation and Education.

Anne Gair, graduated with distinction from Morris in 2014, currently enrolled in medical school on the Twin Cities campus.

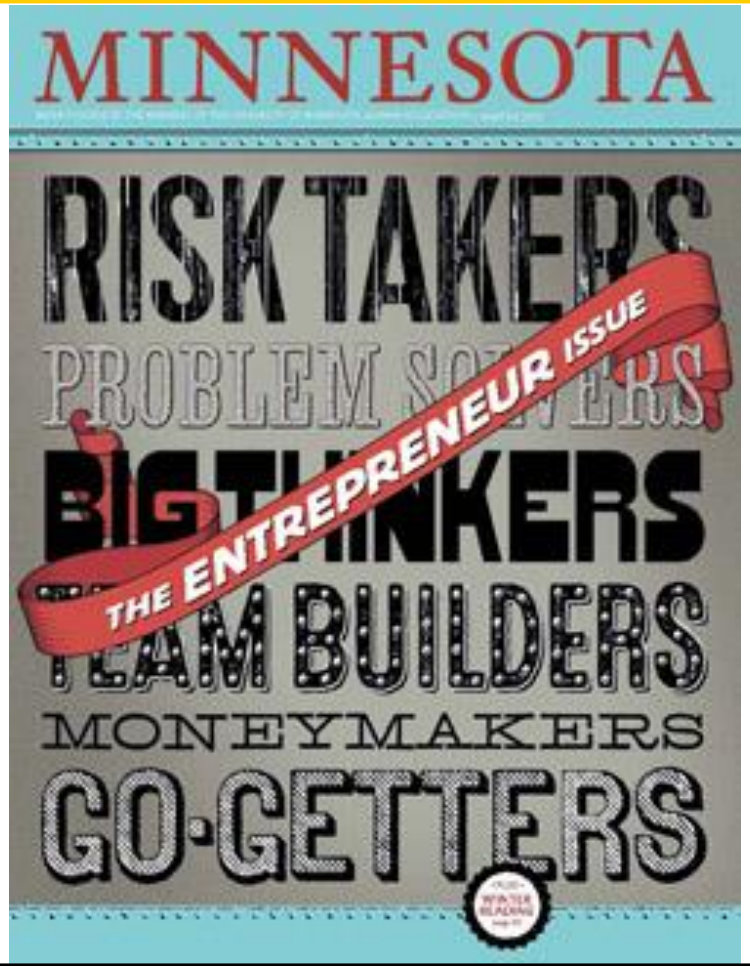
Gabriel Ramirez-Hernandez , majoring in psychology and French studies.



Maura Williams-Freier, majoring in Child Psychology and Spanish.

Basil Mahayni, Ph.D. student in geography.

Gold Medalist Gopher iGEM team


MINNESOTA
RISK TAKERS
PROBLEM SOLVERS
BIG THINKERS
TEAM BUILDERS
MONEYMAKERS
GO-GETTERS
THE ENTREPRENEUR ISSUE

Carolyn Shaw-Beaulieu, UMD ’13

Linah Mairura,
B.S. ’06

Eddie Mairura,
B.S. ’07 and M.D. ’11

Larissa Anderson,
B.A. ’99, M.A. ’03

Jack Brewer,
B.S. ’01, M.Ed. ’02

Teigan Gulliver,
CivE ’08

Wemimo Abbey,
UMC ’13

CWFE

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Abbey with former President, Bill Clinton

Clean Water for Everyone

Research and Discovery

David Pui,
Distinguished McKnight University Professor, Department of Mechanical Engineering

Rose Brewer,
Morse-Alumni Distinguished Teaching Professor of African American & African Studies

Outreach and Public Service

Nolan Meyer,
UMR student

Katie Winter,
UMM student

Students working with the UMD Sustainable Agriculture Project

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

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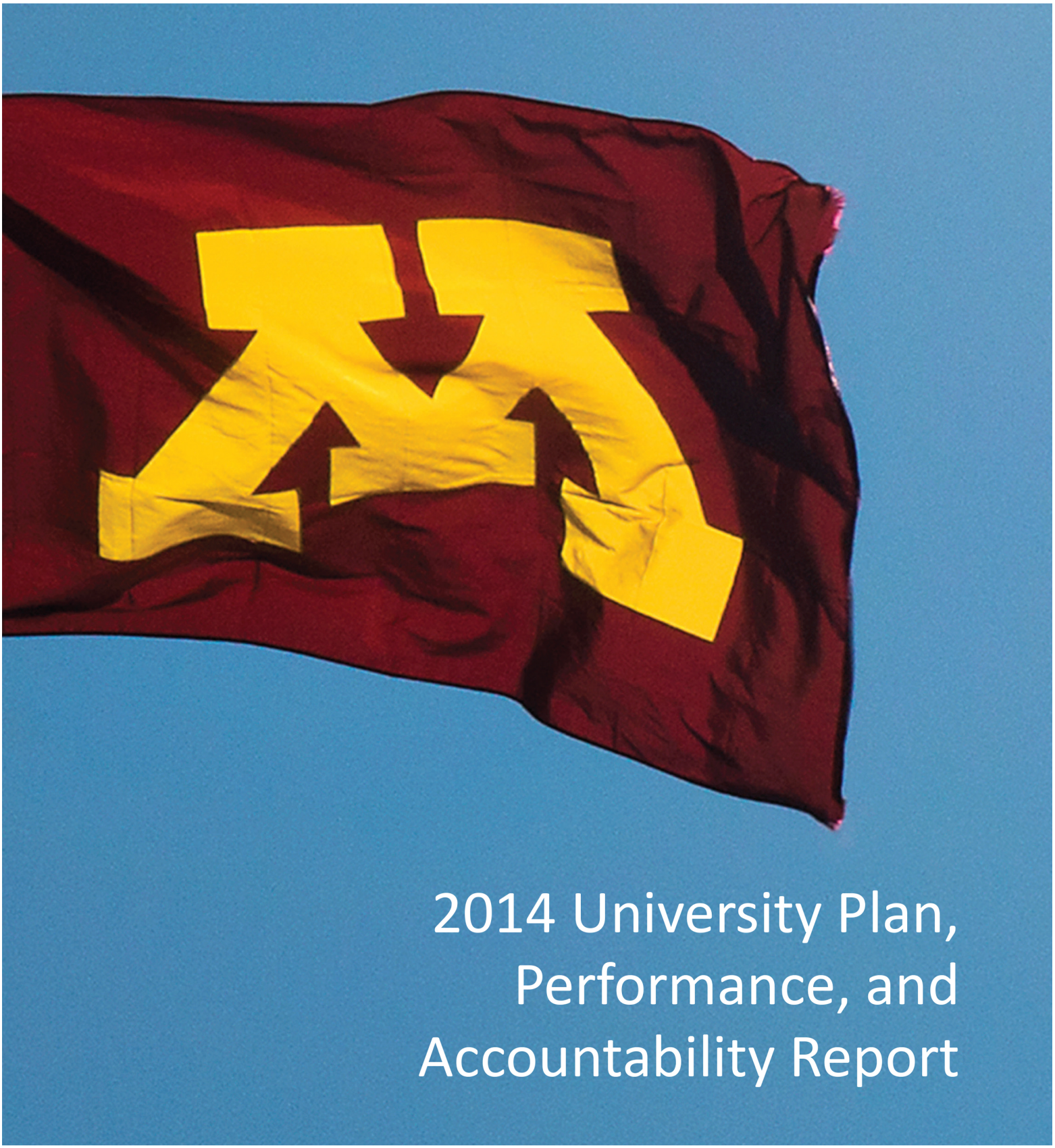

2014 University Plan, Performance, and Accountability Report

December 8, 2014 DRAFT

UNIVERSITY OF MINNESOTA
Driven to Discover℠

2014 University Plan, Performance, and Accountability Report

December 8, 2014 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 comprised 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 of the North Central Association of Colleges and Schools. 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 2014 was 67,477. Sixty-four percent of registered students were undergraduates. Non-degree-seeking students represented nearly ten percent of total enrollment. In 2013–14, the University granted 10,514 bachelor degrees, 3,474 master's degrees, 962 doctoral degrees, and 834 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 require 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 it 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 of whom 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.

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_2014.pdf)
- Annual Report on Sustainability (www.uservices.umn.edu/assets/pdf/Sustainability_2014.pdf)
- Energy Management and Utilities update (www.uservices.umn.edu/assets/pdf/EnergyMgmtUtilities_2014.pdf)
- Facilities Condition and Utilization update (www.uservices.umn.edu/assets/pdf/FCA_2014.pdf)
- Capital Planning and Project Management Semi-Annual Report (www.uservices.umn.edu/assets/pdf/CPPM_2014.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, such as the Center for Urban and Regional Affairs on the Twin Cities campus (www.cura.umn.edu/publications/reporter) or the Precambrian Research Center on the Duluth campus (www.d.umn.edu/prc/annualreports); key administrative or student services areas, such as Orientation and First-Year Programs (www.ofyp.umn.edu/more/annual-reports); and annual reports to donors, such as that provided by the College of Biological Sciences (www.cbs.umn.edu/connect/donors/annual-report-donors).

Government and Other External Organization Requirements

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

- Postsecondary Planning: A joint report to the Minnesota Legislature by the Minnesota State Colleges and Universities and University of Minnesota;
- Biennial Report to the Minnesota State Legislature;
- 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 of the North Central Association of Colleges and Schools.

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.

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 documents. It reports on the University's effectiveness in fulfilling its mission, while the operating and capital budgets reports on the Uiversity's fiscal management.

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

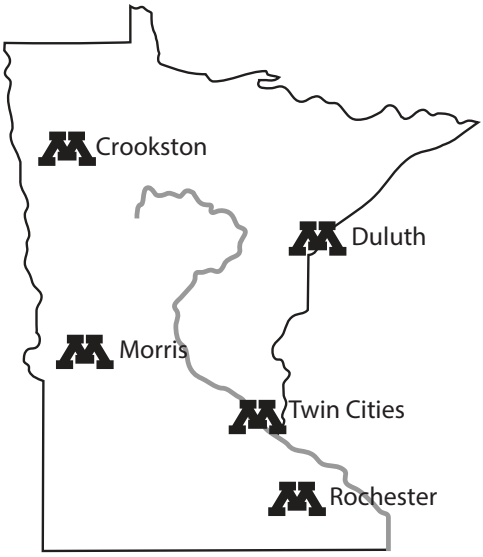
- articulates the mission and vision of the University;
- identifies critical issues and challenges confronting the University;
- illustrates and analyzes longitudinal trends in key areas;
- provides a means for comparisons with peer institutions; and
- identifies areas for continued work.

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.

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

149 undergraduate degree programs; 171 master's degree programs; 100 doctoral degree programs; and 6 professional programs in law, dentistry, medicine, pharmacy, and veterinary medicine

Student Enrollment (Fall 2014)

Undergraduate	30,135	(59%)
Graduate	12,711	(25%)
Professional	3,733	(7%)
Non-degree	4,568	(9%)
Total	**51,147**	

Employees (Fall 2014)

Direct Academic Providers	5,491	(24%)
Fellows, Trainees, and Students in Academic Jobs	5,847	(26%)
Higher Education Mission Support	3,516	(15%)
Intercollegiate Athletics	99	(<1%)
Facilities-Related Jobs	1,219	(5%)
Organizational Support	5,768	(25%)
Leadership	989	(4%)
Total Employees	**22,929**	

Degrees Awarded (2013–14)

Undergraduate	7,594	(60%)
Master's	3,269	(26%)
Doctoral & Professional	1,794	(14%)
Total	**12,657**	

Campus Physical Size (2013)

Minneapolis	
Number of Buildings	162
Assignable Square Feet	10,938,740
St. Paul	
Number of Buildings	99
Assignable Square Feet	2,509,299

Budget Expenditures (2013–14)

$3 billion

Planning at the University of Minnesota Twin Cities

In fall 2014, the Board of Regents adopted a new strategic plan for the Twin Cities campus. The plan was developed with broad input over many months by a 30-member workgroup and extended teams of faculty, staff, and students. It will be a framework for programmatic and operational decision making over the next decade, guiding strategies to achieve new excellence and impact in research, teaching, and outreach.

The plan builds directly on the strengths of the Twin Cities campus as Minnesota's globally engaged research university and one of few major land-grant research institutions situated in a major metropolitan area. It 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 our state and world.

The plan's four supporting goals aim to reinvigorate programs and activities for the benefit of students and the state. The plan does not prescribe new directions for all aspects of colleges, programs, and disciplines, but suggests strategies to enhance the quality and impact of research, teaching, and outreach based on a range of special opportunities and strengths.

Those goals are:

- **Combining exceptional research and curricular strengths of the Twin Cities campus more broadly and deeply to address "Grand Challenges"**—through more ambitious and innovative collaborations across disciplines as well as through new learning and career pathways that prepare students to be leaders, innovators, and global citizens.
- **Recruiting and retaining field-shaping researchers and teachers**—to advance excellence in research, outreach and engagement and to provide world-class educational experiences for graduate, professional, and undergraduate students.
- **Expanding campus-community collaborations to leverage the unique location of the campus in a vibrant metropolitan area and state**—to work with many industry and community partners to tackle big challenges and to provide engaged learning opportunities to students.
- **Promoting excellence and rejecting complacency at all levels of the institution**—to ensure that all policies and practices support a culture of achievement that will produce the best research, teaching, and engagement in fulfillment of the University's mission.

Implementation of the plan is underway and will continue through 2015 and beyond, with goals incorporated into academic planning by the Provost and deans. The goals of the plan will be connected in a variety of 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.

To jump-start institutional transformation, three initial grand challenge topics have been identified as examples of strong efforts already underway that harness University expertise across many fields of knowledge:

- Ensuring sustainable, healthy, secure food;
- Advancing industry while conserving the environment and addressing climate change; and
- Building vibrant communities that enhance human potential and collective well-being in a diverse and changing society.

The plan recommends a set of criteria for the evaluation and selection of additional grand challenges that will be embraced as institutional priorities. A collaborative process for selection will be developed as part of implementation strategies.

The plan's emphasis on ambition, innovation, and impact reflects the dual role of the University of Minnesota Twin Cities as both Minnesota's land-grant university, dedicated to serving the public good, and its designated flagship research institution, charged with positioning Minnesota at the forefront of emerging knowledge and educating the highly skilled workers, professionals, and leaders of the state.

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

	TYPE			SCOPE				SIZE				STUDENTS	
				Institution Includes:				Enrollment (9)					
Institution	Land Grant	City Size (2)	State Pop. (3)	Agricult. College	Law School	Med. School	Hospital	Under-grad.	Grad. & Prof.	Faculty (10)	R&D (11)	Top-10 HSR (12)	Percent in-state (13)
Ohio State U.–Columbus	●	Large	11.5	●	●	●	●	56,387		2,726	$767	54%	88%
								41,877	13,329				
Penn. State U.–University Park	●	Small	12.7	●	○(4)	○(5)	○(5)	45,783		1,763	$780	41%	70%
								38,547	6,591				
U. of California–Berkeley	●(1)	Mid-size	37.3		●			35,899		1,373	$730	98%	89%
								25,774	10,125				
U. of California–Los Angeles	●(1)	Large	37.3		●	●	●	41,341		1,776	$1,010	97%	94%
								27,938	13,400				
U. of Florida–Gainesville	●	Mid-size	18.8	●	●	●	○(6)	49,913		2,913	$697	77%	97%
								31,023	17,137				
U. of Illinois–Urbana-Champaign	●	Small	12.8	●	●	●	○(7)	44,520		1,837	$584	54%	91%
								31,260	12,239				
U. of Michigan–Ann Arbor		Mid-size	9.9		●	●	●	43,426		2,808	$1323	84%*	66%
								27,774	15,447				
U. of Minnesota–Twin Cities	●	**Large**	**5.3**	●	●	●	○(6)	**51,853**		**2,533**	**$826**	**44%**	**74%**
								30,375	**17,384**				
U. of Texas–Austin		Large	25.1		●	○(8)	○(8)	51,112		1,956	$622	72%	95%
								39,215	12,231				
U. of Washington–Seattle		Large	6.7		●	●	●	42,568		1,109	$1,149	92%*	87%
								27,118	13,635				
U. of Wisconsin–Madison	●	Mid-size	5.7	●	●	●	●	42,820		2,071	$1,170	56%	66%
								29,118	11,957				

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 2012 Enrollment. Total enrollment includes non-degree seeking students. Non-degree seeking students are excluded from undergraduate enrollment figures. Institutional Common Data Sets.
10 Faculty with tenure and tenure-track appointments, Fall 2011. Integrated Postsecondary Education Data System.
11 Research and design expenditures in millions of dollars, HERD Survey, FY 2012. National Science Foundation.
12 First-year students with high school rank (HSR) in the top 10 percent of their graduating class, Fall 2012. Institutional Common Data Sets.
13 Percentage of degree-seeking undergraduate students who are state residents, excluding international/nonresident alien students, Fall 2012. Institutional Common Data Sets.
* Previous year's figure.

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
Graduate School
Labovitz School of Business and Economics
School of Fine Arts
Swenson College of Science and Engineering

Academic Partnerships

College of Pharmacy
Medical School Duluth

Degrees/Majors Offered

13 bachelor's degrees in 82 majors; two-year program at the School of Medicine and College of Pharmacy; 21 graduate programs; participates in three all-university doctoral programs

Student Enrollment (Fall 2014)

Undergraduate	9,120	(82%)
Graduate	715	(6%)
Professional*	355	(3%)
Non-degree	903	(8%)
Total	**11,093**	

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

Employees (Fall 2014)

Direct Academic Providers	675	(35%)
Fellows, Trainees, and Students in Academic Jobs	234	(12%)
Higher Education Mission Support	258	(13%)
Intercollegiate Athletics	35	(2%)
Facilities-Related Jobs	149	(8%)
Organizational Support	495	(26%)
University Leadership	82	(4%)
Total Employees	**1,928**	

Degrees Awarded (2013–14)

Bachelor's	2,047	(91%)
Master's	205	(9%)
Doctoral	2	(0.1%)
Total	**2,254**	

Campus Physical Size (2013)

Number of Buildings	81
Assignable Square Feet	1,894,875

Budget Expenditures (2013–14)

$219.6 million

Planning at the University of Minnesota Duluth

The University of Minnesota Duluth (UMD) conducted a systematic planning process during the 2010–11 academic year to clarify its mission and to identify a campus vision, core values, and goals. The UMD Strategic Plan is the product of an inclusive, collaborative process involving the entire campus as well as Duluth community leaders. An ongoing Strategic Planning & Budget Committee has been established as part of a new governance structure to advise the Chancellor on campus strategic planning and budget matters. The committee provides a channel for campus constituencies to provide input into the strategic planning and budget processes and provide advice, analysis, and assessment throughout the process.

The plan articulates six goals to focus campus efforts for the next several years. The following three examples highlight a process and initiatives that exemplify UMD's strengths.

Program Prioritization

UMD conducted a program prioritization exercise during fall semester of 2013. This initiative provided a comprehensive review of programs, courses, and services that the UMD campus delivers in relation to how each aligns with the mission and how each positions UMD for growth. The goal of the program prioritization initiative is to manage and allocate campus financial resources to meet the needs of UMD students and surrounding community.

This initiative was timely given lower state funding, a decline in new student enrollment in fiscal year 2013, a challenging economy, and a shrinking Minnesota high school student population. Criteria were developed collaboratively in alignment with UMD's strategic plan—with an additional focus on financial sustainability—and programs were evaluated with respect to quality, demand, costs, revenue, productivity, and other key factors.

Data collected through the prioritization exercise will be used for resource allocation, program improvement, and as benchmarks for future decision making. Continued prioritization efforts will allow the campus to balance tight resources, ensure quality degree programs, and keep the focus on its core mission.

Natural Resources Research

UMD serves the region and state as a leader in natural resources research. The Natural Resources and Research Institute (NRRI) provides applied research in natural resource areas to develop products, processes, and services of value to northern Minnesota and the state. It also conducts research on natural resources to provide the tools, knowledge, and experiential training required for sound short- and long-term environmental and economic decisions.

NRRI employs about 150 scientists, engineers, and business specialists and relies primarily on grants and contracts to accomplish its program objectives, which focus on three prime areas: minerals, forest products, and water and the environment.

During its 30 years of operation, NRRI has become a prominent research and outreach arm of UMD, respected by industry and agency partners state-wide and around the world for model research, innovation, and outreach. The Institute collaborates with its partners (including industry, government, universities, tribes, agencies, and communities) in fostering a sustainable, more diversified economy and a healthy environment.

In addition, the focus on freshwater research education and outcomes continues to be a priority of the Swenson College of Science and Engineering, Center for Water and the Environment, Large Lakes Observatory, and the Minnesota Sea Grant. The Minnesota Sea Grant facilitates research and outreach programs about Lake Superior and Minnesota's inland waters. With an operating budget of approximately $1.5 million, Minnesota Sea Grant's staff members are dedicated to seeking and communicating information to enhance Lake Superior and Minnesota's inland aquatic resources and economies.

Native American Education

UMD has a longstanding commitment to Native American education and has numerous programs supporting this priority, including Ojibwe language revitalization, an undergraduate degree program in American Indian Studies, the American Indian Project

in the Department of Social Work, and extensive programming in education, where UMD has become a leader in alternative teacher education models to serve Native American populations. Recent additions include an Ed.D. cohort with an indigenous focus and the Master of Tribal Administration and Governance (MTAG), which graduated its first cohort of students in Spring 2013. MTAG is a hybrid program that meets on weekends and online, and was developed in full collaboration and consultation with the American Indian tribes across Minnesota and Wisconsin. The MTAG program is the only graduate degree program in the United States that trains current and potential American Indian tribal leaders in management practices serving Native American populations and tribal governments. It focuses on tribal sovereignty, federal Indian law, leadership, ethics, tribal accounting and budgets, and tribal management.

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, and 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 Undergrad.	Percent Full-time	Percent In-state
CA Poly. State U.–San Luis Obispo	Public	Small	Master's	18,679	95%	95%	89%
Col. of Charleston	Public	Mid-size	Post-Master's Certificate	11,723	90%	86%	39%
Minnesota State U.–Mankato	Public	Small	Doctorate	15,441	87%	79%	83%
South Dakota State U.	Public	Small	Doctorate	12,583	88%	72%	61%
Southern Illinois U.–Edwardsville	Public	Mid-size	Doctorate	14,055	81%	77%	92%
U. of Mass.–Dartmouth	Public	Mid-size	Doctorate	9,210	82%	78%	96%
U. of Michigan–Dearborn	Public	Large	Doctorate	8,790	83%	58%	99%
U. of Minnesota–Duluth	**Public**	**Large**	**Doctorate**	**11,491**	**90%**	**86%**	**87%**
U. of North Carolina–Charlotte	Public	Large	Doctorate	26,232	81%	76%	88%
U. of Northern Iowa	Public	Mid-size	Doctorate	12,273	87%	84%	92%
Western Michigan U.	Public	Mid-size	Doctorate	24,598	79%	71%	92%
Western Washington U.	Public	Mid-size	Post-Master's Certificate	14,833	94%	90%	82%

Source: Integrated Postsecondary Education Data System (IPEDS)
Student data reflect Fall 2012 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; 8 pre-professional programs

Student Enrollment (Fall 2014)

Undergraduate	1,803	(95%)
Non-degree	96	(5%)
Total	**1,899**	

Employees (Fall 2014)

Direct Academic Providers	164	(38%)
Fellows, Trainees, and Students in Academic Jobs	2	(<1%)
Higher Education Mission Support	29	(7%)
Intercollegiate Athletics	21	(5%)
Facilities-Related Jobs	46	(11%)
Organizational Support	143	(33%)
University Leadership	28	(6%)
Total Employees	**433**	

Degrees Awarded (2013–14)

Bachelor's	372

Campus Physical Size (2013)

Number of Buildings	36
Assignable Square Feet	599,432

Budget Expenditures (2013–14)

$47.2 million

Planning at the University of Minnesota Morris

Morris'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 leadership team show that Morris has made progress toward or completed nearly two thirds of the 84 specific items included in the original plan. Select strategic accomplishments are described in the following sections.

Academic Center for Enrichment

Morris established a center for academic enrichment 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.

Enrollment Goals

Morris has continued to increase and support its numbers of international students (now 9 percent of the student population) and students of color (now 26 percent of the student population).

National Profile

Morris 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 and a Margaret A. Cargill foundation grant to develop a leadership program with an emphasis on sustainability. Two summer bridge programs support the success of international students (STELLAR program) and Morris's twenty-year-old Gateway program supports the success of entering students from underrepresented groups.

In addition, Morris 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. On average, 60% 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, will provide half of the electricity for Morris'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 Morris'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 the offices of community engagement and sustainability.

Plan for Future Success

With these accomplishments in mind, the Morris campus plan for future success includes facilities renovation; enhanced efforts related to the retention and graduation of 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: Morris is listed as a district on the national historic registry. Two historic campus buildings have been renovated in recent years to provide welcoming and functional learning, research, and interaction spaces for campus members. One of these buildings has achieved LEED gold status. Yet a number of historically significant buildings, constructed during the late nineteenth and early twentieth century, are inaccessible for anyone with mobility issues. Morris has crafted a plan that combines campus resources, Higher Education Asset

Preservation and Replacement funds, and repair and renovation funds to begin incremental modifications to these buildings.

Learning commons: 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: Morris's physical education center was built in the 1970s, when, before Title IX, only men's sports were in emphasized. The facility is not able to house the many female athletes who now participate in NCAA Division III sports programs. Morris's plan includes facilities renovation that will repurpose the building with a focus on wellness and student success for all.

Retention

Morris'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, Morris 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: Morris is exploring an initiative that would better connect 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.

Retaining a diverse student population: Although the retention and graduation gap between students of color and white students is in fact smaller than the national average on the Morris campus, there is still work to be done. To respond to this need, Morris is preparing a grant to be submitted in spring 2015 under the federal TRIO Student Support Services program.

Faculty recruitment

Morris 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, Morris 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

Morris is piloting a number of initiatives that use technology and eLearning to expand and enhance the campus's face-to-face liberal arts mission and expects to continue this focus into the future. 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 Morris 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. And Morris is 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 Native 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 not only the region but also 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 for addressing these issues. The campus envisions the creation of an outdoor classroom, and a recent gift of land provides a springboard for a number of initiatives.

Resilient communities: In the spirit of fostering the creation of resilient communities, the campus has begun conversations with community leaders and private investors to explore ways in which the Morris community might develop as a demonstration platform and model 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 solar garden.

Comparison Group Institutions

For its planning purposes the Morris campus has identified 15 higher education institutions as its comparison group (Table 3-3). These schools come closest to aligning with the Morris campus' 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 Undergrad.	Percent Full-time	Percent In-state
Albion Col.	Private	Small	Bachelor's	1,382	100%	98%	-
Coe College	Private	Small	Bachelor's	1,364	100%	95%	-
Concordia Col.–Moorhead	Private	Mid-Size	Master's	2,598	99%	97%	-
DePauw U.	Private	Small	Bachelor's	2,336	100%	99%	-
Gustavus Adolphus Col.	Private	Small	Bachelor's	2,526	100%	98%	-
Kalamazoo Col.	Private	Mid-Size	Bachelor's	1,379	100%	99%	-
Lycoming Col.	Private	Mid-Size	Bachelor's	1,354	100%	99%	-
Macalester Col.	Private	Large	Bachelor's	2,070	100%	98%	-
Mass. Col. of Liberal Arts	Public	Small	Master's	1,600	89%	81%	75%
St Mary's Col. of Maryland	Public	Small	Master's	1,901	98%	97%	85%
St Olaf Col.	Private	Small	Bachelor's	3,176	100%	98%	-
SUNY at Purchase Col.	Public	Small	Master's	4,128	97%	90%	80%
U. of Virginia's Col. at Wise	Public	Small	Bachelor's	2,420	100%	63%	94%
U. of Maine–Farmington	Public	Small	Master's	2,028	93%	87%	82%
U. of Minnesota–Morris	**Public**	**Small**	**Bachelor's**	**1,896**	**100%**	**93%**	**88%**
U. of N.C.–Asheville	Public	Large	Master's	3,693	98%	81%	86%

Source: Integrated Postsecondary Education Data System (IPEDS)
Student data reflect Fall 2012 enrollment

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

29 undergraduate degree programs; 13 online majors, 2 academic programs offered in China

Student Enrollment (Fall 2014)

Undergraduate	1,876	(66%)
Non-degree	974	(34%)
Total	**2,850**	

Employees (Fall 2014)

Direct Academic Providers	94	(33%)
Higher Education Mission Support	36	(13%)
Intercollegiate Athletics	28	(10%)
Facilities-Related Jobs	28	(10%)
Organizational Support	72	(26%)
University Leadership	23	(8%)
Total Employees	**281**	

Degrees Awarded (2013–14)

Bachelor's	428

Campus Physical Size (2013)

Number of Buildings	39
Assignable Square Feet	442,100

Budget Expenditures (2013–14)

$31 million

Planning at the University of Minnesota Crookston

The University of Minnesota Crookston (UMC) 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. (UMC 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 up to $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 contributes to the University's excellence with 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 DII athletics; and a supportive learning environment where all students, including first-generation, less prepared, and at-risk students, can realize their potential and thrive.

An extension of the modern land-grant mission, online learning continues to be a strategic part of academic programming, and Crookston serves as an eLearning leader within the University system. Crookston also maintains a strong commitment to offering a top-notch, robust experience for both residential and commuter students. A major focus of strategic planning is to achieve a strong critical mass of students on campus while also growing online enrollment.

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 2014, enrollment of domestic degree-seeking students of color is 13% of on-campus enrollment, and international students account for 7% of on-campus degree-seeking enrollment. This affords the campus and community opportunities for multicultural interaction and exchange.

Crookston'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 Crookston exhibits extraordinarily lean operations, campus units continue to explore ways to gain efficiencies. Recruiting and retention efforts 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 equally targeted and effective in an increasingly competitive market.

Campus Strategic Planning

In late 2013 and into 2014 Crookston 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. 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. SEMC also will establish enrollment strategies and tactics to meet both short-term and long-term enrollment goals and will guide action plans for key issues such as advising, students of color, transfer students, and online students. New recruitment materials have been developed, new student orientation programs are being enhanced for transfer students, 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. Priority action items include outreach to alumni—of both on-campus and online programs—and asking them to serve as advocates to support the recruitment and retention of prospective and current students; the development and promotion of greater connections to campus history, donor gifts, and the legacy of alumni; working with regional youth organizations such as 4-H to promote the campus and its programs; and increased sharing of the positive impact the campus has on the community, region, and state.

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 campus already 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. Additionally, the Crookston campus is preparing to bring the Small Business Development Center for Northwest Minnesota to campus in early 2016. Key to this outcome will be the hiring of an individual to research, coordinate, organize, and lead these efforts under the umbrella of the planned Center for Rural Economic Development. Work is being done to identify grant resources to help fund this position.

Aligning and Coordinating with the Twin Cities 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 University system and the Crookston campus. 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 strategic plan reside in the grand challenges and the other focus areas. With a planning approach that addresses opportunities and challenges as they arise, Crookston'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 Crookston recruit and retain the very best educators? How will Crookston strive for excellence and reject complacency? Crookston'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 Undergrad.	Percent Full-time	Percent In-state
Bemidji State U.	Public	Small	Master's	5,027	95%	71%	89%
Dakota State U.	Public	Small	Doctoral	3,110	92%	40%	69%
Delaware Valley College	Private	Small	Master's	2,205	88%	83%	-
Northern State U.	Public	Small	Master's	3,449	86%	47%	78%
U. of Maine–Farmington	Public	Small	Master's	2,179	93%	87%	82%
U. of Minnesota–Crookston	**Public**	**Small**	**Bachelor's**	**2,764**	**100%**	**50%**	**67%**
U. of Minnesota–Morris	Public	Small	Bachelor's	1,896	100%	93%	88%
U. of Pittsburgh–Johnstown	Public	Small	Bachelor's	2,932	100%	96%	94%
U. of Wisconsin–River Falls	Public	Small	Master's	6,443	94%	88%	43%
U. of Wisconsin–Stout	Public	Small	Master's	9,283	89%	77%	65%

Source: Integrated Postsecondary Education Data System (IPEDS)
Student data reflect Fall 2012 enrollment,

Rochester Campus

Founded
2006

Campus Leadership
Stephen Lehmkuhle, Chancellor

Campus Academic Programs
Health Professions
Health Sciences
Biomedical Informatics and Computational Biology

Degrees/Majors Offered
1 baccalaureate degree offered in 2 academic programs
1 master's degree offered in 1 academic program
1 doctoral degree available in 1 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, Cray Inc., National Marrow Donor Program, Brain Sciences Center

Student Enrollment (Fall 2014)

Undergraduate	469	(87%)
Non-degree	15	(3%)
Graduate	58	(10%)
Total	**542**	

Employees (Fall 2014)

Direct Academic Providers	44	(35%)
Fellows, Trainees, and Students in Academic Jobs	5	(5%)
Higher Education Mission Support	14	(13%)
Organizational Support	35	(32%)
University Leadership	11	(10%)
Total Employees	**109**	

Degrees Granted (2013–2014)

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

Campus Physical Size (2013)*

Number of Buildings	3
Assignable Square Feet	154,638
Land for Future Campus	2.65 acres

Budget Expenditures (2013–14)
$15 million

*All 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 don't 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 of these paradigm shifts on higher education, Rochester has 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 the 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.

Rochester now enters its next phase of growth and development. Its principle strategy will be to build on the innovations of the past seven years. The emerging academic plan, entitled UMR 2.0: Optimizing Distinctiveness, will articulate a set of actions to optimize strengths and adapt to the paradigm shifts underway in higher education. The plan has six core areas of distinctiveness, described in the following sections.

Customizing Undergraduate Health Education

Rochester has developed a curricular structure that blends a prescribed, cohort-based set of lower-division courses that focus on foundational development skills. The flexible upper-division course structure culminates in a capstone experience, which enables the student, with the approval of the faculty, to design a learning experience tailored to achieve his or her career aspirations.

Individualized Care, Attention, and Guidance

Rochester has designed a unique advising and coaching relationship between a student and a student success coach who remains in place for the duration of the program. The campus has also deployed a new staffing model that allows for ubiquitous access to personalized attention and individualized instructional support both inside and outside of the classroom.

Ongoing Research on Learning

The Rochester faculty are committed to conducting learning research that will continue to shape the curriculum and student experiences to achieve student learning and development outcomes.

Connected Curricular Experiences

The major focus of the Rochester learning model is on concept-based learning achieved through connections across courses in the curriculum, in addition to the disciplinary-based knowledge learned in individual courses.

Collaborative Culture

The connected curricular experiences are the product of collaboration by faculty and staff. The collaborative culture extends beyond the classroom and the walls of Rochester campus to include the community.

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 health 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 increases 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 a great 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 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 in achieving the University's mission.

An eduation at the University of Minnesota prepares students to be leaders, innovators, and global citizens. It is therefore crucial to 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 program levels 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.

The Twin Cities campus is accessible

The University maintains a strong commitment to access to its degree programs—for Minnesota resident students, for students from various 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 targets.

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 two 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 2013–14, 24 percent of all degree-seeking students enrolled on the Twin Cities campus were Pell recipients. Looking at specific groups of students: Minnesota resident students, 29 percent; freshmen, 21 percent; new transfer students, 29 percent. Those percentages have been relatively

Table 4-1. Total financial support to Twin Cities undergraduate degree-seeking students

Aid Category	Aid Year 2012–13	% of total	Aid Year 2013–14	% of total
Gift Aid (scholarships, waivers)	$136,325,366	40%	$144,209,891	43%
Student Employment (including Work Study)	$26,098,619	8%	$26,117,835	8%
Loans (student and parent loans)	$176,171,962	52%	$168,267,646	49%
Total	$338,595,946	100%	$338,595,372	100%

Source: Office of Institutional Research, University of Minnesota

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 2013–14, 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, DC 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 8,685 new students enrolling on the Twin Cities campus in 2013–14, 5,552 were freshmen and 3,133 (36 percent) were transfer students from outside the University. Over 40 percent of these new transfer students are coming to the Twin Cities campus from MNSCU 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 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 2013–14, 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,

Table 4-2. Student debt trends

Bachelor's Degree Recipients	2010–11	2011–12	2011–12	2012–13	2013–14
% of Bachelor's Degree Recipients with no student debt	36%	34%	36%	38%	39%
Average loan debt for those with debt	$26,348	$27,086	$27,578	$27,158	$26,406
Median loan debt for those with debt	$23,503	$24,337	$24,646	$24,594	$24,433

Source: Office of Institutional Research, University of Minnesota

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 2013 to fall 2014, 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 2014, 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 gone down, while the percentage from other states and outside the U.S. has increased. The increases 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.

The Twin Cities campus attracts outstanding students

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 to bring workforce talent into the state of Minnesota. The fall 2014 freshman class includes students from 45 states and 41 countries.

The campus-wide University Honors Program, which started in the fall of 2008, provides an enriched learning environment, challenging honors courses, individualized advising, and a close-knit community of scholars. These high-achieving students 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 are a community of high-achieving students who 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 2014 Honors students showed an average ACT of 32.3 and average high school rank of 96.9 percent.

The Twin Cities campus offers a great student experience

What makes the Twin Cities undergraduate educational experience so special is 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 149 baccalaureate degree programs in a wide range of areas: astrophysics, child psychology, American Indian studies, entrepreneurial management, biomedical engineering, neuroscience, 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 131 minors offered include traditional disciplinary areas such as art history, biology, and mathematics, as well as emerging and interdisciplinary areas such as sustainability studies, product design, family violence prevention, and international agriculture.

The University has agreed upon campus-wide undergraduate student learning outcomes that expect, 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. These learning outcomes are embedded within the liberal education courses, as well as the courses students take in their major and minor fields.

Twin Cities undergraduate teaching facilities have been improved with state-of-the-art classrooms, including the Science Teaching and Student Services Building, which has more than a dozen high-tech, active-learning classrooms. Residence hall facilities and programming have been recently enhanced as well. Housing and Residential Life opened the new 17th Avenue Residence Hall, increasing 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.

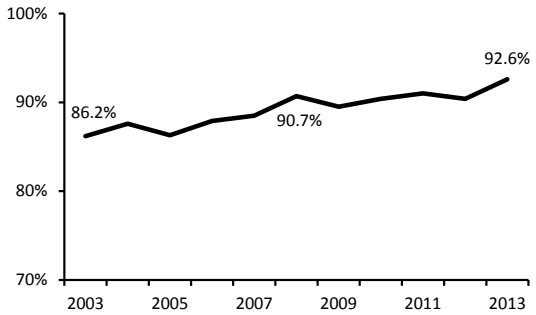
The Twin Cities campus graduates students prepared for success

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.

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' comparision group instititions (which includes the most selective public research universities in country), as well as the other public Big Ten Conference universities. While the table lists graduation rates for classes matriculating in 2008 (the most recent data available for comparison), the most recent Twin Cities rates (displayed in parentheses) suggest that the campus will rank even better when data for those classes become available for comparision.

Figure 4-A. First-year retention rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2003–2013



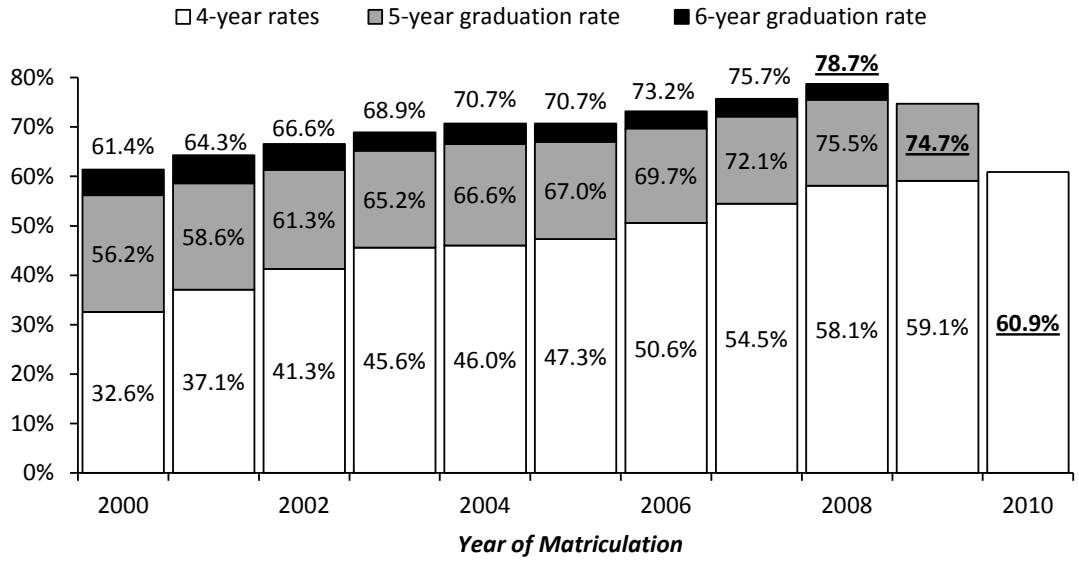
Source: Office of Institutional Research, University of Minnesota

Retention rates for students of color have improved significantly, and for the fall 2013 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.

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

Figure 4-B. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Twin Cities campus, classes matriculating in 2000–2010

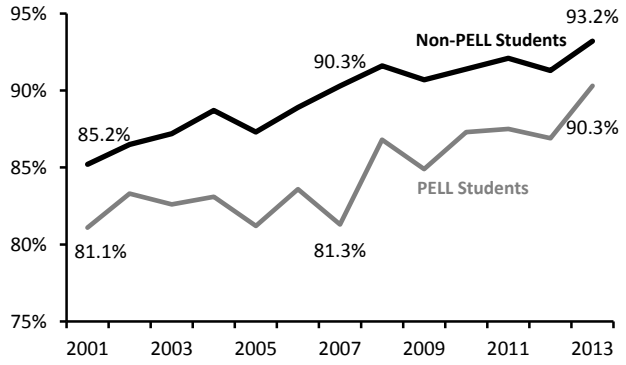


*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-3 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure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

focusing on producing degrees that reflect a balance of external demand, capacity, and resources.

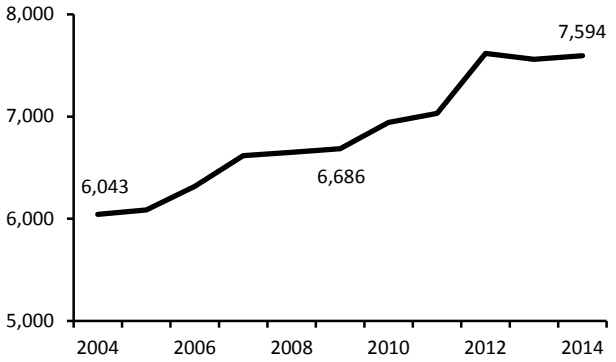
In response to changes in student interest and state and national employment needs, the Twin Cities campus is now awarding substantially more degrees in science, technology, engineering, and math (STEM) fields. From 2003–04 to 2013–14, the number of STEM degrees increased by 54 percent, from 1,938 to 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-C. New Freshman Retention by Pell Status: Twin Cities



Source: Office of Institutional Research, University of Minnesota

Figure 4-D. Undergraduate degrees awarded, Twin Cities campus, 2003–2004, 2013–2014



Source: Office of Institutional Research, University of Minnesota

Table 4-3. Retention (class matriculating in 2012) and graduation (class matriculating in 2008) rates sorted by four-year graduation rate, Twin Cities campus and comparison group and Big Ten Conference institutions

	1st-year Retention Rate	4-year Graduation Rate
*U. of Michigan – Ann Arbor	97%	76%
*U. of California – Los Angeles	96%	72%
*U. of California – Berkeley	97%	72%
*U. of Illinois – Urbana-Champaign	93%	69%
*U. of Florida – Gainesville	96%	67%
U. of Maryland – College Park	95%	67%
*Penn. State U. – Univ. Park	92%	66%
*Ohio State U. – Columbus	92%	61%
Indiana U. – Bloomington	90%	60%
*U. of Washington – Seattle [1]	92%	58%
U. of Minnesota – Twin Cities	**90% (92%)**[2]	**58% (61%)**[3]
Rutgers, State U. of New Jersey – New Brunswick	91%	57%
*U. of Wisconsin – Madison	95%	56%
Michigan State U. – East Lansing	91%	54%
*U. of Texas – Austin	94%	52%
U. of Iowa – Iowa City	86%	48%
Purdue U. – West Lafayette	91%	46%
U. of Nebraska – Lincoln	84%	33%

Source: Association of American Universities Data Exchange
*Comparison Group Institutions
[1]2007 data from Institutional Common Data Sets reporting IPEDS rates
[2] Most recent UM–TC 1st-year retention rate (class matriculating in 2013)
[3] Most recent UM–TC four-year graduation rate (class matriculating in 2010)

DULUTH CAMPUS

The Duluth campus is accessible

Affordable Access

UMD is committed to ensuring affordable access for students of all backgrounds and has expanded both merit and need-based scholarships to attract top-level students. Best in Class scholarships are offered to Minnesota students who rank either first or second in their high school class. The University of Minnesota Promise Scholarship guarantees a multi-year scholarship for Minnesota resident undergraduates with a family income of up to $100,000. UMD offers multiple financial aid strategies, 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).

In spring 2013, UMD was listed as one of the most affordable Minnesota colleges by The College Database, a website dedicated to providing accurate and valuable college and career information. To be included in this list, schools must have an annual tuition rate below $20,000 and have new graduates who earn more than $40,000 per year on average. According to The College Database, UMD students enter the workforce earning an estimated $42,300 per year after graduation, ranking it among the top five of all Minnesota post-secondary schools.

Table 4-4. Student aid trends, Degree-Seeking Undergrads Duluth Campus, 2003, 2008, 2013

	2003	2008	2013
Gift Aid	$16.6m	$24.2m	$38.4m
Employment	$3.5m	$4.1m	$4.5m
Loans	$25.7m	$53.7.m	$67.8m
Total Student Aid	$48.9.m	$85m	$112.7m
% of Students Receiving Gift Aid	48%	48%	64%
% of Students Receiving Loans	56%	62%	66%

Source: Office of Institutional Research, University of Minnesota

Diversity

UMD has a 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 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; and including progress on diversity initiatives as an explicit part of performance reviews of campus leadership.

UMD offers a wide variety of majors, minors and graduate programs that align with cultural competency and diversity education. Majors: American Indian Studies, Cultural Entrepreneurship, French Studies, Hispanic Studies, Ojibwe Elementary School Education, and Women's Studies. Minors: African and African American Studies, American Indian Studies, Cultural Studies, Deaf Studies, Foreign Studies, French Studies, German Studies, International Studies, Hispanic Studies, Tribal Law and Government, and Women's Studies. Graduate programs: Master of Advocacy and Public Leadership, and Master of Tribal Administration and Governance.

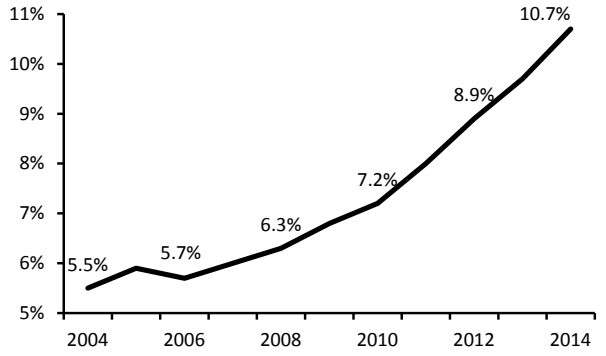
UMD's Multicultural Living Community began in Fall 2011. This opportunity is open to incoming freshman interested in engaging in cross-cultural dialogues and self-awareness. Students chosen to participate engage in opportunities to explore complex issues of identity and ethnicity, cultural discovery, and learning about the experiences of others.

Last year, UMD added a cabinet-level leadership position (Faculty Fellow) to facilitate campus climate training and development for faculty, staff, administration, and students, and began a process for Comprehensive and Integrated Intercultural Development through a Model for Institutional Change. The development of internal capacity for ongoing training included the completion of four

cohorts (72 faulty, staff, and administrators) in an intensive off-campus Intercultural Leadership Development initiative. Another four cohorts are planned for 2014–15. Internal capacity was also developed to provide the Equity and Diversity Certificate for staff and faculty at Duluth, a system-wide certificate program that will be offered at UMD by UMD trainers. In addition to serving on the Chancellor's Cabinet, the Faculty Fellow also serves as co-chair of the Campus Climate Change process (CCT). The CCT continued into its fourth 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.

Figure 4-E. Percent undergraduate students of color by fall term, Duluth campus, 2005–13



Source: Office of Institutional Research, University of Minnesota

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:

- Hosting meetings with community college representatives from the Northeast Higher Education District and with professional advisors from community colleges in northern Minnesota to gather feedback to address transfer student needs.
- Joining 179 schools nationwide to participate in the beta testing of new Transferology software for prospective students and families.
- Partnering with Lake Superior College (LSC) on Link, an experimental liaison initiative whereby UMD and LSC provide an education pathway for interested LSC students to complete their baccalaureate degree through UMD.
- In fall 2014, launching the Connect initiative, a campus-wide, credit-based peer-mentoring program that will pair current transfer students with incoming transfer students to help smooth the transition to UMD. A comprehensive and systematic monitoring of this group is being developed to better understand and respond to transfer student needs.
- The Community College Partnerships Advisory Council: recommends changes and strategies for strengthening relationships between UMD and its primary feeder community colleges and takes action to improve the quality of the transfer experience for students.
- Conducting an internal assessment of transfer student programs and services to support UMD's readiness for increased transfer student enrollment. Resulting recommendations are currently under review.
- Identifying roadblocks to timely transfer credit evaluation processes and, in collaboration with UMD governance committees, implementing solutions.
- Implementing the Arches Program, a collaboration started in Fall 2013 between UMD and LSC that prepares students for the rigors of college-level coursework. Arches provides select applicants who

were denied admission to UMD the opportunity to meet standards for admission within just a semester or two by completing specific courses and program requirements offered by LSC. Ninety percent of fall 2013 participants enrolled as full-time UMD students in spring 2014.

The Duluth campus attracts outstanding students

Enrollment Management

UMD is in its fourth year of a strategic enrollment management (SEM) process. In fall 2013, the SEM Council, which is responsible for recommending enrollment goals and monitoring progress in achieving those goals, moved from being an ad hoc council to become a campus governance subcommittee of the Committee for Strategic Planning and Budget. Through SEM, UMD has established ongoing processes for analyzing internal and external enrollment data, establishing and monitoring enrollment goals, and identifying action steps required to meet those goals.

The Office of Undergraduate Admission continues to employ new tools and strategies to increase the number of qualified applicants. A new Admissions website was launched in September 2014, and over the last year, Admissions successfully implemented a new customer relationship management tool, resulting in improved coordination of prospective student contacts.

This includes a refined prospective student communication plan that reduces marketing expenses related to design, print, and postage, and actively employs a social media presence to engage and assist prospective and incoming students.

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.

The Duluth campus offers a great student experience

Internationalization

UMD, along with eight other institutions from across the nation, participated in the American Council on Education (ACE)'s 2012–14 Internationalization Laboratory Cohort. As a member of the cohort, UMD developed strategies for campus internationalization by forming a campus leadership team to work on strategic planning and student outcomes, attending cohort leadership meetings in Washington, undergoing site visits and peer reviews, and participating in monthly phone calls with Laboratory staff.

A fourteen-member Internationalization Leadership Team (ILT) was assembled to conduct a review of current international activities at UMD, identify campus goals and student learning outcomes related to internationalization, and develop a systematic plan for comprehensive internationalization at UMD.

Building on that review, the ILT completed the following tasks during 2013–14:

- During fall 2013, organized working groups to develop visions, goals, and action steps in areas critical to internationalization;
- sent two representatives to the cohort meeting in Washington, DC in October 2014;
- identified student learning outcomes and campus goals related to internationalization;
- developed a systematic plan that included a vision and mission statement for internationalization;

Table 4-5. Fall enrollment, Duluth campus, 2004, 2009, 2011–13

	2004	2009	2011	2012	2013	Percent Change 2009 to 2013	Percent Change 2004 to 2013
Undergraduate	8,850	9,422	9,782	9,452	9,239	-1.9	4.4%
Graduate	661	769	765	753	781	1.6%	18.2%
Non-degree	643	1,130	904	932	874	-3.3%	35.9%
Total	10,154	11,321	11,451	11,137	10,894	-3.8%	7.3%

Source: Office of Institutional Research, University of Minnesota

- identified action steps to achieve each of the six identified campus goals;
- held three campus forums to obtain ideas and feedback related to goals and the plan for internationalization;
- hosted a site visit for ACE representatives in February 2014;
- developed a final report for campus internationalization in March 2014;
- transmitted the plan and initial ideas for implementing the plan to the Executive Vice Chancellor for Academic Affairs and the Chancellor in April 2014.

Selected recommendations and action steps are being implemented through the 2014–15 academic year.

Serving Veterans

In 2013–2014 189 UMD students received Veteran's Administration Educational Benefits and support from the Office of the Registrar staff (87 students are veterans, 59 are dependents of veterans, and 43 National Guard or Reserves). The Veteran's Club is a popular spot for gathering and is conveniently co-located with the Registrar staff. Three staff from community agencies are scheduled to be available to veterans on campus throughout the semester.

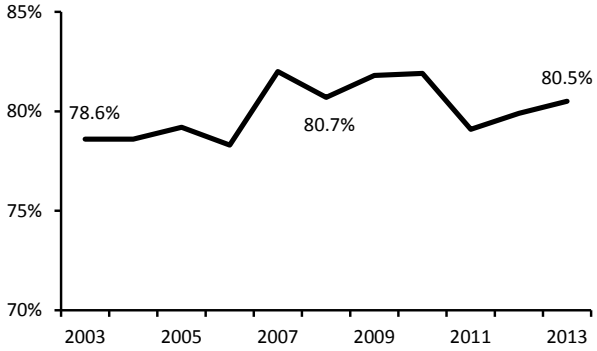
UMD held a recognition event on Veteran's Day and also hosted the 2013 Northeast Regional meeting of Veterans Administration benefits certifying officials and will do so again in 2014. Finally, UMD received recognition this year as a Military Friendly Campus.

The Duluth campus graduates students prepared for success

Retention and Graduation

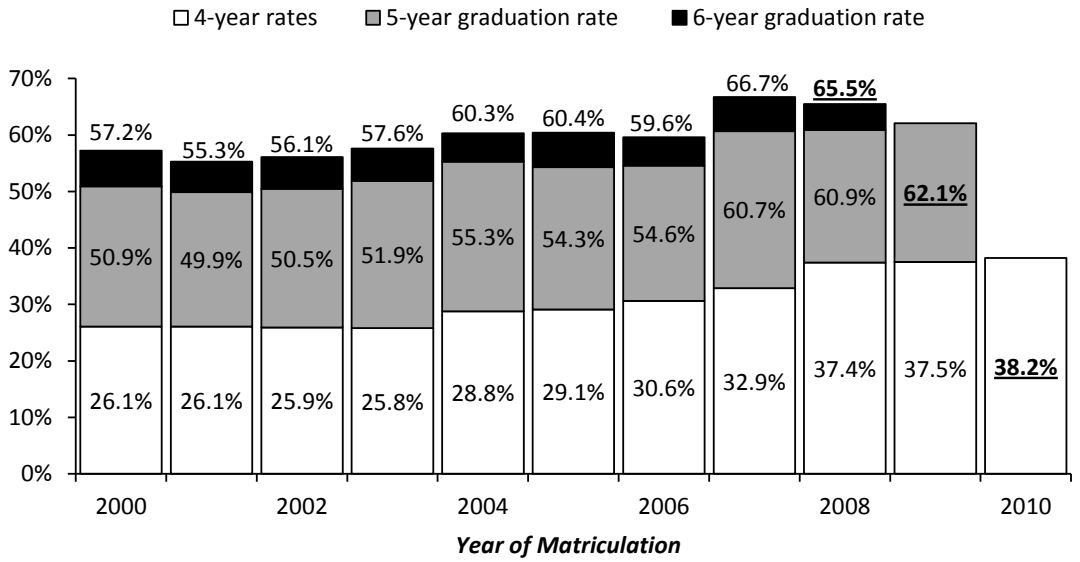
UMD achieved its five- and six-year enrollment goals set by the Board of Regents (Figure 4-F and Figure 4-G). Improvements in graduation rates have

Figure 4-F. First-year retention rates for first-time, full-time undergraduate students, Duluth campus, 2003–2013 cohorts



Source: Office of Institutional Research, University of Minnesota

Figure 4-G. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Duluth campus, classes matriculating in 2000–2010



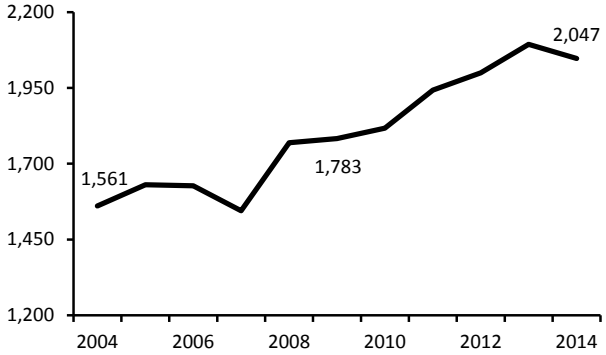
*Rates include graduates who transferred to another University of Minnesota campus. Graduation rates displayed in Table 4-7 are those reported to the national database (IPEDS), which counts only students who matriculated at and graduated from the same campus. As a result, the rates presented in the figure above differ slightly than those displayed in Table 4-7.

Source: Office of Institutional Research, University of Minnesota

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 4-7 shows how the Duluth campus compares to its peer group institutions, using rates for the class matriculating in 2007, the most current data available.

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-H shows, UMD awarded 34.1 percent more degrees in 2012–13 than in 2003–2004.

Figure 4-H. Undergraduate degrees awarded, Duluth campus, 2004–2014



Source: Office of Institutional Research, University of Minnesota

Assessment of Student Learning

Assessment at UMD is the ongoing, systematic process of collecting, analyzing, and using information about student learning to inform decisions about how to improve learning. It involves collecting student-learning data, from academic and co-curricular programs across campus, as evidence of achievement of the nine institutional student-learning outcomes (SLOs). UMD programs have completed the third year of student learning data collection for program decision making and improvement.

The peer review rubric measures program assessment activities along six domains at four levels (developing, approaching, at standard, and exceeds). The following reports (Table 4-6) the results of the most recent review sessions compared to benchmarks set in 2011.

- Domain 1—Learning Outcomes Statements: A 30 percentage point increase in programs considered at standard.
- Domain 2—Alignment of measure to outcome: A 29 percentage point increase in programs considered at standard.
- Domain 3—Assessment Results: A 20 percentage point increase in programs considered at standard.
- Domain 4—Meaningful/Faculty/Staff/Student Involvement: A 12 percentage point increase in programs considered at standard.
- Domain 5—Use of Analysis: A 20 percentage point increase in programs considered at standard.
- Domain 6—Connection to UMD SLOs: A 43 percentage point increase in programs considered at standard.

Programs are expected to report on all program outcomes within a three-year period. These reports contain information about how the program outcomes contribute to the UMD SLOs, how learning was measured, how "satisfactory" was defined, and levels achieved within defined sample populations. Results of student learning data collection and analysis are intended to inform programmatic decision making and improvement—these follow-up actions are also included in the annual reports.

Table 4-6. Percentage of Reports at Standard or Higher, Duluth campus

	Learning Outcomes	Alignment of Measure	Results	Meaningful Involvement	Use of Analysis	UMD SLO
2013	43%	62%	60%	22%	43%	73%
2012	22%	44%	57%	22%	33%	51%
2011	13%	33%	40%	10%	23%	30%

Source: University of Minnesota Duluth Office of Assessment

Table 4-7. Six-year graduation rates (class matriculating in 2007), Duluth campus and comparison group institutions

	6-year Graduation Rate	Institutional Rank
CA Poly. State U.–San Luis Obispo	70%	1
Western Washington U.	69%	2
U. of Northern Iowa	66%	3
Col. of Charleston	64%	4
U. of Minnesota–Duluth	**59%**	**5**
South Dakota State U.	57%	6
Western Michigan U.	55%	7
U. of N.C.–Charlotte	54%	8
U. of Michigan–Dearborn	52%	9
Southern Illinois U.–Edwardsville	50%	10
Minnesota State U.–Mankato	49%	11
U. of Mass.–Dartmouth	49%	11
Comparison Group Average	59%	-

See footnote on Figure 4-G.
Source: Integrated Postsecondary Education Data System (IPEDS)

MORRIS CAMPUS

Designated the only public liberal arts college in the state by the Council of Public Liberal Arts Colleges, the University of Minnesota Morris occupies a distinctive place in the landscape of higher education and within the University system. With its focus on undergraduates in a residential, human-sized and community-based setting, it resembles the many private liberal arts colleges that permeate the upper Midwest.

The campus mission unfolds within the context of the land-grant charge of the University of Minnesota system: Morris 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. As a public land-grant institution, Morris is a center for education, culture, and research for the region, nation, and world. Morris 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.

At Morris, classes are taught almost exclusively by full-time faculty members, 98 percent of whom have earned terminal degrees in their fields. Morris faculty members are talented instructors and active in the production of scholarly and artistic works. In the past four years, the more than 100 Morris faculty members have authored 25 books and produced 400 refereed journal articles, including some 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.

The Morris campus is accessible

Enrollment Strategy

Morris's enrollment strategy develops 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. In addition, the campus enrollment strategy aims at recruiting and retaining a talented group of undergraduates—ACT average for entering students has remained stable at 25 for at least ten years.

Accessible to Minnesotans

The Morris campus is accessible to Minnesota students, many from traditionally underserved backgrounds. Over 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 Morris opened in 1960.

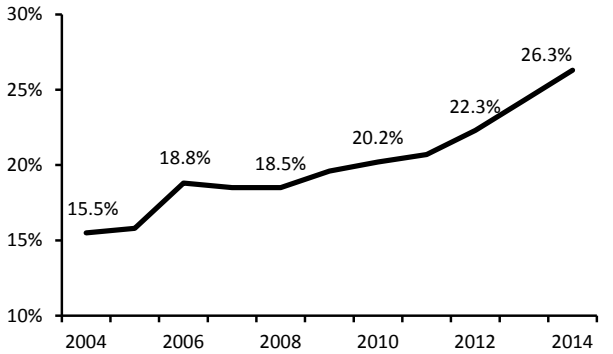
One indicator of family financial need is found in the number of Pell grant recipients on a campus: thirty-one percent of Morris students receive federal Pell grants, supporting students with high financial need. Overall 85 percent of students receive financial aid.

Accessibility and racial diversity

Morris's strategic plan set a goal of 25 percent students of color and this fall that goal was exceeded. Twenty-six percent of Morris students are students of color, the highest percentage in the University system (Figure 4-I). In fall 2014, students of color comprised 31 percent of first year students. This percentage and the campus's record of success in serving these students positions Morris particularly well to respond to the changing demographic trends in the region, the state, and the nation.

In fall 2014, 18 percent of Morris students are American Indian students, the highest percentage of Native students at a four-year, non-tribal institution in the upper Midwest.

Figure 4-I. Percent undergraduate students of color by fall term, Morris campus, 2005–13



Source: Office of Institutional Research, University of Minnesota

Accessibility and underserved students

Forty-two percent of Morris's 2014 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.

Morris employs strategies to promote access and affordability

Eighty-five percent of Morris students receive need-based, merit, and/or donor-funded financial aid. Morris offers three merit-based scholarships. An "achievement" scholarship is awarded to students who meet minimum standards. 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 Morris's average for admitted students.

In addition, a high number of Morris students (43 percent in 2013–14) benefit from UPromise Scholarships, and Morris gift dollars add to the financial support for students. In 2013–2014, 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, Morris 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, Morris's financial aid office reorganized its services to become the lead office in UMM's "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 Morris serves.

The Morris campus attracts outstanding students

Morris attracts talented, intelligent students who want to make a difference in the world. As noted above, Morris is selective as an institution of higher learning, 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, 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 2014, two Morris students earned recognition, one as a Truman Scholar and one as a Udall Scholar.

Morris is nationally ranked by many national publications—including as a top ten public liberal arts college for the 16th year in a row by *US News and World Reports*; by the *Princeton Review* and Sierra

Club; as a higher education best buy by *Forbes*; and most recently by *Business Insider* as one of the 104 "smartest" public schools in the country.

The Morris campus offers a great student experience

Morris offers a distinctive student experience, preparing students for success and producing outcomes that matter. With its undergraduate, residential, human-sized community focus, Morris 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. Morris'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 exclusively by full-time faculty—a faculty with the University's highest percentage of Horace T. Morse award winners for excellence in undergraduate education. Close student faculty relationships translate into faculty mentored research and artistic production. The most recent National Survey of Student Engagement data show nearly half of Morris students participate in faculty-mentored research and artistic production by the time they graduate. Morris students serve as teaching assistants, are peer mentors and tutors, and make presentions at professional conferences alongside their faculty mentors. These experiences 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.

Morris has a robust service learning and engagement program, partnering with 40 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.

Study abroad promotes not only Morris'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. Forty-seven percent of Morris students have studied abroad by the time they graduate.

The Morris campus graduates students prepared for success

Ninety-six percent of Morris students who graduated in 2013 indicated that they were employed and/or in graduate or professional school one year after graduation; one third of Morris students proceed directly to graduate and professional school following graduation. Figure 4-J indicates that the total number of undergraduate degrees awarded is at its highest point in nearly ten years.

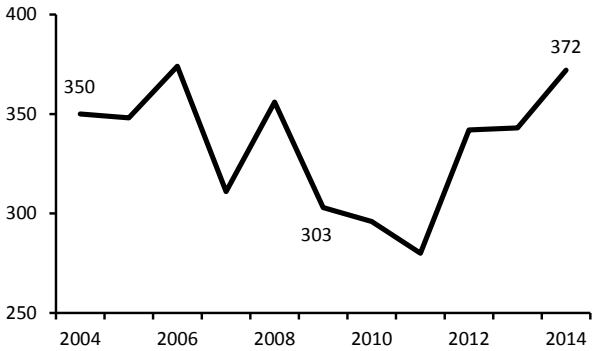
Morris continues to work to improve graduation and retention rates. In the past five years, the first-year retention rate reached a high of 88 percent, with a five-year average of 84 percent (Figure 4-K).

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 Morris's highest on record, a 17 percent increase since 1998. Five- and six-year rates are exceeding 70 percent (Figure 4-L). Table 4-8 shows how the Morris campus compares to its peer group institutions, using rates for the class matriculating in 2007, the most current data available.

Morris 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 serve a more elite population.

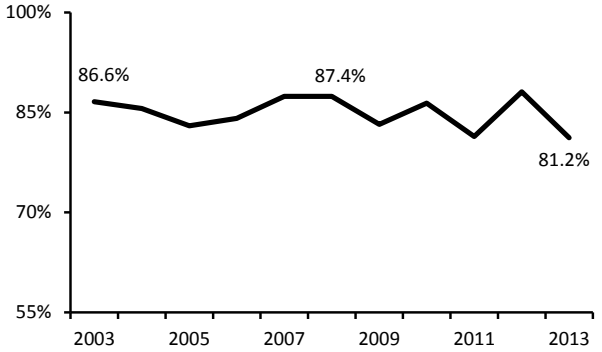
Morris is implementing a series of initiatives to increase student persistence and success, expanding peer mentoring and academic alert programs, and introducing individualized academic success plans, and parallel major program planning.

Figure 4-J. Undergraduate degrees awarded, Morris campus, 2004–2014



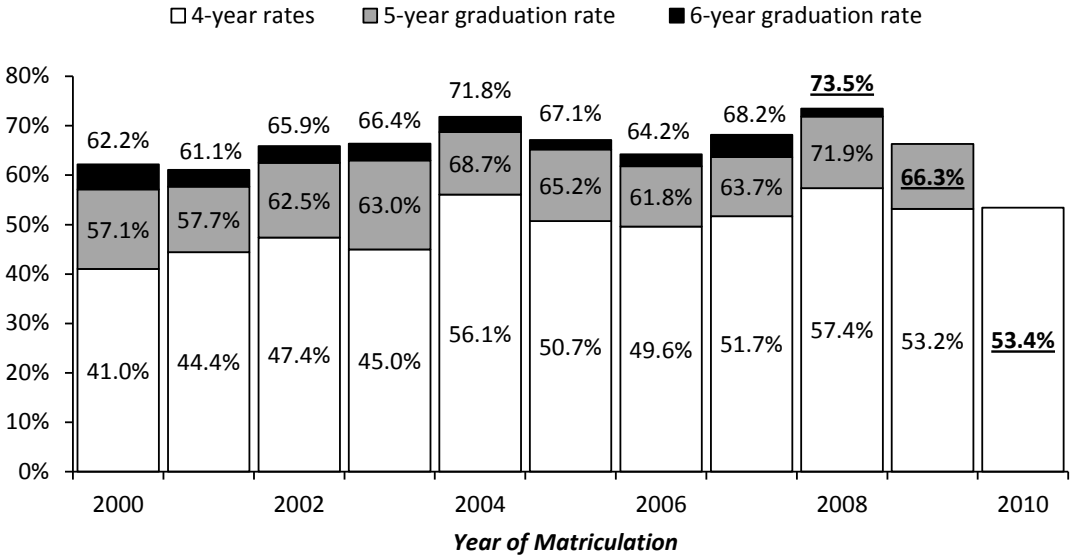
Source: Office of Institutional Research, University of Minnesota

Figure 4-K. First-year retention rates for first-time, full-time undergraduate students, Morris campus, 2003–2013 cohorts



Source: Office of Institutional Research, University of Minnesota

Figure 4-L. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Morris campus, classes matriculating in 2000–2010



*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 2007), Morris campus and comparison group institutions

	6-year Graduation Rate	Institutional Control	Institutional Rank
Macalester Col.	87%	Private	1
St Olaf Col.	87%	Private	1
Gustavus Adolphus Col.	82%	Private	3
St Mary's Col. of Maryland	79%	Public	4
DePauw U.	79%	Private	4
Kalamazoo Col.	77%	Private	6
Albion Col.	74%	Private	7
Concordia Col.–Moorhead	71%	Private	8
Coe College	67%	Private	9
Lycoming Col.	64%	Private	10
U. of Minnesota–Morris	**63%**	**Public**	**11**
SUNY at Purchase Col.	60%	Public	12
U. of N.C.–Asheville	60%	Public	12
Mass. Col. of Liberal Arts	57%	Public	14
U. of Maine–Farmington	55%	Public	15
U. of Virginia's Col. at Wise	43%	Public	16
Comparison Group Average	71%	-	-

See footnote on Figure 4-L
Source: Integrated Postsecondary Education Data System (IPEDS)

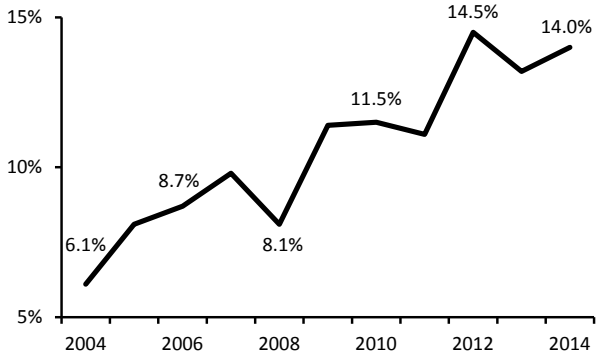
CROOKSTON CAMPUS

The Crookston campus is accessible

Crookston 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 or a personalized online experience. Crookston serves as an important access point to University of Minnesota programs for citizens living in northwest Minnesota. Accessibility is reflected in enrollment trends, and Crookston has maintained an eight-year trend of enrollment growth, with fall semester 2014 setting an historic high of 1,876 undergraduate students.

As shown in Figure 4-M, of Crookston's on-campus degree-seeking students, 14 percent identify themselves as students of color, and, based on country of citizenship, Crookston's on-campus students include representation from 21 countries (fall 2014). Recruitment of these students is part of an intentional strategy that aligns with Crookston's core values, which include diversity.

Figure 4-M. Percent undergraduate students of color by fall term, Crookston campus, 2005–13



Source: Office of Institutional Research, University of Minnesota

For fall 2014, 42 percent of new high school graduates attending Crookston are first-generation students. These students benefit from Crookston'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 Crookston's small classes and personalized and supportive environment.

Since it began offering baccalaureate degrees in 1993, Crookston has drawn to campus 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, Crookston has developed nearly 100 articulation agreements with 26 community and technical colleges across the Upper Midwest.

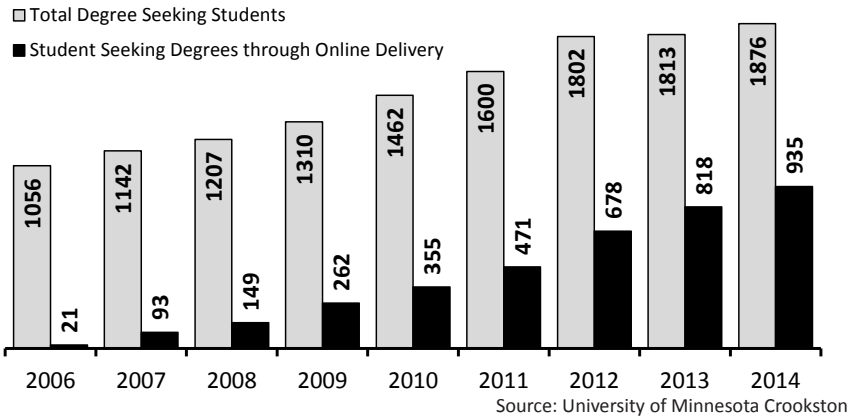
Crookston currently offers 13 of its 29 majors fully online as well as on-campus, and 50 percent of total degree-seeking student enrollment is composed of online students (Figure 4-N). These online degree programs allow working professionals the opportunity to complete their bachelor's degree and advance 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 32, 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 83 transfer credits). While the majority are Minnesota residents (68 percent), there is rich diversity among Crookston's online students, with 14 percent identifying as students of color and 22 countries represented (fall 2014).

In addition to degree-seeking students, Crookston serves other non-traditional students. College in the High School (CIHS) and Post-Secondary Enrollment Option (PSEO) students are high school students earning college credit. They comprise 94 percent of Crookston's 974 (fall 2014) non-degree students. Through these programs, Crookston helps make higher education accessible and more affordable for them and their families.

The Crookston campus attracts outstanding students

Crookston attracts outstanding students through its distinctive learning environments and academic programs. Crookston's marketing theme "Small Campus. Big Degree." is reinforced by the reasons students give for choosing to attend. Of the

Figure 4-N. Total Enrollment and Online Enrollment, Crookston campus, Fall 2006–2014



respondents to the new student survey in fall 2014, 85 percent indicated the size of campus was a reason for selecting Crookston, 73 percent indicated Crookston was their first-choice college, and 63 percent indicated the type of academic programs available was a reason.

Distinctive majors attract excellent students. Crookston 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 five years, 44 percent of Crookston grads with a pre-vet emphasis have gone on to veterinary school. More recently, Crookston's animal science major has developed an international reputation. Currently, 38 students from Brazil are taking courses through a one-year exchange offered by the Brazilian government, a program expected to continue for five years.

Technology is embedded throughout the curriculum. Crookston's innovative and longstanding laptop initiative puts computers in the hands of all full-time, on-campus students. A pilot group of students is evaluating a tablet/laptop hybrid computer. A specialized informatics lab 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.

To ensure that academic programs remain high quality and up-to-date, Crookston has implemented a revised, more robust program review process for its academic majors. Four majors are under review in 2014–15, the first year of this new process. The general education program is also being reviewed through 2015–16. During 2013–14, faculty refreshed program-level student learning outcomes in all programs, updated their assessment plans, and identified assessment activities for 2014–15. Historically, each major has a Program Improvement Advisory Committee (PIAC), which meets annually or biannually and includes employers, alumni, faculty from other institutions, and students. Faculty use feedback from these PIACs to ensure programs remain current with industry needs and trends.

Crookston is working to expand educational options by utilizing existing programmatic strengths as well as existing faculty expertise to build on current offerings and offer an expanded array of majors. This will help drive additional enrollment through recruitment and retention, as new and current students will have more choices. In 2013–14 three new majors were added: elementary education, entrepreneurship, and finance. Three additional programs—English, international business, and agricultural education—are expected to come before the Board of Regents in 2014–15.

The Crookston campus offers a great student experience

Students receive outstanding support and have an enriching experience through small class sizes, strong advising, experiential learning, and opportunities for undergraduate research, among other factors.

Crookston's small class sizes offer students personalized attention and greater access to faculty members for advising and mentorship. Presently, 86 percent of on-campus classes have 25 or fewer students. The largest class is 65 students, and the average class size is 17. Online classes, which average 23 students per class, still offer a very personalized educational experience.

Students continue to report high levels of satisfaction with academic advising. Recent National Survey of Student Engagement results indicate 54 percent of first-year respondents rate the quality of their interactions with their academic advisors as a 6 or 7 on a 7-point scale (1=poor to 7=excellent). Notably, 75 percent of senior respondents rate their Crookston experience as a 6 or 7, and the mean of 5.9 in this measure is significantly higher than peer institutions.

A longstanding hallmark of Crookston 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. 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 projects working with Crookston's Office of Community Engagement. In 2013–14 Crookston students volunteered a total of 11,113 hours of volunteer service.

NCAA Division II athletics provides student-athletes with balanced opportunities for academic excellence, leadership, and honing athletic skills. In 2013–14, 27 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 Crookston, and student-athletes comprise 25 percent of Crookston's on-campus enrollment.

While Crookston faculty members' primary focus is on teaching, most also conduct research and engage in scholarship, frequently involving students in that work. Faculty mentorship, along with role modeling, offers students excellent graduate school preparation. There is growing interest in and support for undergraduate research by faculty from all academic departments. In addition to Undergraduate Research Opportunities Program projects, 21 Crookston Student Research and Creative Works projects were funded in 2013–14 (up from 11 in 2012–2013). Nine Crookston students have submitted proposals to present their projects at the 2015 National Conference on Undergraduate Research. 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, Crookston works closely with various departments on the Twin Cities campus, including the Global Programs and Strategy Alliance and the Center for Teaching and Learning. Two biology faculty members will mentor 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 Crookston's entire biology program.

Crookston has been recognized for its quality programs by such organizations as *U.S. News & World Report*, which not only ranked Crookston at #1 in the category Top Public Regional Colleges–Midwest for 2014 and 2015, but also ranked Crookston online programs among the top quartile in the category Best Online Bachelor's Programs for 2014. The Midwest Higher Education Compact, in its 2014 report "The Effectiveness and Efficiency of Postsecondary Institutions in Minnesota," gave Crookston an effectiveness rating of "Very High." And Crookston was listed among the top four colleges in Minnesota

(and the top public college) for campus safety by StateUniversity.com in 2013.

Crookston received $10 million in funding in the Minnesota Legislature's 2014 bonding bill for the $15 million Wellness Center. 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. A new major in exercise science and wellness that will take advantage of the facility as a learning laboratory is under development.

The Crookston campus graduates students prepared for success

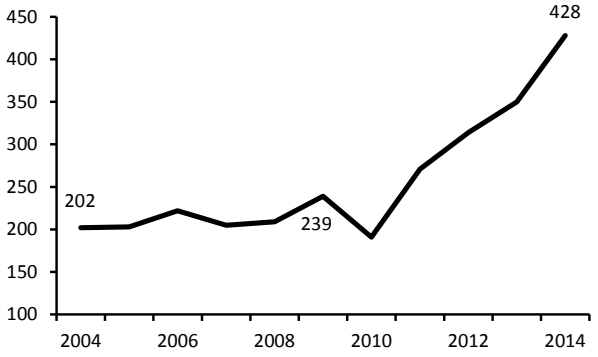
Crookston continues to improve retention and graduation rates, and students are positioned to be successful and productive employees and citizens. Over the 2013–14 academic year, 428 students graduated, the largest number in campus history (Figure 4-O). This was due to increasing enrollment trends and work to improve retention and graduation rates that began prior to 2006. These efforts continue to be reexamined and refined.

There is a national and state interest in meeting workforce needs in science, technology, engineering, and math (STEM). It is significant that in fall 2014, 66 percent of Crookston's on-campus and 25 percent of online students are enrolled in STEM-related majors, such as agriculture, natural resources, environmental sciences, software engineering, information technology, and biological and health sciences.

Work to improve graduation rates began even before the 2006 strategic planning efforts established goals to improve Crookston's four-, five-, and six-year graduation rates to 40, 50, and 55 percent. Crookston met the goal of 50 percent of those entering in fall 2008 graduating in five years. The trends of recent years indicate rates are up significantly from the entering classes of 2000–2004. The first-year retention rate is significantly higher than it was ten years ago (Figure 4-P), while the four-year graduation rate of the entering class of 2010 more than doubled that of the entering class of 2000 (Figure 4-Q). 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. The most recent Crookston rates suggest that the campus will rank better when data for those classes become available for comparision.

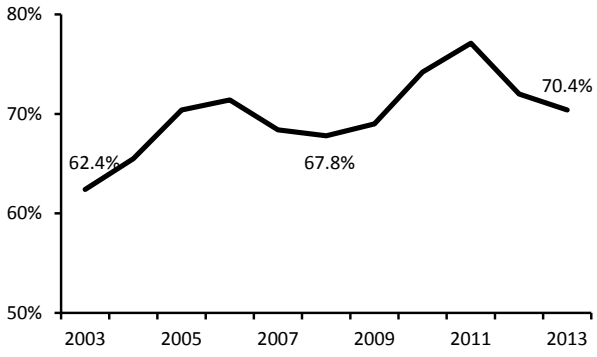
Building on work by the 2006 strategic planning Retention Committee, a new Strategic Enrollment Management Committee (SEMC) has been charged with achieving and maintaining a critical mass of students on campus while also growing online enrollment. SEMC involves all campus units, and a major goal of the 2014–15 academic year is for all units to develop plans that contribute to recruitment and retention efforts. SEMC will also develop a campus-wide strategic recruitment and retention plan for one-year, three-year, and five-year enrollment targets for both on-campus and online students and work to refine enrollment strategies and tactics.

Figure 4-O. Undergraduate degrees awarded, Crookston campus, 2004–2014



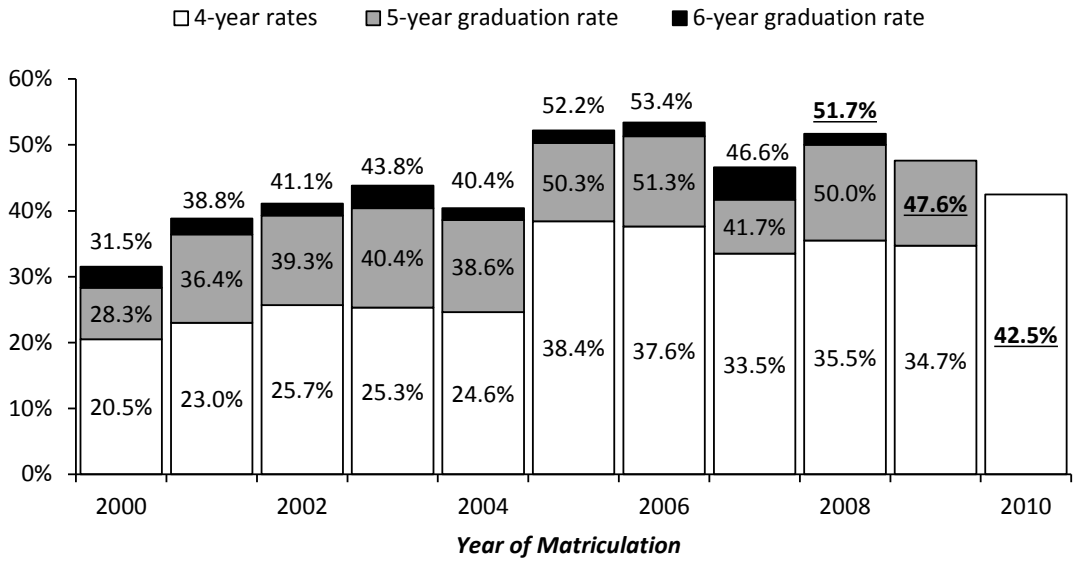
Source: Office of Institutional Research, University of Minnesota

Figure 4-P. First-year retention rates for first-time, full-time undergraduate students, Crookston campus, 2003–2013 cohorts



Source: Office of Institutional Research, University of Minnesota

Figure 4-Q. Four-, five-, and six-year graduation rates of first-time, full-time undergraduate students, Crookston campus, classes matriculating in 2000–2010



*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

Table 4-9. Six-year graduation rates (class matriculating in 2007), Crookston campus and comparison group institutions

	6-year Graduation Rate	Institutional Rank
U. of Minnesota–Morris	63%	1
Delaware Valley College	57%	2
U. of Maine - Farmington	55%	3
U. of Pittsburgh–Johnstown	55%	4
U. of Wisconsin–Stout	54%	5
Northern State U.	54%	5
U. of Wisconsin–River Falls	51%	7
Dakota State U.	50%	8
Bemidji State U.	48%	9
U. of Minnesota–Crookston	**44%**	**10**
Comparison Group Average	54%	-

See footnote on Figure 4-Q

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.

The Rochester campus offers a great student experience

Extraordinary Core Curriculum & 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 our 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.

The Rochester campus is accessible

Given Rochester’s commitment to student success through personalized academic and life coaching, the rigor of Rochester 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

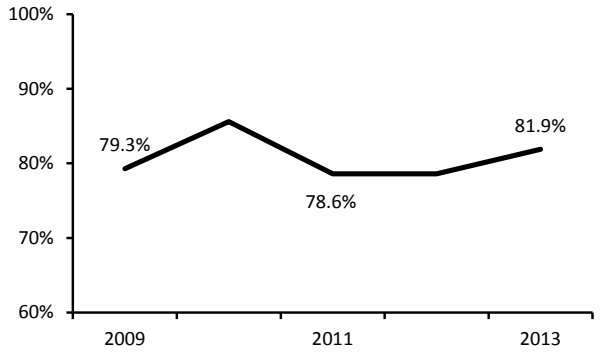
The required student development courses support the accessibility of our curriculum to both transfer and traditional students. The path for transfer students who wish to enter the Health Professions program has recently been enhanced, with a transfer coordinator serving their specific needs. Retention rates (as shown in Figure 4-R) are one indication of this accessibility and academic support. Rochester is committed to inclusivity, striving to become a diversity pipeline for healthcare workforce development needs.

As depicted in Figure 4-S, UMR is moving steadily toward our 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.

The Rochester campus graduates students prepared for success

Two classes of students have now graduated from Rochester. Figure 4-T 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-U).

Figure 4-R. First-year retention rates for first-time, full-time undergraduate students, Rochester campus, 2003–2013 cohorts



Source: Office of Institutional Research, University of Minnesota

Figure 4-S. Percent undergraduate students of color by fall term, Rochester campus, 2005–13

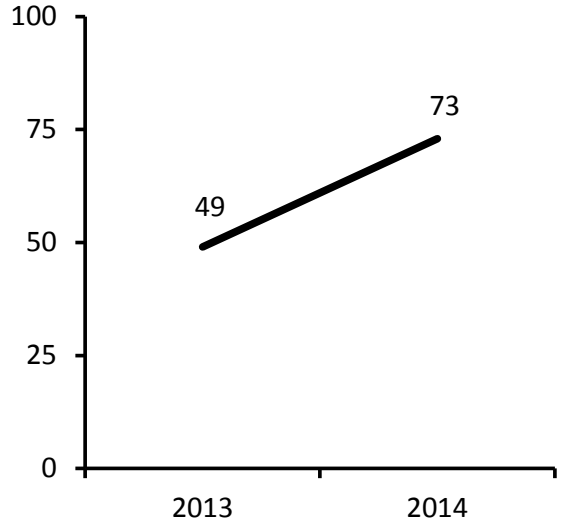
Source: Office of Institutional Research, University of Minnesota

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

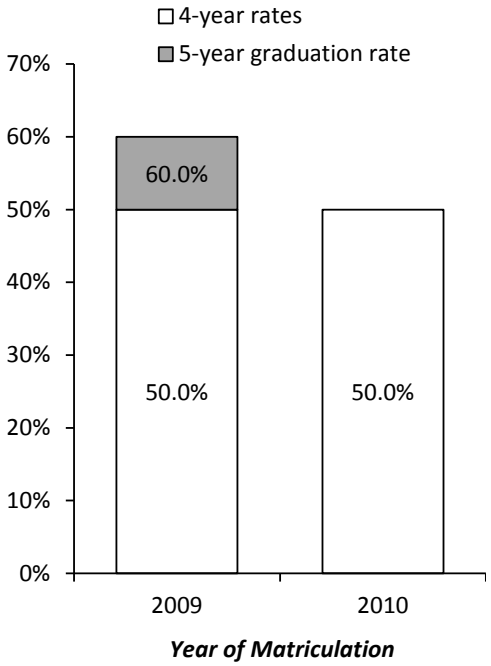
One hundred percent of Bachelor of Science in Health Professions graduates passed their exams and are employed in their chosen fields of echocardiography, radiography, respiratory care, and sonography.

Figure 4-T. Undergraduate degrees awarded, Rochester campus, 2013–2014



Source: Office of Institutional Research, University of Minnesota

Figure 4-U. Four- and five-year graduation rates of first-time, full-time undergraduate students, Rochester campus, classes matriculating in 2009–2010



*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, Rochester 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, Rochester will document, assess, enhance, and share its Student Success Coach model;
- to further students' academic achievement while addressing the challenges of higher education, Rochester will document, assess, enhance, and share its Collaborative and Integrated Teaching model; and
- to share the Rochester story nationally and continue to grow, the campus will invite dialogue with other higher education innovators.

Graduate Education

The strength of graduate education across the University system is a foundational element of the University's three-fold mission. From attracting and retaining world-class faculty to tackling society's grand challenges, graduate programs and their students play a crucial role in achieving the University's strategic goals.

Graduate students teach, conduct research, generate new knowledge, and participate in community engagement efforts every day. Faculty members cite advising and working with high-quality, motivated graduate students as key reasons for joining and staying at the University of Minnesota. Undergraduate students learn from and are often inspired by experiences with graduate students in the classroom, on research teams, and through advising. Postbaccalaureate graduates from the Twin Cities, Duluth, and Rochester campuses pursue a wide variety of academic and non-academic positions, with many of them becoming leaders, performing field-shaping work, and making enormously positive contributions to the state of Minnesota and around the world.

The primary responsibility of the Graduate School is to ensure the quality of the graduate education enterprise. The Graduate School and colleges, along with faculty and staff across the system, promote academic excellence by:

- recruiting highly prepared and diverse students,
- supporting academic program review and assessment,
- graduating students for success, and
- providing an outstanding graduate student experience.

Recruiting Highly Prepared and Diverse Students

Graduate students form the core of each graduate program. Strong cohorts are built on the reputation of the academic program and the University, but also on comprehensive recruitment efforts, a user-friendly and responsive admission process, and competitive financial packages.

Graduate student recruitment is predominantly the responsibility of the colleges, while the Graduate School and the Office for Diversity in Graduate Education (ODGE) serve as coordinators and collaborators. The Graduate School maintains the central admission system that serves approximately 90 percent of all postbaccalaureate degree programs delivered on the Twin Cities, Duluth, and Rochester campuses. Improvements to the admissions system in recent years include the conversion to a paperless application process that permits immediate access to electronic applications; a streamlined change-of-status module to allow for more efficient readmission and change-of-degree objective; addition of a constituent relationship management system to support recruitment efforts and communication with prospective students; and the implementation of "AppReview," designed to make the electronic review of applications by faculty more efficient and secure. The result is that the Graduate School is able to serve more programs and process more applications (Table 4-10) without increasing administrative expenses.

The University recognizes the value of building a diverse student population and an inclusive environment. This diversity enables a variety of perspectives to enhance the learning experience for all students. Programs, colleges, ODGE, and the Graduate School work together to recruit

Table 4-10. Number of New Applications Processed by the Central Graduate Admission System, University of Minnesota, 2008-2014

	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14
Doctoral	7,576	6,780	7,727	7,821	7,975	7,546
Master's	6,758	6,410	7,403	8,303	8,966	9,160
Certificate	110	92	110	87	87	120
Total	14,444	13,282	15,240	16,211	17,028	16,826

Source: Graduate School, University of Minnesota :

underrepresented students. While enrollment of American Indian students has increased in part because of new programs such as the Master's of Tribal Administration and Governance on the Duluth campus, the decline in African American student enrollment is an urgent issue (Figure 4-V and Figure 4-W). Effective fiscal year 2015, there will be an 11 percent increase in funding for the Diversity of Views and Experiences (DOVE) Fellowship intended for incoming graduate students (U.S. citizens or permanent residents) from underrepresented groups. The Graduate School concentrated its training grant commitments to emphasize additional traineeship slots aimed at underrepresented pre-doctoral students. The Campus Wide Recruitment Council includes 35 members who meet several times a year to share ideas and best practices in recruiting strategies, with an emphasis on underrepresented groups.

In spring 2014, the University subscribed to the GRE Search Service that identifies GRE test takers who are domestic underrepresented students along with their graduate degree interests. Through this service, the University is able to obtain a list of prospective students who are U.S. citizens and are either Hispanic/Latino, American Indian, Asian, Black, Native Hawaiian, or other Pacific Islander. This allows individual programs to create customized communications for prospective applicants, and to initiate and monitor contact automatically.

The University's ability to offer competitive financial packages for doctoral students plays a critical role in recruiting high-caliber, high-potential students. After the Graduate School recruitment fellowship fund was decentralized to the colleges, some college and faculty leaders have encountered challenges in making multi-year offers and accepting the risk in making more offers than there are available funds. The Graduate School is developing a new model for the administration of existing recruitment fellowship funds. Discussions will continue in the coming year with a focus on identifying ways to encourage colleges to offer fellowship packages with competitive stipend levels and benefits.

Academic Program Review and Assessment

Regular review and assessment is necessary to understand how well the University is building, maintaining, and improving graduate programs in an ever-changing higher education environment. The Quality Metrics Allocation Plan, implemented in 2011, includes a set of nationally recognized student-based measures that are applicable to all disciplines, including time to degree, completion rate, attrition pattern, and placement record. These quality measures are then taken into account in distributing funding to the colleges. Individual graduate programs (Ph.D., M.S., M.A., and M.F.A degrees) are invited to submit comments on these data, document the ways they compare to similar programs across the country, and indicate programmatic elements not readily measured, such as achievements and awards of their students and graduates. Following the review of program metrics and narratives, academic leadership from the Twin Cities and Duluth campuses meet to discuss strengths and weaknesses of their programs in order to inform planning.

In addition, the Graduate School and the College of Education and Human Development have collaborated to pilot and promote the Graduate Review and Improvement Process (GRIP) project. More than 20 graduate programs have engaged in GRIP, which places evaluation in the hands of faculty and students, with a student-centered and action-oriented approach

Figure 4-V. Doctoral Enrollment by Race/Ethnicity, University of Minnesota, 2008–2013

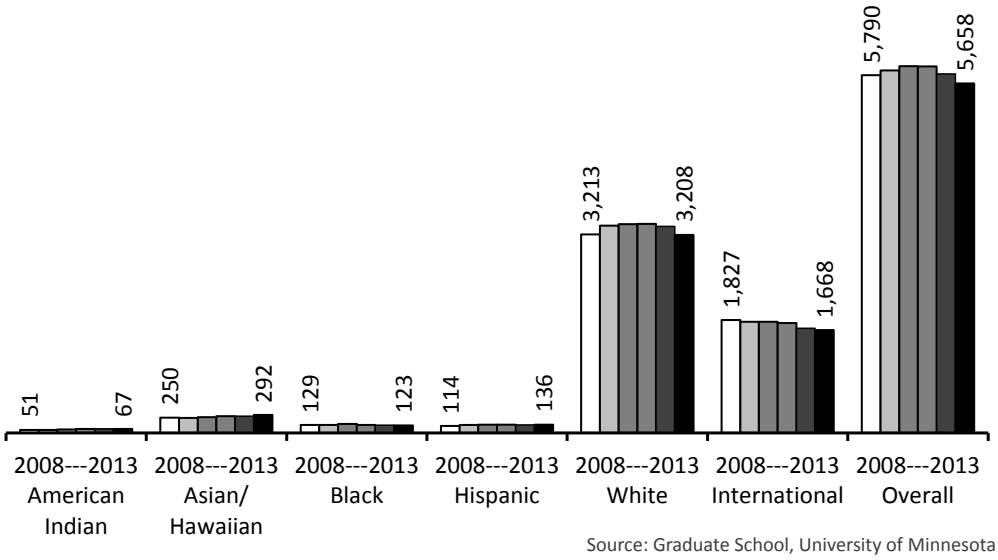
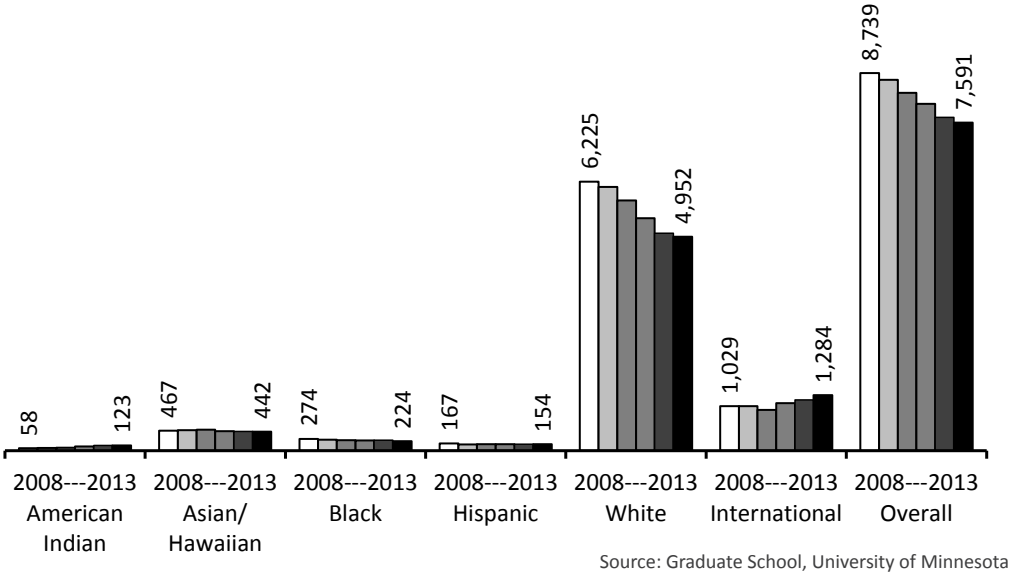


Figure 4-W. Master's Enrollment by Race/Ethnicity, University of Minnesota, 2008–2013



that provides a holistic program review. The goal is to capture the distinctive measures of quality in different disciplines and encourage improvement.

Efforts to articulate graduate student learning goals began in fall 2012. In 2013–14, ten pilot programs on the Twin Cities, Duluth, and Rochester campuses successfully identified goals and developed strategies to achieve them. Several broad common goals in graduate education include expert knowledge, research skills, and communication abilities. The next step in this assessment effort will be to measure program outcomes. The Graduate School has created guidelines, templates, and resources to assist all graduate programs across the system in establishing learning goals. Approximately 70 directors of graduate studies attended two workshops on student learning goals in spring 2014. Additional workshops are planned, and there is an expectation that Twin Cities campus graduate programs will have learning goals documented by the end of 2014.

Tracking Career Placement

Historically, career trajectory and achievements of graduates have been strong and visible indicators of academic program quality. However, accurately tracking alumni and maintaining a database of current and comprehensive placement information is a challenge shared by many institutions across the country. Some University programs maintain a relatively complete record of their graduates' initial job placement and some colleges have attempted to gather similar information for all of their programs. The narratives submitted as part of the Quality Metrics Allocation Plan revealed that both the level of job placement tracking and the completeness of this information over time vary greatly across the programs. The Graduate School is beginning a pilot project to track job placement for Ph.D. graduates and develop a data-gathering template and process that will be efficient and useful.

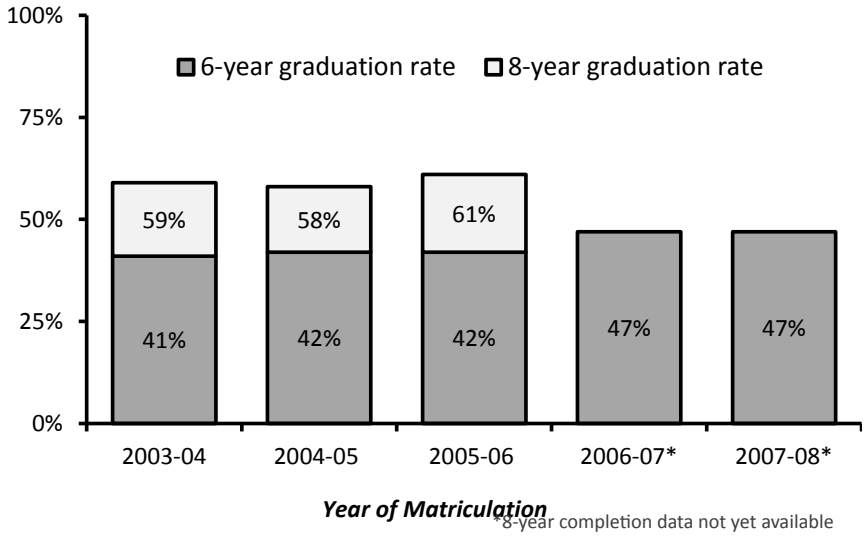
The University has long provided career development services for graduate students and post-doctoral associates, including workshops on resume building, effective interviewing skills, and academic and non-academic job search processes, and one-on-one consultation. Demand often exceeds capacity, and more resources must be found to meet graduate students' needs as they face an ever-changing job market. The Graduate School works collaboratively with staff and faculty across the University on a series of programming and services in response to those identified needs.

Graduating Students for Success

Effective retention strategies are as important as recruitment. Relatively low postbaccalaureate degree completion, especially at the doctoral level, is a national problem. The University invests heavily in graduate students, and when they depart without a degree it wastes resources of both the institution and the students (Figure 4-X). Studies show that academic and professional development opportunities offered by the University help students progress more successfully through the milestones of their studies and better prepare them for careers after graduation.

In 2013, the Graduate School organized a new student orientation for all graduate students on the Twin Cities campus. Most programs provide local orientation for new students, and now this campus-wide event helps students navigate the whole University. Orientation also offers sessions on conflict resolution, wellness, financial decision-making, online academic identity development, working well with an academic advisor, and creating a multi-year academic and professional strategy.

Figure 4-X. Six-Year and Eight-Year Doctoral (Ph.D., Ed.D., D.M.A.) Completion Rates, University of Minnesota, 2003–2008



*8-year completion data not yet available
Source: Graduate School, University of Minnesota

Education

Beyond orienting new students, the University offers a variety of programs and forms of support for students at different stages of their studies. The Thesis Research Travel Grant, Interdisciplinary Doctoral Fellowship, Bridging Funds, and Doctoral Dissertation Fellowship (DDF) are types of funding support that enable students to dedicate full-time effort to research and thus encourage more timely degree completion (Figure 4-Y). The Graduate School has also offered workshops to help students prepare external fellowship applications for the National Science Foundation, the Fulbright, and other prestigious research awards. Student success rates have improved in these competitions (Table 4-11).

The annual Doctoral Research Showcase in the spring and monthly Doctoral Dissertation Seminars enable fellowship recipients to present their research findings in various formats to a broad audience. For example, in conjunction with the grand opening of Northrop in April 2014, students were invited to attend and participate in the Graduate Revels event that combined the Doctoral Research Showcase with live shows and research demonstrations by graduate students, panel discussions, guided tours of Northrop, a photo contest display, and an opportunity to learn about post-doctoral options. This event attracted over 500 participants and brought attention to the exciting work that graduate students do on a daily basis.

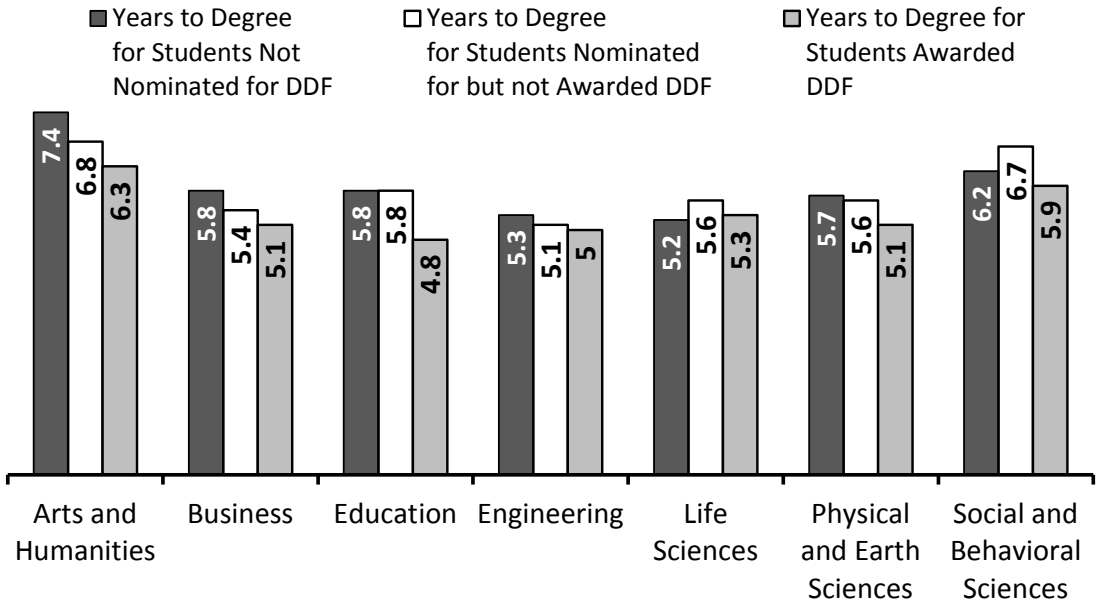
Table 4-11. Number of National Science Foundation Fellows and Fulbright Scholars

	NSF Fellows	Fulbright Scholars
2006–07	36	4
2007–08	34	7
2008–09	28	8
2009–10	33	5
2010–11	48	9
2011–12	67	4
2012–13	86	6
2013–14	92	3
2014–15	93	5

Source: Graduate School, University of Minnesota

Outstanding student advising is an important student success factor according to both internal and national studies. To promote a culture of excellence in graduate student advising, a collaborative group including the Academic Civility Work Group, the Student Conflict Resolution Center, and the Graduate School

Figure 4-Y. Impact of Doctoral Dissertation Fellowships (DDF) on Median Time to Degree (in Years) for Ph.D. Degrees Awarded, University of Minnesota, 2001–2013



Source: Graduate School, University of Minnesota

created graduate and professional student advising information and resources for students and faculty. These include best practices, guidelines, and tips on dealing with difficult behavior, preparing for difficult conversations, and counseling a student out of a program. To underscore the importance of quality advising, the Graduate and Professional Student Association (GAPSA), in partnership with the Student Conflict Resolution Center, the Provost's Office, and the Graduate School, created the Outstanding Adviser Award to acknowledge and raise the profile of excellent advising among graduate and professional faculty. Nominations were made by students and winners were recognized at a reception in fall 2014.

Providing an outstanding graduate student experience

As the University continues to promote operational excellence, the Graduate School prioritizes its work plan and resources to reduce administrative costs and increase efficiencies. Services, programming, and initiatives are consistent with the vision, mission, and values of the Graduate School and the University.

System-wide initiatives include the revival of the orientation for directors of graduate studies (DGSs) and the formation of the graduate research associate deans (GrAD) group. In spring 2014, following several years of hiatus, the Graduate School organized an orientation event for DGSs. Its purpose was to highlight functions, services, and resources provided by the Graduate School, share upcoming changes and new initiatives, and reconnect with faculty who have primary responsibilities in graduate education. In fall 2014, orientation sessions for new DGSs were held on the Twin Cities and Duluth campuses.

Recognizing that a close collaboration with the colleges is vital to advancing the graduate education enterprise, the GrAD group was formed in fall 2013 and has been meeting almost monthly. The meetings create a forum for discussion and enable the Graduate School to partner in initiatives such as the Quality Metrics Allocation Plan, the development of graduate student learning goals, and graduate eLearning.

Professional Education

Health Education

Health professions education occurs primarily through 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 centers, programs, and support services. There are 13 health professional degree programs on the Twin Cities, Duluth, and Rochester campuses that enroll students at the bachelor's, master's, and doctoral degree levels (Table 4-12). The University, in collaboration with its affiliated health systems, also trains over 1,200 dental, medical, and pharmacy primary care and specialty residents each year.

Table 4-12. Fall 2013 Enrollment and degrees awarded in health professional degree programs, all campuses

Program	UMN School	Degree Awarded	Campus	Fall 2013 Enrollment	Degrees Awarded 2013
Dental Hygiene	School of Dentistry	B.S.	Twin Cities	46	19
		M.D.H.	Twin Cities	12	3
Dental Surgery		D.D.S.	Twin Cities	413	107
Dental Therapy		B.S.D.T & M.D.T	Twin Cities	6	9
Medicine	Medical School	M.D.	Duluth, Twin Cities	969	220
Mortuary Science		B.S.	Twin Cities	50	33
Physical Therapy		D.P.T.	Twin Cities	149	45
Nursing	School of Nursing	B.S.N.	Rochester, Twin Cities	395	123
		M.N.	Twin Cities	127	62
		D.N.P.	Twin Cities	327	109
Pharmacy	College of Pharmacy	PharmD.	Duluth, Twin Cities	429	168
Public Health	School of Public Health	M.P.H.	Twin Cities	417	160
Healthcare Admin.		M.H.A.	Twin Cities	160	73
Occupational Therapy	Center for Allied Health Programs	M.O.T.	Rochester, Twin Cities	94	51
Medical Lab Sciences		B.S.	Rochester, Twin Cities	111	49
Veterinary Medicine	College of Veterinary Medicine	D.V.M.	Twin Cities	399	93
Total				**4,104**	**1,324**

Source: Office of Institutional Research, University of Minnesota:

Enrollments in most health professions programs have remained stable over the past five year period, with significant increases occurring in the School of Nursing, School of Public Health, and the College of Veterinary Medicine (Figure 4-Z). 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.

Admission to the health professions programs remains competitive, with the Twin Cities campus Medical School showing the greatest number of applications (n=3,716). (Table 4-13).

In 2013, the University of Minnesota granted 1,324 health professions degrees, up from 1,276 in 2012 (Table 4-12).

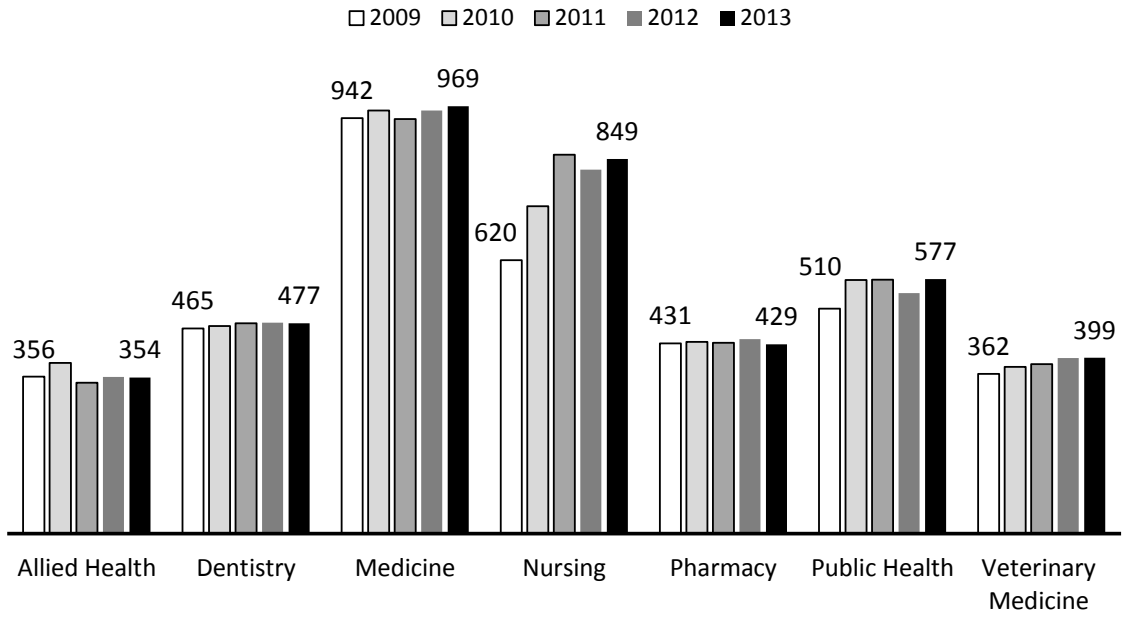
Academic Health Center colleges and schools train:

- nearly 80 percent of the state's dentists;
- more than half of the state's advance practice nurses and nursing faculty;
- two thirds of the state's pharmacists; and
- 70 percent of the state's medical school graduates.

Within our clinics and hospital sites, Academic Health Center (AHC) health professionals see more than one million patients each year. In addition, each of the schools and colleges has community outreach programs aimed at serving underserved populations throughout the state:

- The College of Pharmacy ensures all students serve a clinical rotation in a rural community.
- The School of Dentistry has established outreach sites throughout the state, including a mobile dental clinic, in partnership with UCare, that brings much needed dental services to communities across the state.
- The College of Veterinary Medicine 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.
- 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 medical students and residents, and 1,000 faculty from the Medical School provide care at urban and rural hospitals and clinics across Minnesota.

Figure 4-Z. Enrollment trends in health professional degree programs, all campuses 2009–2013



Source: Office of Institutional Research, University of Minnesota

Table 4-13. Fall 2013 Enrollment in Health Professional Degree programs, all campuses

Program	Applications	Offers	Enrolled
Dental Therapy M.D.T	10	6	6
Dental Hygiene B.S.	98	13	11
Dentistry D.D.S.	1,198	183	98
Medicine-Duluth	1,567	98	60
Medicine-Twin Cities	3,716	271	160
Medical Lab Science B.S.	227	58	54
Nursing, B.S.N.	718	161	146
Doctor of Nursing Practice	149	105	87
Master of Nursing	305	68	64
Master of Occupational Therapy	623	107	48
PharmD.	917	123	105
Master of Public Health	1,029	532	191
Veterinary Medicine D.V.M.	961	186	103
Total	**11,518**	**1,911**	**1,133**

Source: Office of Institutional Research, University of Minnesota:

Graduation rates in the health professions programs are very high. As indicated in Figure 4-AA, the graduation rates for all of the 2009 matriculating classes across the health programs exceed 85 percent.

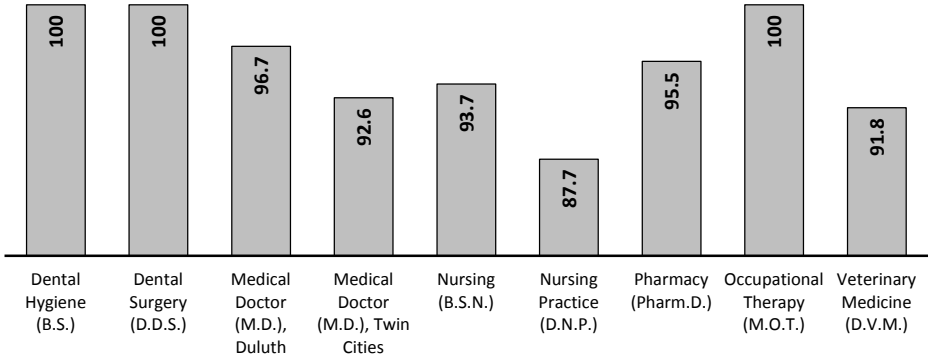
Over 60 percent of the 2013 graduates of selected health professions programs reported the use of loans to finance their education (Table 4-14). Almost 75 percent of the students in doctoral training programs (DDS, DNP, MD, PharmD) supported their education through loans.

The health professions schools and programs strive to foster learning environments in which learners are trained to be professionals who value differences and demonstrate cultural competence to meet the needs of the populations served. Achievement of these goals requires active recruitment and retention of students, staff, and faculty from underrepresented groups and programs to increase diversity in the health care workforce. Racial ethnic together with gender distributions are illustrated in Table 4-15 and Figure 4-BB (respectively).

In 2013, 49.5 percent of the Medical Laboratory Sciences students (n=111) self-identified as multicultural. The Duluth campus of the Medical School is ranked second in the nation for enrolling and graduating American Indian students. Of the 849 students enrolled in the Twin Cities campus of the Medical School, 19.1 percent self identify as multicultural. The School of Dentistry programs (DDS, dental hygiene, and dental therapy) have 21.7 percent of students who self identify as multicultural. Twenty-one percent of the students enrolled in the PharmD program self identify as multicultural. Of the 522 students enrolled in the bachelor of science of nursing (BSN) and Master of Nursing (MN) programs in the School of Nursing, 100 (19.2 percent) self identify as multicultural. Twenty-seven 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 provide critical infrastructure for health care in Minnesota as a pipeline for workforce development. The programs

Figure 4-AA. Graduation rates for 2009 cohort



Source: Office of Institutional Research, University of Minnesota

Table 4-14. Health professional student loans, all campuses, 2013

	Number of Graduates	% with Loans	Average Loans
Doctor of Dental Surgery (D.D.S.)	107	90.7	$206,134
Medical Doctor (M.D.)	220	90.9	$162,430
Doctor of Pharmacy (PharmD.)	168	89.9	$138,949
Master of Nursing (M.N.)	62	90.3	$45,410
Bachelor of Science in Dental Hygiene (B.S.)	19	63.2	$24,266
Doctor of Nursing Practice (D.N.P.)	109	74.3	$68,104
Bachelor of Science in Nursing (B.S.N.)	123	71.5	$33,161

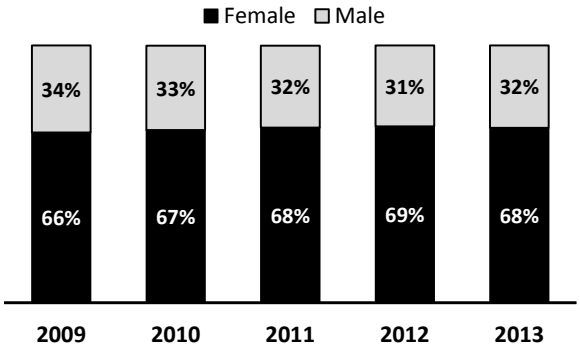
Source: Office of Institutional Research, University of Minnesota

Table 4-15. Racial and ethnic diversity of students enrolld in health professional programs, all campuses, 2009–2013

	2009	2010	2011	2012	2013
American Indian	1.6%	1.8%	1.5%	1.5%	1.4%
Asian/Pacific/ Hawaiian	7%	7.4%	7.2%	8%	8%
Black/African American	4.3%	4.1%	3.6%	3.3%	3.7%
Hispanic	2.2%	2.2%	1.8%	1.6%	1.7%
International	2.1%	2.3%	2.5%	2.8%	3.1%
White	78.5%	76.4%	73.6%	72%	70.8%
Unknown	4.3%	5.8%	9.8%	10.8%	11.3%

Source: Office of Institutional Research, University of Minnesota

Figure 4-BB. Health professional students by gender, all campuses, 2009–13



Source: Office of Institutional Research, University of Minnesota

generate significant economic impact, helping improve the health of communities and developing new treatments and cures for major health issues.

- Workforce Development: AHC programs currently train nearly 70 percent of Minnesota's health care 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.
- Health Impact: Our health care providers deliver care for chronic and acute conditions in hospitals and clinics across Minnesota. University of Minnesota Physicians is the second largest integrated clinical practice in the Twin Cities. Last year, UMPhysicians and Fairview formed an integrated care system called University of Minnesota Health, making leading edge care available to more patients across the state.
- Economic Impact: Every $1 million in federal grant money that the AHC receives generates more than $2 million in new business activity in Minnesota.
- Research Impact: The AHC faculty oversees more than $400 million in research grants each year, accounting for over half of the University's entire 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 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 to be an unbiased, neutral convener, well-positioned to leverage the resources, influence and expertise of many sectors, including government, the foundations, national associations, professional groups, health systems, educators and policy makers.

The National Center's goal is to provide the leadership, evidence, and resources needed to guide the nation on the use of interprofessional education and collaborative practice (IPECP) as a way to enhance the experience of health care, improve population health, and reduce the overall cost of care (the "Triple Aim"). The primary focus of the National Center's work is the "Nexus"—the place where health professions education and health care delivery systems partner to meet the demands of transforming processes of care delivery and the challenges in educating and training the next generation of health professionals and how it can contribute to the Triple Aim.

There are three primary avenues through which the National Center is advancing this goal:

- Co-creating and evaluating IPECP models that reconnect education and collaborative practice in Nexus sites across the U.S. and show the impact of this work on the Triple Aim.
- Strengthening and increasing the availability of evidence about the effectiveness of IPECP in achieving the Triple Aim.
- Leading and facilitating the national dialogue among stakeholders in education and health care about the effectiveness of IPECP in achieving the Triple Aim.

Two years into its work, the National Center has established the Nexus Innovations Incubator Network composed of 15 Nexus Innovations Incubator locations in 11 states including Minnesota. These sites serve as the National Center's learning "laboratories," designed as a collaborative of higher education and health systems partners committed to advancing IPECP research and education together.

The Minnesota Nexus is a network 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), University of Minnesota Physicians Women's Health Specialists Clinic at University of Minnesota Medical Center, Touchstone Mental Health and Wilder Child Guidance Clinic.

An essential component to the Network's success is The National Center Data Repository (NCDR), a first-in-the-nation data repository focused on IPECP outcomes. Network members collect data on their own projects and upload de-identified data to contribute to the national understanding of the Nexus on Triple Aim outcomes. The NCDR uses state-of-the-art analysis to test the effectiveness and return on investment of interprofessional models and leverages precious federal and state investment in the UMN information exchange.

As health care environments transform to achieve the goals of providing patient-centered care, improving community health outcomes, and reducing healthcare costs, it is important that the University of Minnesota health professions programs evolve to educate future professionals to work effectively in these transformed environments. To support these efforts, the 1Health initiative works to integrate interprofessional education across the AHC and other University health programs. The 1Health curriculum provides health professions students with opportunities to develop interprofessional competencies so they will be ready for the collaborative nature of the transforming workforce.

The 1Health initiatives are led by a team of interprofessional faculty representatives from across the AHC and AHC Office of Education staff. This team works closely with the Interprofessional Practice and Education (IPPE) Committee 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 1Health curriculum consists of three sequential phases:

Phase I—Orientation: Students develop a foundational knowledge and awareness of roles and responsibilities of health professionals and basic concepts in teamwork though participation in the Foundations of Interprofessional Communication and Collaboration (FIPCC) course. Ten health professions programs have integrated the FIPCC course into their curricula and require student participation and provide faculty facilitators. Over 900 health professions students were enrolled in the FIPCC course in the fall of 2013 and fall 2014 enrollment is at 1026, with 88 small groups of students meeting across the four campus locations (Minneapolis, St. Paul, Rochester, and Duluth).

Phase II—Necessary Skills: This phase, offered during the middle portion of the student's educational program, is designed to provide opportunities for skill development through the didactic curriculum in areas critical for collaborative practice including team communication, patient safety, and quality improvement while building on the competencies achieved in the FIPCC course.

Phase III—Expertise in Practice: This final phase, open to all University health professions students currently enrolled in clinical rotations, is designed to provide students an opportunity to apply the interprofessional skills and competencies required in a clinical practice or community setting. While on rotation, students observe and reflect on interactions among health professionals at the site and participate in site-specific interprofessional activities such as care planning, team huddles, or group discussions. Following the rotation, students meet for an in-person, facilitated discussion to share observations and reflections related to interprofessional collaborative care. During the 2014–15 academic year, over 500 students from Pharmacy, Nursing, Occupational Therapy, Social Work, and Medicine will participate in an interprofessional activity embedded within a required clinical rotation.

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 an increasingly qualified, talented, and diverse student body. Last year's entering class of 221 J.D. candidates had a median LSAT at the 90th percentile nationally and a median GPA of 3.79. The class was also among the most diverse in Law School history. Nineteen percent of the students are of color, and another 12

percent come from other countries. The Law School has increased its LL.M. class from 50 to 66 students, 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.

The Law School has taken two other steps to improve diversity. Three years ago, the Law School launched the Minnesota Law Early Admissions Program (MLEAP). Under this program, undergraduate students at any of the five University campuses may apply to the Law School without taking the LSAT. The program has helped the Law School to recruit talented and diverse undergraduates. In addition, for the past five years, the Law School has sponsored the Minnesota Pre-Law Scholars (MPLS) Program, a comprehensive law school preparation program that is targeted to underrepresented Minnesota residents.

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 University is on track to recruit another very talented class for next year, although the size of the class will be smaller than in the recent past.

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 first-year module on statutory interpretation as part of the emphasis on practical skills;
- Introduction of Law in Practice as a required first-year course integrating doctrine and skills, and engaging students with practitioners and judges;
- 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 $23,626. 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 University of Minnesota Law School is rated among the top 20 law schools nationally in faculty productivity. From September 1, 2012 to September 1, 2013, law school faculty authored 15 books, 39 book chapters, and 40 law review articles. Two examples illustrate the depth and range of faculty scholarship. Professor Dale Carpenter's book *Flagrant Conduct:*

The Story of Lawrence v. Texas was named one of the 100 Notable Books of 2012 by *The New York Times Book Review* and was selected in 2013 as the winner in the LGBT nonfiction category at the 25th Lambda Literary Awards. Professor Myron Orfield, as Director of the Law School's Institute on Metropolitan Opportunity, has published a series of research reports on metropolitan governance issues that provide resources for policymakers and planning officials to address reform in the areas of land use, housing, and education.

Public Service Outreach

The Law School provides significant services to the community in a variety of ways. The Law Clinic program is one of the largest in the country with approximately one-half of Minnesota law students participating in one or more of the Law School's 26 clinics. Students in these clinics provide legal services to low income clients under the supervision of clinical faculty. With the generous support of the Robina Foundation, the Law School launched this past year the Center for New Americans which will collaborate with leading area law firms and nonprofit organizations to provide urgently needed legal services for diverse immigrant communities. The Law School also partners with the Minnesota Justice Foundation to sponsor a Law School Public Service Program. During the past school year, 174 law students were placed with legal service providers. These students provided 6,250 hours of pro bono legal services to 2,379 clients.

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 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.

To help achieve this vision, the University has adopted a robust research strategic plan, Five Years Forward, to help develop new initiatives 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 in new ways to foster discoveries and make the world a better place.

The University's research and development expenditures rank among the most by U.S. research institutions (Table 5-1). Annually, the University spends over $800 million on research with an economic impact of $8.6 billion a year for the Minneapolis-St. Paul metro areas.

Enhancing Research Excellence

The University is focused on providing education that generates knowledge, understanding, and creativity. Students become leading scientists and teachers, engineers and artists, health and business professionals and faculty contribute to innovations and scholarship that improve human health and quality of life and advance our understanding of the world.

The University is therefore committed to enhancing research excellence by investing in research infrastructure and faculty, and by educating students for the industries of tomorrow.

Research Infrastructure Reinvestment

The Research Infrastructure Reinvestment awards are 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 support the University's talented researchers as they explore new ideas, form interdisciplinary partnerships, and make groundbreaking discoveries.

The awards are investments designed to ensure the viability of existing, critical facilities and research support services on all campuses.

This past fiscal year, the program provided an initial $1.4 million investment, with a required one-to-one match from the supporting colleges or centers. A total of twelve awards were granted, amounting to nearly $3 million invested in projects that will benefit research in at least seven colleges and three centers across the University, representing a wide variety of needs and interests, from higher-quality imaging tools like X-rays and electron microscopes to digital fabrication equipment like 3D printers and laser cutters. Over the past five years, $30.2 million, including matching funds, have been invested through the Research Infrastructure Reinvestment Program.

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, for example, can learn critical skills through the Undergraduate Research Opportunities Program. Graduate and professional students work alongside faculty in the laboratory and in the creative studio and thus they play a critical role in generating new knowledge and creative works. Graduate students

Table 5-1. Top 15 institutions reporting largest research and development expenditures, 2011–12

		2012		2011		Percent Change 2011–12
		Total*	Public Rank	Total*	Public Rank	
1	Johns Hopkins U.	$2,145 million		$2,106 million		-2%
2	U. of Michigan–Ann Arbor	$1,279 million	1	$1,323 million	1	+3%
3	U. of Wisconsin–Madison	$1,149 million	3	$1,170 million	2	+5%
4	U. of Washington–Seattle	$1,112 million	2	$1,109 million	3	-4%
5	U. of California–San Diego	$1,009 million	4	$1,074 million	4	+6%
6	U. of California–San Francisco	$995 million	5	$1,032 million	5	+4%
7	Duke U.	$1,022 million		$1,009 million		-1%
8	U. of California–Los Angeles	$982 million	6	$1,003 million	6	+2%
9	Stanford U.	$908 million		$903 million		-1%
10	Columbia U.	$879 million		$889 million		+1%
11	U. of North Carolina–Chapel Hill	$869 million	8	$885 million	7	+2%
12	U. of Pittsburgh	$899 million	7	$867 million	8	-4%
13	U. of Pennsylvania	$886 million		$847 million		-5%
14	**U. of Minnesota–Twin Cities**	**$847 million**	**9**	**$826 million**	**9**	**-3%**
15	Massachusetts Inst. of Technology	$724 **million**		$824 **million**		+12%

Source: National Science Foundation, National Center for Science and Engineering Statistics, Higher Education Research and Development Survey, 2013

become leaders, not just in research, but also in higher education, as they prepare to become future faculty around the world.

Risk Recalibration

On average, 42 percent of research time is spent on administrative functions. This is unfortunate, so to address this, the University has been seeking ways to increase operational efficiency and cut unnecessary administrative costs system-wide.

While work in this area is ongoing, in fiscal year 2014, the University achieved the following cost reductions through its continuing commitment to strategic risk management and reduction of administrative burden.

The total financial impact of these initiatives is nearly $9 million. Specific progress includes:

- Implementation of multiple initiatives related to regulatory inspections for animal research, reducing duplication of effort across units and resulting in a time savings of 686 hours.
- Streamlined Institutional Review Board processes to facilitate more collaborative agreements with other institutions.
- Initiation of several measures that streamline the technology licensing process and generate revenue for the University.
- Elimination of the Responsible Conduct of Research continuing education course requirement for faculty, resulting in 3,900 hours of total annual time savings.

- Reduction of administrative review and researcher certification for effort reporting by approximately 10,000 statements per year.

A pilot project aimed at reducing administrative burden from the ground up is also underway at the University of Minnesota Duluth and the Twin Cities campus College of Science and Engineering. The project will result in the development of a model to facilitate collaborative review of policies and procedures between faculty and staff and ultimately improve decision making related to risk recalibration and the reduction of administrative burden.

Accelerating the Transfer of Knowledge

The University is committed to engaging in dynamic outreach and service within communities. The University and its partners share knowledge and resources to address the grand challenges of a diverse and changing world.

To drive change and help address these challenges, the University must create opportunities for public-private partnerships that move information out of the ivory tower and into the communities where it can do the most good.

To this end, the Office for Technology Commercialization (OTC) has:

- Launched a University record 15 startups during fiscal year 2014. This is the fifth consecutive year of launching a record number of startups.
- Since the OTC-Venture Center was formed in 2006, University startups have raised in aggregate almost $110 million in investment capital.
- Since the OTC-Venture Center was formed in 2006, the University has launched 74 startups, with over 80 percent still active, and has developed a strong startup pipeline.

Additionally, three initiatives are accelerating innovation into the marketplace.

- Minnesota Innovation Partnerships (MN-IP) has led to more than 130 agreements with over 90 companies.
- Discovery Capital investment program provides seed funds for the most promising University technologies. Launched earlier this year, the program will offer $350,000 in seed funding that must be matched by an external partner. The program is expected to launch two to three deals each year.
- The University won a National Science Foundation grant that brought in $300,000 to enhance the entrepreneurial ecosystem at the University. This effort (called MIN-Corps) is a collaboration among the OTC, Holmes Center for Entrepreneurship within the Carlson School of Management, and the Technology Leadership Institute within the College of Science and Engineering.

Advancing Transdisciplinary Partnerships

The University advances transdisciplinary partnerships by encouraging collaboration between researchers and among disciplines in order to derive new concepts and approaches and to enable new ways of understanding.

Economic Development

In 2013, the University revamped its business relations office to streamline economic development activities and to advance partnerships with business and industry throughout the state. In the past year, the Office of University Economic Development (UED) has forged new relationships with Minnesota companies across all sectors and has developed strong partnerships with numerous business advocacy groups and state agencies, such as the Minnesota Department of Employment and Economic Development.

Companies are increasingly shifting away from pure philanthropy when engaging research universities and are seeking collaborations with academia to improve their competitive position and business operations. In response to this trend, the University Economic Development office and the University of Minnesota Foundation are formally partnering to facilitate more relationships that strengthen local and global companies while also benefiting the University.

The specific goals of the partnership, named the Corporate Engagement Workgroup, are:

- to make it easier for companies and economic development groups to connect with the University;
- to more effectively collaborate with companies on workforce and innovation; and
- to convene corporate and community partners around strategic initiatives.

The University expects more mutually beneficial relationships to emerge as a result of this new partnership.

Minnesota's Discovery, Research and InnoVation Economy (MnDRIVE)

MnDRIVE is a landmark 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 the state's and society's greatest challenges. In the first year, $34.5 million has been authorized for more than 120 MnDRIVE projects across four research areas, involving approximately 354 researchers in 70 departments, 20 colleges, and three campuses (Twin Cities, Duluth and Morris).

Highlights

- Hired 111 people, including 16 faculty, 46 graduate students and 22 staff and technicians.
- Awarded nearly $6 million in funding for twelve transdisciplinary research projects that involve 87 faculty in 50 departments and 16 colleges across three campuses. Projects are supported by 31 external partners, including Cargill, 3M, Medtronic, Polymet Mining, Great River Energy, Georgia Pacific, and four state agencies.
- Constructed a 4,300 square foot robotics lab to advance cutting edge robotics research.
- Submitted 21 patents and licenses based on MnDRIVE research and innovation.
- Leveraged $7.3 million in state, federal and private funding for 24 projects, including major funders such as Boston Scientific, National Science Foundation, and National Institutes of Health.
- Held 110 meetings, symposia, workshops, and conferences with more than 6,000 attendees ranging from researchers and students to industry partners and academic collaborators.

University of Minnesota Informatics Institute (UMII)

The UMII was formed in January 2014 to foster data-intensive research in agriculture, engineering, environment, health, humanities, and social sciences and is supported in part by MnDRIVE. In July, UMII awarded six faculty from across two campuses Transdisciplinary Faculty Fellowships to provide leadership in transdisciplinary collaborative projects that involve informatics.

Outreach, Service, and Engagement

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.

Introduction

Publicly engaged research, teaching, and outreach initiatives enhance the University's capacity to produce research of significance, improve educational experiences of students, and be a knowledge source for the public good. The University leverages the special opportunities of each campus location and the full range of state and regional assets—communities, businesses, government and nonprofit partners, and cultural assets from performance groups to museums and libraries—with a spirit of reciprocity, guided by a commitment to engagement that ensures mutual benefit.

The University's Ten-Point Plan for Advancing and Institutionalizing Public Engagement focuses on deepening the use of community-engaged and community-partnered work to further the research and teaching goals of academic units, and to address some of the most complex and difficult issues in society. The following are some initiatives supported during the 2013–2014 academic year:

- The annual **President's Community-Engaged Scholar Award**, which recognizes one faculty or staff member annually for exemplary engaged scholarship. This year, the award was presented to Department of Medicine Professor Michele Allen, whose research has focused on how equitable research partnerships can improve translational science and who worked to incorporate diversity-focused student service-learning experiences into the medical school curriculum.
- The **Public Engagement Council**, a University-wide deliberative body, addressed eleven policy issues important to the advancement of public engagement.
- The **Engaged Scholar Workshops**, a three-part promotion and tenure series, assisted faculty involved in community-engaged research and teaching to effectively document engaged scholarship in promotion and tenure portfolios.
- The **Twin Cities Public Engagement Network** was launched as an opportunity for managers and directors of units that conduct publicly-engaged work to convene regularly, explore the range and scale of engagement work taking place across the campus, and offer campus administrators suggestions and feedback for furthering the University's public engagement agenda.
- Five **Issue Area Networks** have been created to build a unified, systems approach to public engagement by networking over 90 existing engaged research, teaching, and outreach units in the areas of diversity, equity, and inclusion; economic development; food; transportation; and youth and education.

Leading nationally as an engaged university

The Ten-Point Plan has been cited as a model for university-wide engagement by various national and international groups including The Research Universities for Civic Engagement and the Global University Network for Innovation. Other institutions, including Cornell University, University of Texas, University of North Carolina-Chapel Hill, and McMaster University, have used elements of the Ten-Point Plan as a guide for establishing their own university-wide public engagement agendas.

Several other indicators are shown in Table 6-1:

- The Twin Cities campus was one of six research universities to receive the Carnegie Foundation's Community Engagement Classification in 2006, and was singled out as an exemplar and a model for other applicants. The Twin Cities campus completed a renewal application this year and will learn of their classification status in December 2014.
- Among comparison group institutions, the Twin Cities campus ranks 8th (66th overall) in the number of students who go on to serve in the Peace Corps and 2nd (17th overall) in the percentage of work-study positions (34 percent) that are community-service focused. Additionally, the University ranks 6th (111th overall) in the hours of service contributed to communities.

Although a number of publications rank college and university contributions to the public good, there is skepticism about how well rankings can assess such contributions. Nonetheless, the rankings offer a glimpse into how external entities perceive societal contributions.

The most widely cited of these rankings is the *Washington Monthly*. Although the reputation of the University has improved since the inception of the rankings, the University ranks second to last among its comparison group (Table 6-2) and currently ranks 35 of 277 universities included in the assessment.

These rankings and numbers do not reconcile with other indicators that demonstrate the ways in which the University has assumed a leadership role both nationally and internationally to advance public engagement in higher education. Examples include:

- In 2014, the University was one of five U.S. institutions invited to participate in the State Department's United States-Pakistan Initiative in Higher Education on Civic Engagement. A University delegation traveled to Pakistan to help train faculty at various Pakistani universities about the University of Minnesota's Ten-Point Plan for Institutionalizing Public Engagement.
- The **Crookston** and **Duluth** campuses each received a listing on the 2013 President's Higher Education Community Service Honor Roll, which recognizes higher education institutions that achieve meaningful, measurable outcomes in the communities they serve.

Finally, the University remains an active member of national and international peer networks devoted to strengthening the role of public engagement in higher education. These include: Campus Compact; Imagining America; APLU Council of Engagement and Outreach; Coalition of Urban Serving Universities; Committee on Institutional Cooperation Engagement Council; Community-Campus Partnerships for Heath; National Engagement Academy; 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.

Engaging students in powerful academic experiences

The University's public engagement agenda supports programs and initiatives that engage students in community-based learning experiences that provide opportunities to connect academic learning with societal issues. These experiences enhance students' academic, personal, social, career, and civic development.

Table 6-1. Public Engagement Measures, Twin Cities Campus and comparison group institutions, 2014

Institution	Received Community Engagement Classification	Member of TRUCEN	United States Peace Corp Rank	Percent of Community Service Work-Study	Community Service Hours Rank
Ohio State U.–Columbus	2008	No	63	24%	82
Penn. State U.–University Park	2008	No	85	24%	172
U. of California–Berkeley	X	Yes	26	19%	108
U. of California–Los Angeles	2006	Yes	25	20%	13
U. of Florida–Gainesville	X	No	32	8%	172
U. of Illinois–Urbana-Champaign	2008	No	68	24%	172
U. of Michigan–Ann Arbor	2008	Yes	22	13%	37
U. of Minnesota–Twin Cities	**2006**	**Yes**	**66**	**34%**	**111**
U. of Texas–Austin	X	Yes	76	36%	172
U. of Washington–Seattle	X	Yes	13	20%	172
U. of Wisconsin–Madison	2008	Yes	19	16%	94

Source: Washington Monthly Annual Survey; The Research University Civic Engagement Network

Table 6-2. *Washington Monthly* Social Good national university rankings sorted by 2014 rankings, Twin Cities campus and comparison group institutions, 2010–14

Institution	2010	2011	2012	2013	2014
U. of California–Berkeley	2	3	5	5	3
U. of California–Los Angeles	3	2	6	10	5
U. of Washington–Seattle	16	23	8	13	7
U. of Michigan–Ann Arbor	7	10	13	12	13
U. of Wisconsin–Madison	23	29	18	15	17
Ohio State U.–Columbus	46	42	37	28	18
U. of Texas–Austin	5	19	23	18	20
U. of Florida–Gainesville	42	28	21	24	21
U. of Illinois–Urbana-Champaign	64	38	22	19	26
U. of Minnesota–Twin Cities	**43**	**45**	**28**	**56**	**35**
Penn. State U.–University Park	35	47	98	91	84

Source: Washington Monthly Annual Survey

Data from the 2013 Student Experience in the Research University survey indicate that 84 percent of undergraduate students surveyed considered opportunities to connect their academic work with community-based experiences important. Not only can public engagement activities support student learning and development outcomes; public engagement can also serve as a vehicle to recruit students to the University who are looking for these opportunities.

To address student demand, a growing number of service-learning opportunities have been offered to students across a greater number of disciplines at the Twin Cities campus (Figure 6-A).

Service-learning integrates community engagement experiences with students' academic coursework. During 2013–2014 on the Twin Cities campus, 3,933 undergraduates enrolled in service-learning activities offered in 206 academic courses through 63 departments. This is the largest number of departments and students participating in service-learning since tracking started in 2002 (Figure 6-B).

The **Community Engagement Scholars Program** is an opportunity for undergraduate students on the Twin Cities campus 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 247 students.

In addition, many colleges and departments offer community-based learning experiences for students. Examples include the following:

- The **College of Food, Agricultural, and Natural Resource Sciences** (CFANS) has developed a college-wide curriculum that incorporates community-based learning experiences into student requirements for graduation and launched a multi-year initiative to enhance the intercultural competency of all CFANS undergraduates.
- The **Resilient Communities Project** (RCP) builds partnerships with one community per year to facilitate course-based projects that meet community-identified sustainability needs. During the 2013–2014 academic year, RCP partnered with the City of North St. Paul on 16 projects that engaged 35 courses across eleven colleges at the Twin Cities and Duluth campuses, and provided hands-on, applied research opportunities to more than 300 graduate and undergraduate students.

- Graduate students formed the **Cedar Humphrey Action for Neighborhood Collaborative Engagement**, which hosted monthly gatherings with Cedar Riverside neighborhood residents, organized a West Bank Flavor event to promote neighborhood businesses on campus, and conducted a community-based research project in partnership with the West Bank Community Coalition on empowering young adults.
- The **Center for Small Towns** (CST) received a two-year commitment of operating support from the Otto Bremer Foundation, which launched 50 projects in 18 distinct non-profit organizations and government agencies, spanning 35 Minnesota counties, and involving four Morris faculty and 48 Morris students.
- The 2014 **Acara Challenge** supported eleven teams of student entrepreneurs to develop innovative business solutions for environmental and social challenges.
- The **Mobile Dental Clinic** travels to communities throughout the state to serve primarily underserved populations. The mobile clinic provides preventative and primary dental care services through a dental-student rotation that prepares the future dentists of Minnesota.
- All **Rochester campus** Health Sciences students are required to complete a capstone experience, many of which involve community-based research, service, or work experiences.
- The **Interdisciplinary Center for the Study of Global Change**, with the **Humphrey School of Public Affairs,** offers students summer field experiences and capstone projects with local and international development organizations.

Figure 6-A. Number of departments offering service-learning courses, Twin Cities campus, 2009–2014

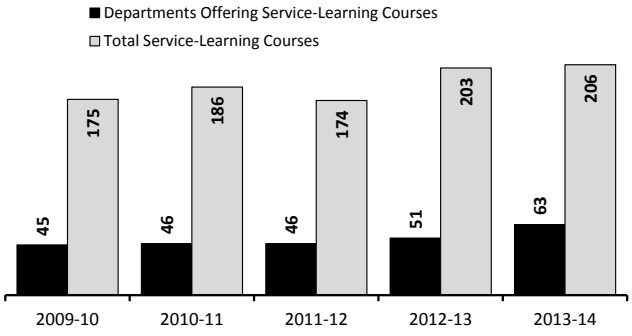
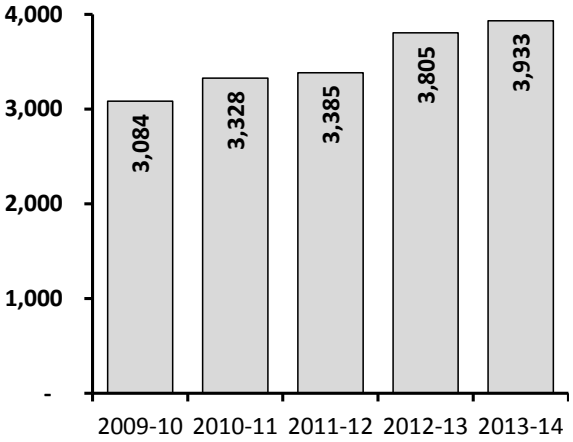


Figure 6-B. Number of students enrolled in service-learning courses, Twin Cities campus, 2009–2014



In addition, the University supports students' involvement in internships, clinical practica, and other community-based learning experiences in partnership with local and international businesses, health organizations, and governmental agencies.

Incorporating community-based knowledge to advance research

Faculty and other investigators from all collegiate units and campuses conduct research in the public interest. The units that support community-engaged research initiatives work with individual faculty members, departments, and colleges to leverage funding, provide technical assistance, and develop quality partnerships with community-based constituents. Examples include the following:

Art

- The **School of Music**'s Community Engagement Leadership team funded eight faculty and graduate student research projects to bring high-quality music experiences to participants and audience members across the Twin Cities.

Economic Development

- **Humphrey School of Public Affair's** research evaluated Hennepin County's delinquent property tax enforcement and tax-forfeited land administration programs, and provided recommendations for county administration and policy makers.

- The **Center for Rural Design** pursued an effort to increase community capacity by enhancing rural citizens' access to digital geographic information and mapping tools. The project, Digital Towns, enhances economic development possibilities and builds social capital for rural communities.

Environment and Sustainability

- The **Law School**'s capstone class partnered with Hennepin County's Environmental Services Department to research strategies for expanding distribution of the energy produced by the County's waste-to-energy facility.
- Extension's **Regional Sustainable Development Partnerships (RSDP)** brought together greater Minnesota communities and University resources to drive sustainability in agriculture and local food systems, tourism, natural resources, and clean energy. RSDP supported more than 135 projects statewide, including a cold climate greenhouse guide, a tourism assessment project for small communities, an online local food college, and promotion of LED lighting in turkey barns.

Food

- A team of faculty from the **College of Food, Agricultural, and Natural Resource Sciences** and **Extension** partnered with the Minnesota Fruit and Vegetable Growers Association, local grocery stores, and a variety of locally-sourced restaurants to research year-round local food production in Minnesota.
- The **Healthy Food, Healthy Lives Institute** awarded $73,000 in spring 2014 to two faculty research teams to focus on food safety issues and the prevention of diet-related chronic disease and obesity.

Health

- The **Clinical and Translational Science Institute** awarded $300,000 to five community-University research projects that address important health issues identified by Minnesota communities. Funded projects focus on themes such as maternal health for diverse populations, chronic disease issues, mental and behavioral health for children exposed to violence, and managing hyperuricemia and gout in Hmong populations.
- The **Research for Indigenous Community Health Center** hosted a research-focused summit in 2014 on food, medicine, and other traditional sources of healing. The summit included traditional medicine workshops, indigenous chef presentations, and indigenous research projects to improve community-level wellness and prevention of disease.

Transportation

- **Access Across America: Transit 2014** examined job accessibility by mass transit in 46 of the 50 largest metropolitan areas in the United States. The most detailed such evaluation to date, the research allows for a direct comparison of transit accessibility in America's largest metropolitan areas.
- The **Center for Transportation Studies**' researchers partnered with Metro Transit to develop "super hybrid" buses. These unique buses use all-electric systems to power necessary accessories and have higher fuel efficiency and fewer emissions.

Youth and Education

- The **Institute of Child Development**'s Achievement Gap Community Symposium focused on the importance of early brain development in academic success and included research on the impact of poverty and trauma, toxic stress, and homelessness, as well as on the importance of a child's understanding of English prior to formal schooling.
- The **Center for Adolescent Nursing** has partnered with Minneapolis Public Schools to evaluate the outcomes of Lead Peace, a county-school-community service-learning program that engages high school students in experiential learning opportunities.
- Five professors from the **College of Education and Human Development** began a three-year collaborative project working in Burkina Faso, Chile, Malaysia, Mexico, Pakistan, Rwanda, South Africa, and Zimbabwe. They will study effective practices for building University-based social entrepreneurship programming that advances youth economic participation and development.

Partnering with diverse communities to translate research into practice

While many of the University's community engagement initiatives advance research and teaching agendas, many also provide outreach and service to Minnesotans and populations around the globe.

Rural Communities

- In 2013, the mobile apps **"Hay Price Calculator"** and **"Healthy Horse"** were released. These apps—1,500 of which were purchased by the end of summer 2014—help horse owners make cost and health decisions for their animals.
- **4-H on Wheels** serves Somali and Hispanic youth in Willmar on site at their housing developments. In collaboration with United Way and Willmar County Education, this program serves more than 300 youth at six sites during the summer months.

Urban Communities

- The **Community University Health Care Center** provides medical, mental health, and dental services to 11,000 people annually. In addition, 300 health science students, residents, and fellows learn about providing services to low income and diverse patients. Supportive social services including legal services, assistance in enrolling in public health insurance programs, and programs related to domestic and sexual assault.
- The **Urban Research and Outreach-Engagement Center** partnered with the Institute on Domestic Violence in the African American Community and community leaders to address the issue of youth violence in north Minneapolis.
- The **University Northside Partnership** focuses on the community-identified issues of education, health and wellness, and community and economic development.

Industry Development

- Minnesota's agricultural industry is the second-largest segment of the state's economy, generating over $75 billion in economic activity each year. The 2014 farm bill expands the number of farm businesses eligible to participate, so some will be new to the program and all will face new choices about how they will manage risk. **Extension**, in collaboration with the U.S. Department of Agriculture's Farm Service Agency, is delivering education on the farm bill to producers, landlords, and agricultural professionals.
- The **Local Food Advisory Committee** brings together the Minnesota Institute for Sustainable Agriculture, Minnesota Department of Agriculture, Minnesota Department of Health, Extension faculty and staff, and representatives from eight other stakeholder groups, including four farmer organizations, to share information about the intersection of state regulations and local food systems and problem-solve in a non-adversarial setting.

K-12 Support

- The **College Readiness Consortium** worked with 100 middle and high schools across Minnesota, reaching 55,000 students, to implement Ramp-Up to Readiness, a school-wide program designed to prepare all students for post-secondary success.
- The **Healthy Youth Development-Prevention Research Center** hosts a week-long summer institute each year focusing on connecting community and scholars to the study of adolescent health issues. More than 60 individuals from the University and the community agencies gather to learn community-based best practices to create healthy communities for all youth.
- Working to reduce the achievement gap, the **Path to Reading Excellence in School Sites** (PRESS) helps schools establish systems and practices for all K–5 students to become capable readers. PRESS has been implemented in 23 schools in Minnesota and has facilitated workshops attended by nearly 500 educators statewide. Additionally, over 300 copies of the PRESS intervention and assessment manuals have been sold nationwide.
- Students visiting the **Cedar Creek Ecosystem Science Reserve** engage in a variety of activities ranging from tours of various ecosystems and research sites to investigations illuminating basic ecological concepts. Students are encouraged to actively "do science" and grapple with the complex concepts of ecology.

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 25,680 employees system-wide, and with faculty and staff accounting for about 62 percent of the University's total spending, people are by far our most important resource. As a knowledge-based organization, our 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 market-based compensation, benefits, development opportunities, and a supportive work environment to foster employee engagement and well-being so they can achieve the mission of the University.

A Highly Engaged Faculty and Staff

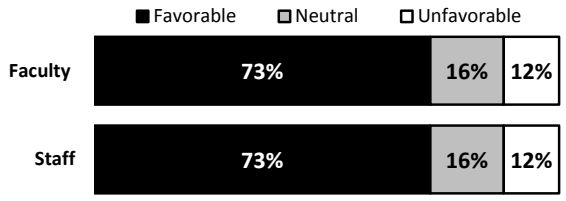
Engagement sets great organizations apart by connecting employee dedication and commitment to collective excellence and well-being. University leadership identified employee engagement as a priority that can help the University attract, recruit, and retain top-quality talent and improve productivity.

Employee engagement profoundly shapes both the quality of the faculty and staff experience and workplace outcomes. It fosters collaboration and innovation along with resilience, well-being, and the ability to sustain a high level of performance. The overall goal of engagement at the University is to increase productivity, satisfaction, and the quality of service across all colleges, units, and campuses by developing effective workplace environments.

The University launched its employee engagement program in the fall of 2013 by surveying faculty and staff. The two critical domains of engagement measured by the survey are commitment and dedication and effective environment. The initiative was a significant undertaking: It encompassed all five campuses and more than 18,000 employees. Crucially, the University's survey was designed not just to measure employees' opinions or level of satisfaction but to yield actionable data to guide improvements at the local level.

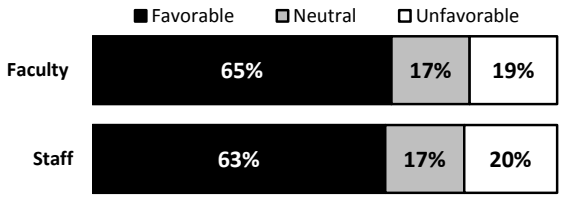
In all, 11,037 faculty and staff members took the survey, resulting in a 57 percent response rate—the highest-ever participation in an employee survey. The study showed a high level of employee engagement. Overall, on the issue of commitment and dedication, 73 percent responded favorably, 16 percent neutrally, and just 12 percent unfavorably (Figure 7-A and Figure 7-B). Those results were comparable to or better than the norms for high-performing global companies.

Figure 7-A. Faculty and Staff Engagement Responses about Commitment and Dedication, University of Minnesota, fall 2013



Numbers are rounded.
Source: 2013 University of Minnesota Employee Engagement Survey

Figure 7-B. Faculty and Staff Engagement Responses about Effective Environment, University of Minnesota, fall 2013



Numbers are rounded.
Source: 2013 University of Minnesota Employee Engagement Survey

The survey was only the beginning of the University's employee engagement efforts. College and unit leaders, in collaboration with human resource representatives, are responsible for sharing the survey results with their teams. Over 80 online action-planning toolkits and resources are available to leaders and teams as they develop plans to enhance employee engagement based on the specific opportunities identified by the survey. In addition, the University formed "communities of practice" to facilitate knowledge sharing and dissemination of best practices among human resource staff, managers, and supervisors.

The 2014 Employee Engagement survey was administered in fall 2014. Employee engagement efforts over the next year will offer more tools and support to mid-level leaders for improving engagement and will provide more avenues for sharing engagement ideas and practices across the University.

The Office of Human Resources is partnering with other units and sharing engagement data analysis to support the Twin Cities campus strategic plan efforts, including working with the Office of Equity and Diversity on diversity and inclusion efforts. The data are also being used to identify common leadership challenges and strengths.

The University's engagement program received the 2014 Midwest Region Excellence in Human Resource Best Practice Award from the College and University Professionals Association for Human Resources.

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 a 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.

An Employer of Choice

To attract and retain talented faculty and staff, the University must offer competitive salaries and benefits, along with clear paths for advancement. 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.

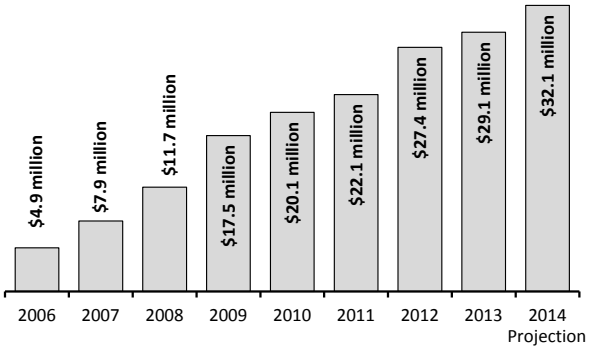
The most recent report to the Board of Regents shows that salaries of senior leaders and faculty are on par or slightly below their peers at comparable colleges and universities. University salary increases have trended lower than the general market rate since 2007: 5.5 percent below the local Twin Cities market, 4 percent below other higher education institutions, and 6.2 percent below the national rate of increase.

Salary is one component of a total compensation package that also includes medical and dental benefits, disability and life insurance, flexible spending accounts, long-term care insurance, retirement, and wellness programs.

UPlan offers comprehensive, affordable, and competitive health benefits for employees

The University of Minnesota's self-insured health program, UPlan, provides a full complement of medical and dental benefits, along with short-term and long-term disability coverage.

Figure 7-C. Cumulative Cost Savings, University of Minnesota, 2006–2014



Source: Office of Human Resources, University of Minnesota

Through careful management, UPlan has saved $32 million in costs since 2006. Approximately 95 cents of every dollar goes to care, well above the Affordable Care Act's standard of 85 cents (Figure 7-C).

Of the University's total benefits costs, health benefits account for the greatest cost increases (rising from 21 percent to 24 percent in five years). Even so, the University is aggressive in managing its costs, and UPlan's projected 5.8 percent increase in 2014 is expected to be below the national trend of 7 percent and has been for five years. The University controls costs in several ways, including negotiating lower administrative fees and premiums with vendors, closely monitoring vendor performance, increasing the use of generic medications, and managing negotiations between providers and health plans (Figure 7-D).

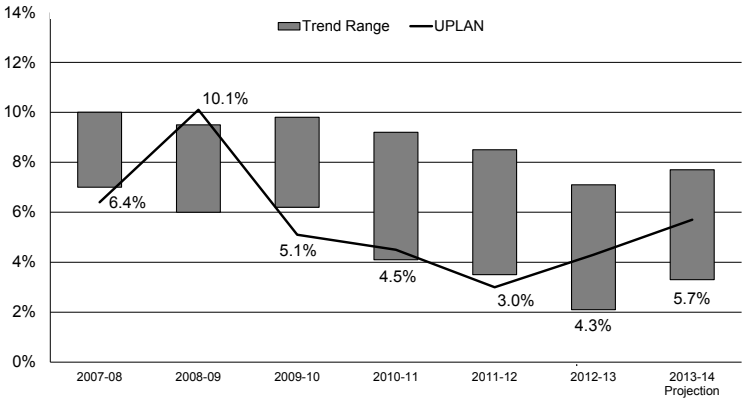
The University has also been very assertive in creating new programs for controlling costs. In the last year, for example, the U launched a new Accountable Care Organization plan—a low-cost, narrow-network, coordinated-care plan that emphasizes outcomes rather than fees for service. The ACO has already attracted more than 1,000 enrollees.

Wellness Program has a strong return on investment

For ten years, the University has offered an extensive Wellness Program to increase the health, fitness, and well-being of its faculty and staff. 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 savings on their insurance premiums. Wellness programs include health assessments, health coaching, fitness, and disease management. The University offers specific programs for tobacco cessation and for managing weight, chronic diseases, medication, stress, and much more. For 2015, the Wellness Program will increase the amount employees can save on premiums by engaging in healthy activity, and it has improved the online experience for managing personal health.

Emphasizing the health, well-being, 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.

Figure 7-D. Aggregate Health Care Trend, University of Minnesota, 2007–2014



Source: Office of Human Resources, University of Minnesota

Faculty Development Initiatives

Professional development opportunities and support for faculty throughout their careers are essential to fostering a professoriate 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 (CEI) 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 of teaching modalities, from face-to-face to massively online courses (MOOCs), at all levels of University instruction. 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 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, learning best practices for handling student issues, and addressing diversity and faculty life-course issues.

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 leaders at this university, and others in the CIC, for focused discussion on 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.

Employee Assistance Program

This counseling service provides confidential consultation and referrals, by phone or in-person, for any personal or work concern affecting well-being. In 2014, the number of sessions employees can request was doubled to eight a year—four for free and the remaining four, if needed, for a $15 copay. Also in 2014, the program became available to all benefits-eligible employees on all campuses. The consultations, by University partner the Sand Creek Group, are offered for issues related to work productivity and relationships, conflict resolution, mental health, substance abuse, family and personal relationships, and coping with stress.

Financial counseling program launched in 2014

Financial well-being is another important factor in employee satisfaction and performance. Recently, the University began offering its employees and their families a new benefit, Financial Choice, which provides an array of confidential financial counseling services. The University contracted with LSS Financial Counseling, which has been providing financial counseling to University students for more than ten years. University 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, avoid identity theft, or set financial goals. LSS offers counseling at eleven locations around the state or by telephone and online.

Job equity and clear career paths

The University is nearing the end of a comprehensive redesign of its decades-old job classification system. Project goals are to:

- Attract and retain talented employees by
  - providing more clearly defined job titles and career paths;
  - ensuring compensation is competitive with the general job market;
  - creating equity among similar jobs across the University; and
- Streamline HR practices, replace outdated classifications, and create a more efficient system.

The study encompasses all Civil Service and Academic Professional and Administrative positions on all five campuses—about 10,500 employees.

To conduct the study, the University identified 18 broad job families, such as campus operations, information technology, and student services. For each job family, position descriptions were gathered and reviewed, and extensive analyses compared jobs to other universities and similar private-sector positions. From that information, the study established a clear job classification structure and salary ranges.

To date, the University has completed 14 of the 18 job families. The study is expected to be completed in early 2015.

A World-Class Faculty

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 University of Minnesota faculty continues to be celebrated through research professorships, institutional teaching awards, and recognition of various types of institutional service. Faculty at the University of Minnesota also continue to garner important external recognition for their scholarly pursuits.

In the fall of 2013, Lars Peter Hansen (who received his PhD in Economics at the University of Minnesota in 1978), and Robert J. Shiller (Faculty, Economics, 1972–1974) received the Nobel Prize in Economics for their work on empirical analyses of asset prices.

In the last five years (fall 2009–present), faculty members at the University have been recognized in many major academic award categories, including the prestigious American Academy of Arts and Sciences (four), Guggenheim Fellowships (four), the Institute of Medicine (seven), the National Academy of Engineering (three), and the National Academy of Sciences (three).

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 formed a capital strategy team to guide planning and vision for the future of capital assets system-wide. The team, consisting of senior leaders from across the institution, first updated the six-year capital plan to align mission priorities with physical asset needs and plans. Throughout the year, the team will refine the process by which mission priorities are aligned with short- and long-range facility decisions.

Complementing information about mission priorities are reliable data about the University's current space and how all 29 million-plus square feet are assigned, utilized, and functioning. What is the state of our campuses, what do we need to do to maintain the investments we've already made, and what can we afford going forward? The Facility Condition Assessment (FCA) expanded systemwide in 2012 and continues to be a valuable tool in helping the institution understand the condition of its built campuses and make strategic investment decisions. An executive committee, composed of senior leadership representation from across the system, is exploring an Enterprise Asset Management (EAM) solution to manage information on real estate, operations and maintenance, space management, capital projects, energy management, and strategic direction. This system-wide initiative would be a multi-year process yielding reliable data to support the institution's efforts related to space utilization, asset preservation, facility planning, and other strategic goals. The FCA would remain a key component of EAM.

University Services Realignment

University Services completed a strategic planning process that recommended actions in three specific goal areas: optimize the University's physical assets, ensure a safe University, and provide a memorable student experience. In support of these goals and the President's charge to operate as an enterprise, the organization underwent a realignment in May 2014. The most significant changes will provide a greater focus on system-wide health and safety and system-wide physical assets. Within University Services, administrative costs have been reduced through a realignment of management services functions and elimination of positions ranging from clerical to senior directors.

Smart Labs

Research laboratories are among the most energy intense and risk prone facilities at the University. They are also essential to the institution. The Smart Labs program is changing how the University designs and operates these facilities to lower energy costs, reduce risk, enhance safety, and provide facilities that better support research. In ten of the institution's largest facilities, Smart Labs retrofits are estimated to save as much as $5 million annually.

Energy Conservation

In 2009, University Services launched *It All Adds Up*, a comprehensive effort to engage the University community in campus sustainability. University Services is investing in energy conservation by tuning up building systems and replacing outdated building components with more efficient units. Five years after its inception the campaign is significantly reducing campus energy consumption. The program has avoided $7.6 million per year in energy costs, diverting an estimated 84,000 metric tons of CO2 from entering the atmosphere.

eProcurement

In 2012, an outside consulting group conducted a comprehensive review of University Stores' operations. The President's Operational Excellence committee endorsed the consultant's recommendation to implement a robust eProcurement tool now known as U Market. The goal of the project was to implement clear, simple, and efficient supply chain processes for

the University including product/supply shopping, supply invoice processing and purchase reporting, one-stop assistance for customer support, and integrated distribution and materials management. U Market went live in July 2013, on time, under budget, and with the highest number of active suppliers of any higher ed implementation of the procurement tool. During the first year, 38 suppliers were part of U Market. Total spending through the new tool was approximately $32.4 million, 53 percent over the prior year. Purchase order volume increased an average of 40 percent, the number of electronic invoices that were processed increased 75 percent, and Procurement Card spending was reduced by over 50 percent compared to the previous year.

Research Safety Program

The Research Safety Program has audited all University research laboratories over the last year using a standard set of criteria, thereby creating a baseline for measuring ongoing performance and characterizing labs by relative risk. In the coming years this risk banding will be used to determine which labs are higher risk and require more frequent visits, versus lower risk labs which will be inspected less frequently. In addition, time spent by research staff on audits has been reduced by having both biological and chemical safety specialists inspect labs together.

The Research Safety Program worked with college leadership to establish a safety committee network aimed at facilitating continuous improvement and sharing best safety practices across the University. Biosafety staff have partnered with facilities management and the College of Veterinary Medicine to develop, pilot, and successfully roll out a biohazardous animal waste program on the Saint Paul Campus. The University will realize significant savings as a result of treating this waste locally instead of utilizing the services of a waste contractor.

Preparedness

Emergency preparedness continues to be a focus across the system. Exercises have taken place on the Twin Cities, Crookston, and Duluth campuses, with tabletop simulations on the Crookston, Morris, and Rochester campuses. The Department of Emergency Management (DEM) applied for and received a nationwide competitive 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 will include important stakeholders in the process. The goal is to develop a strong mitigation plan at each campus that will also lead to well defined projects appropriate for future federal funding opportunities.

Enterprise Systems Upgrade Program (ESUP)

ESUP is a multi-year, $83.5 million project that will upgrade the PeopleSoft human resources, student, financial, and portal systems across the institution. When the new system is implemented in early 2015, it will deliver more efficient business operations with reduced annual maintenance costs. Part of President Kaler's Operational Excellence initiative, ESUP focuses on creating a technical platform that simplifies, streamlines, and improves services across the institution. Among the benefits delivered through this project: real-time consolidated information, improved system efficiencies, and restructured and streamlined business processes. Specifically, key business processes for human resources and student functions are being restructured for the first time since 1998, and a new MyU portal featuring targeted information, resources, and functionality for students, faculty, and staff will debut in the coming year. The upgrade will allow for future enhancements and position the institution to leverage new and emerging technologies and devices. The upgrade is also necessary to maintain software vendor support and regulatory compliance and to perform mission-critical activities and day-to-day business functions.

Work+ flexible work environment

Employee surveys have shown that a worker's physical environment is an important factor in employee satisfaction and efficiency. In the last year, the University's Office of Human Resources piloted a new approach to the traditional office environment. Called Work+, the project was developed to create a more efficient use of outdated office space that could better serve the needs of employees. The office renovation project provided employees with a holistically designed workplace with the flexibility and technology to support their individual work styles. It also saved

money by consolidating campus office space, lowering renovation costs, and improving energy efficiency. Human Resources staff was consolidated from five buildings to two, and square footage was reduced by 22 percent. The University is now extending the concept to other departments across the Twin Cities campus.

Ensuring a Safe University

Residential development in the neighborhoods immediately adjacent to the Minneapolis campus has had an impact on public safety in the community and on campus. The increase in near-campus living means that more of our students are arriving by bicycle or moped, with a correlating increase in modal conflict. On-campus crime continues to a decade-long decline; however, certain types of crimes in the Marcy-Holmes and Southeast Como neighborhoods of Minneapolis increased in the past year. The University took a lead role in assembling law enforcement agencies from across the metro area to crack down on these types of crime in the fall semester. The University was also an advocate for state legislation which was passed and now mandates a "kill switch" on all cellular phones sold in Minnesota. University police worked closely with the U.S. Department of Justice, Secret Service, and other agencies in an investigation and sting that broke up an organized crime ring trafficking stolen cell phones.

Across the Twin Cities campus, over $4 million has been invested in enhancing public safety. Lighting across campus has been upgraded, and the City of Minneapolis has installed additional lighting along University Avenue. Additional security cameras have been installed along some of the most highly travelled corridors. And 143 buildings have had automated access systems installed with some form of reduced or restricted public hours while access has been preserved for members of the campus community. The Gopher Chauffeur service has been expanded, as has late-night bus service between the Twin Cities campuses and into the Marcy-Holmes neighborhood. A new text messaging option expanded access to the security escort service for hearing impaired students, faculty, and staff.

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,

Table 8-1. Moody's Investor Service ratios

1. Total Financial Resources to Direct Debt University 6/30/14 = 4.39 Median = 2.26	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.
2. Expendable Financial Resources to Direct Debt University 6/30/14 = 3.10 Median = 1.74	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.
3. Actual Debt Service to Operations University 6/30/14 = 2.96 Median = 3.2	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.
4. Expendable Financial Resources to Operations University 6/30/14 = .92 Median = .68	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.

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 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 biennium (an incremental $31 million in fiscal year 2014 and $14 million in fiscal year 2015), the University 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 fiscal year 2014, $15.6 million of such reductions were implemented, and the approved budget for fiscal year 2015 includes an additional planned reduction of $20.2 million. After two years, the University has achieved and specifically planned $35.8 million toward the $90 million goal.
- **Tuition Relief:** For the 2014–2015 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 both years of the biennium, the University would commit to holding the resident undergraduate tuition rate at current levels (equal to the 2012–13 academic year rate) for both years of the biennium. The proposal was successful: both the state and the University made and honored that commitment. In addition, the University's approved annual all-funds budget for both fiscal years 2014 and 2015 included historically low increases in other required fees and room & board costs. On all campuses in each year, the tuition and required fees increases for resident undergraduates were less than 1 percent; when factoring in the changes in room & board costs, the total increases were less than 2 percent.

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 Richard Beeson, Chair
Congressional District 4
Elected in 2009
Term expires in 2015

Honorable Dean Johnson, Vice Chair
At-Large Representative
Elected in 2007, 2013
Term expires in 2019

Honorable Clyde Allen
Congressional District 7
Elected in 2003, 2009
Term expires in 2015

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 John Frobenius
Congressional District 6
Elected in 2003, 2009
Term expires in 2015

Honorable Peggy Lucas
Congressional District 5
Elected in 2013
Term expires in 2019

Honorable David McMillan
Congressional District 8
Elected in 2011
Term expires in 2017

Honorable Abdul Omari
At-Large Representative
Elected in 2013
Term expires in 2019

Honorable Patricia Simmons
Congressional District 1
Elected in 2003, 2009
Term Expires in 2015

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
Kathryn F. Brown	Vice President for Human Resources
William Donohue	General Counsel
Brian Herman	Vice President for Research
Todd Iverson	Interim Special Assistant to the President for Government and Community Relations
Brooks Jackson	Vice President for Health Sciences and Dean of Medical School
Gail L. Klatt	Associate Vice President for Internal Audit
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Amy Phenix	Chief of Staff to the President
Kathleen Schmidlkofer	President and CEO of the University of Minnesota Foundation
R. Scott Studham	Vice President and Chief Information Officer
Norwood Teague	Director of Intercollegiate Athletics
Pamela A. 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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UNIVERSITY OF MINNESOTA

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The University of Minnesota shall provide equal access to and opportunity in its programs, facilities, and employment without regard to race, color, creed, religion, national origin, gender, age, marital status, disability, public assistance status, veteran status, sexual orientation, gender identity, or gender expression.

The University's mission, carried out on multiple campuses and throughout the state, is threefold: research and discovery; teaching and learning; and outreach and public service.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents **December 12, 2014**

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

This report provides an opportunity for the Vice President for Research to brief the Board of Regents about the health of the University of Minnesota's research and technology commercialization programs.

Background Information

Each year the Vice President for Research provides the Annual Research Report for the Board of Regents, 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 peer group. In addition, the Vice President reports progress on a broad, interconnected set of strategic priorities that build upon the U of M's history of great strength in research and the strategies necessary to address the obstacles institutions like the U of M are facing when it comes to research.

University of Minnesota
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ANNUAL REPORT

THE STATUS OF UNIVERSITY RESEARCH AND COMMERCIALIZATION OF INTELLECTUAL PROPERTY

FIVE YEARS FORWARD

BRIAN HERMAN, VICE PRESIDENT FOR RESEARCH

DECEMBER 12, 2014

PREFACE

Each year the Vice President for Research provides the Annual Status of University Research report for the Board of Regents, 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 peer group. In addition, the Vice President reports progress on a broad, interconnected set of strategic priorities that build upon the University of Minnesota's history of great strength in research and the strategies necessary to address the obstacles institutions like the U of M are facing when it comes to research.

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 advancing the strategic priorities coming out of the newly adopted University of Minnesota system-wide research strategic plan which was endorsed by the Board of Regents in February 2014.

The 2014 annual status of research report includes:

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- FY2014 externally sponsored research funding totals and comparison with previous year
- U of M research funding trends by: source of funds, college and campus, CIC/Big 10 Universities
- Technology commercialization results

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- Five Years Forward – the university's research strategic plan
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    - The cornerstones of the plan – work already underway
        - Enhance research excellence
        - Advance transdisciplinary partnerships
        - Accelerate transfer of knowledge for the public good
        - Promote culture of serendipity

RESEARCH STATISTICS

University of Minnesota faculty and staff competed successfully for **$741 million** in externally sponsored research awards in FY2014, **up 6.8% from 2013**. The result is a $47.2M increase in total funding and is attributed to the receipt of **337 more awards in 2014** (4700 compared with 4363).

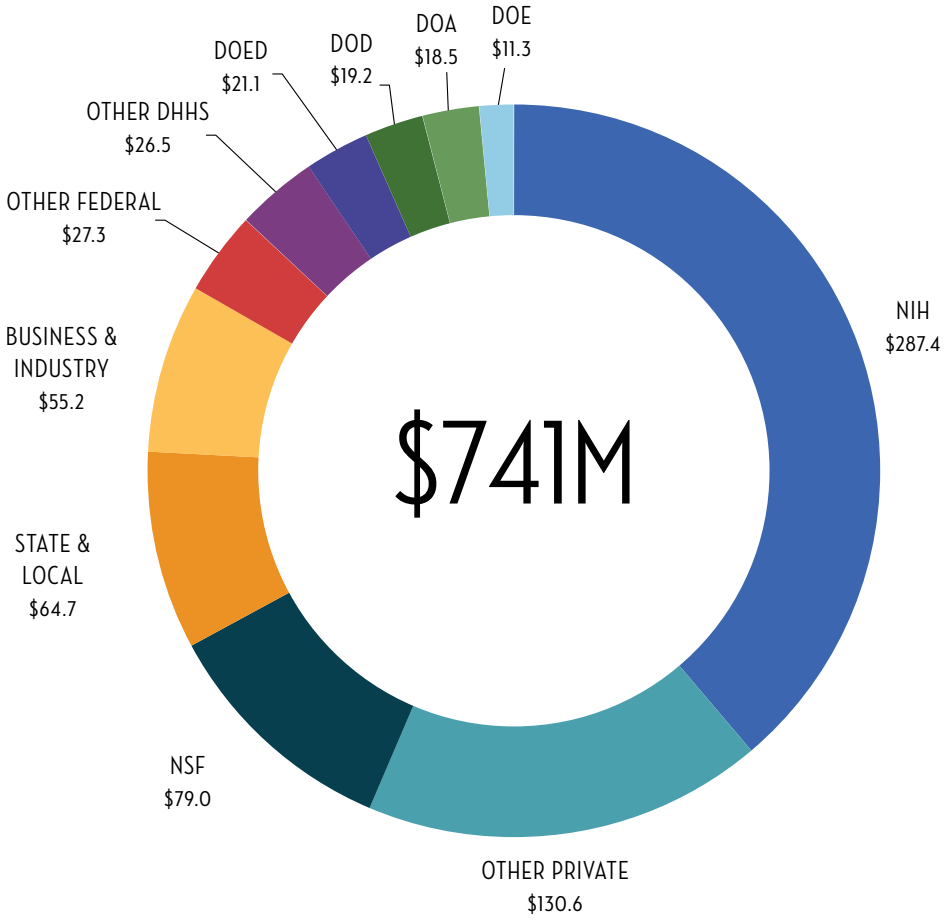
Taking a closer look at these increased award totals reveals the university receiving 86 awards of $1M or more, six of which were over $5M: Dr. Jim Neaton of the School of Public Health received $28M from National Institutes of Health (NIH) and $7.6M from Leidos Biomedical Research, Inc.; Dr. Rachel Quenemoen of the College of Education and Human Development received $10.6M from the Department of Education; Dr. Bruce Blazar of Academic Health Center's Clinical and Translational Science Institute received $8.9M from NIH; Dr. Susan Galatowitsch of the College of Food, Agricultural and Natural Resource Sciences received $8.7M from the State of Minnesota, Legislative-Citizen Commission on Minnesota Resources (LCMR); and Dr. Tucker LeBien and the Academic Health Center's Mayo Partnership received $7.5M from the State of Minnesota.

Figures 1 and 2 display annual totals of externally sponsored research data by external funding source and college-campus, respectively. Funding increases are seen for all major funding sources - federal, state and private (Figure 1). Funding levels from individual federal sources varied among agencies but overall resulted in a net increase of 3.1%. Major federal sponsors with increases in funding levels include Environmental Protection Agency (33.3%), Department of Defense (13.8%), Department of Education (9.6%), and NIH (5.8%). NIH, the university's largest federal sponsor, funded 802 awards totaling $287.4M in FY2014- an increase over the 721 awards for $271.7M received in FY2013. Federal sponsors showing decreases in award totals include National Science Foundation (-8.6%), Department of Energy (-8.4%),

National Labs (-8.3%), and Department of Agriculture (-2.5%). Despite the overall decrease in funding evidenced by the latter agencies, the university still managed an overall increase in new funding in part due to agencies like EPA, DOD, Education and NIH.

Another view of this same federal funding is to compare university totals with respect to the agency's total budgets. Using the American Association for the Advancement of Science† figures on federal funding for fiscal years 2013 and 2014 (the 2014 estimates were the latest estimates), we find that the budgets for federal R&D for the following agencies, DOD, DOE, HHS, NIH, NSF and USDA, increased by 1.1% from $143,956M to $145,518M. The University of Minnesota increased its funding from these agencies by 2.4% during the same period, from $431.3M to $441.8M.

FIGURE 1: AWARDS BY SOURCE



Dollar amounts represented in millions

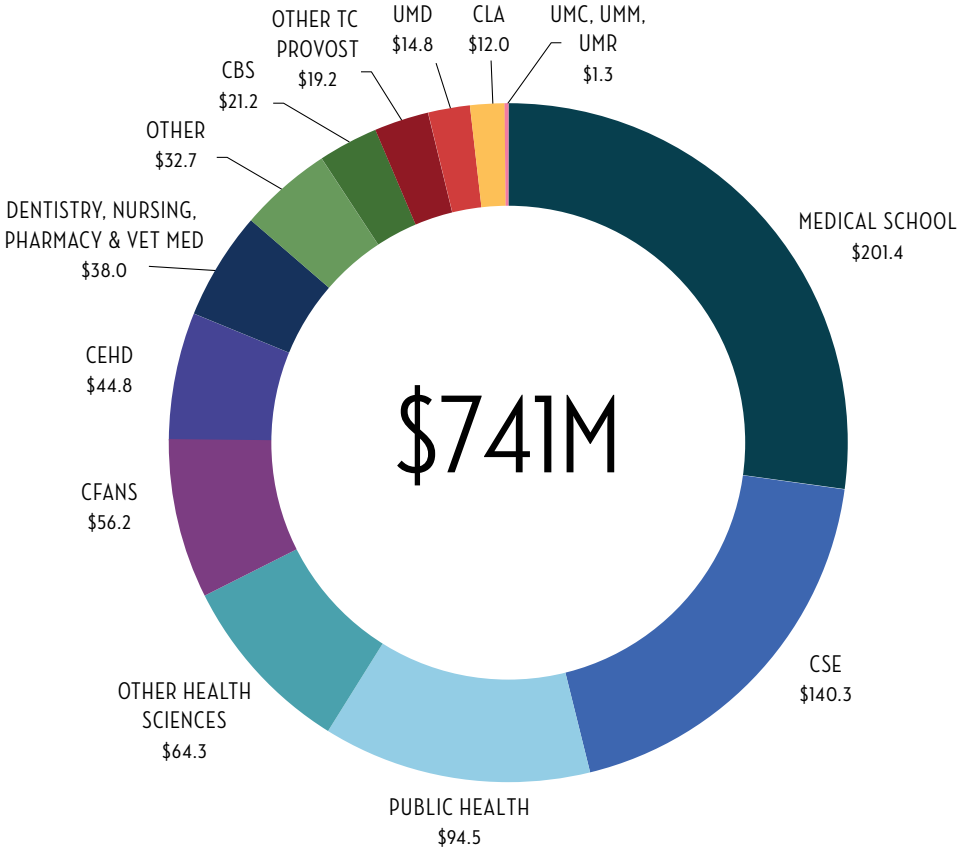
† http://www.aaas.org/page/historical-trends-federal-rd (Accessed: November 26, 2014)

There was no data for the Department of Education. For the remaining federal agencies (DOT, EPA, DOC, DHS, VA, NASA, Interior and Other), the budgets for R&D funding increased by 5.3% from $18,260M to $19,235M. The "Other Federal" for the University of Minnesota increased from $24.67M to $27.28M, or 10.6%.

In other words with regards to federal funds available, the U of M is doing about twice as well as expected in competing for these funds.

State of Minnesota funding increased 21.8% in FY2014. The increase in State funding was due to more awards (63 awards compared with 40 last year) and an increase in median award amount of $1.7M this year compared with $1.4M last year, primarily due to a large $8.7M State of Minnesota LCMR collaborative award noted earlier in this report. It is important to point out that this increase is apart from the

FIGURE 2: AWARDS BY COLLEGE & CAMPUS



Dollar amounts represented in millions

State's investment in Minnesota's Discovery, Research and InnoVation Economy (MnDRIVE) and Stem Cell Institute, which are both being accounted for separately.

In a comparable way, Figure 2 illustrates how award funding is distributed within the university both by college and by system campus. The 6.8% annual increase in externally sponsored research funding overall translates into increased funding for more than half of U of M units identified in Figure 2. The College of Science and Engineering (CSE) tops the list in terms of increased amounts with $22.2M more than FY2013 or an 18.8% increase. The Medical School showed the next greatest total increase with $14.6M (7.9%). The Medical School and CSE together account for 46% of the university's total new awards in fiscal 2014 and both experienced increased levels in nearly all sponsor groups.

Other units with total funding levels higher than the previous year include the School of Public Health (SPH) with $5.7M (or 6.4% increase), and College of Veterinary Medicine with $5.5M (60.0%), and CFANS with $2.9M (5.4%). The SPH increase was due in part to large NIH and Business & Industry awards to Dr. Jim Neaton for flu studies.

Year to year trends

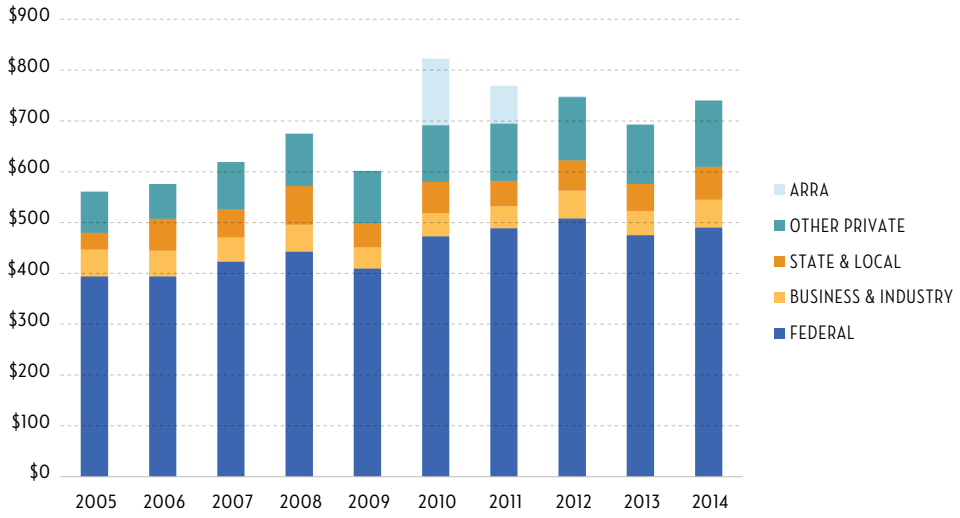
Figure 3 and Table 1 below summarize a ten year distribution trend of university externally sponsored research for the years FY2005 to FY2014. Despite some year-to-year variations in the proportions of funding and a leveling off over the five most recent years (Figure 3), funding totals for FY2014 are at a level comparable to the maximal amount ever received by the institution (FY2012) excluding ARRA funding.

Looking more deeply into this picture and juxtaposing federal activity with private sponsors (Table 1: Business & Industry and Other Private), private sponsors show a combined overall annual increase in FY2014 of $20.6 million – whereas the federal funding increase is $14.8 million. Business & Industry funding is up $7.5 million (15.7%) in 2014 and with fluctuating levels over the recent ten year period, this increase serves as a sign of reasonable stability. The Other Private group shows a more dramatic increase over the same ten years, due primarily to funding from University & College collaborations which in FY2014 increased $10.8 million (21.6%). This trend with regard to collaborations is worth noting and underscores the importance of the research priority

"advance transdisciplinary work."

Figure 5 shows the percent change in funding by college-campus during the same ten year period. Figure 5 reflects a positive percent change in total externally sponsored research funding for all colleges

FIGURE 3: AWARDS BY MAJOR SOURCE CATEGORY



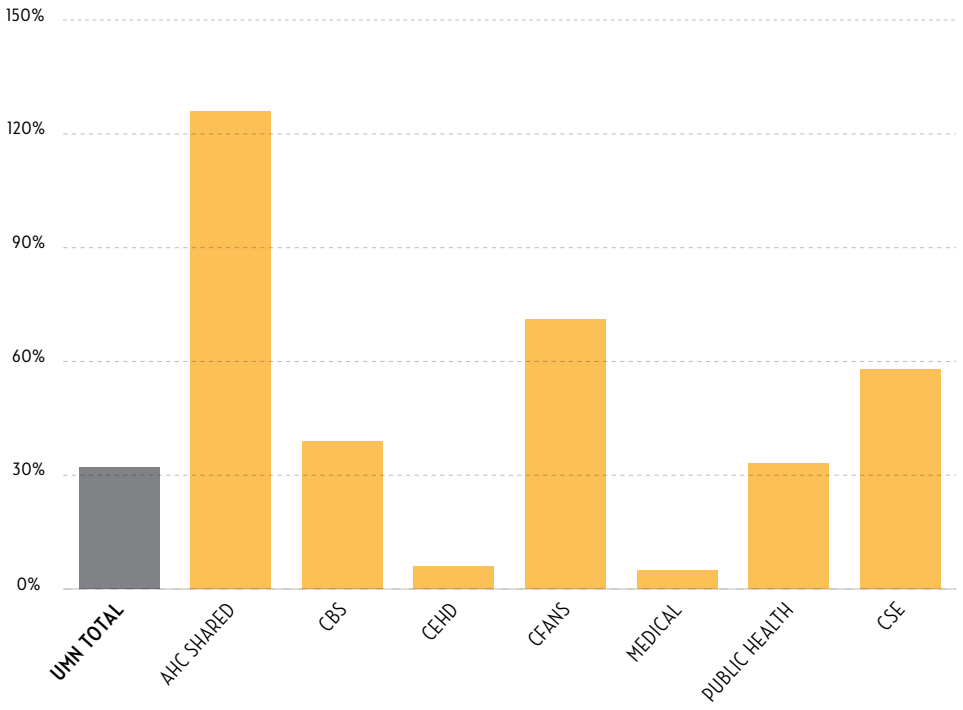
Dollar amounts represented in millions

TABLE 1: AWARDS BY CATEGORY

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
ARRA	–	–	–	–	–	$131.4	$74.2	$2.5	$0.8	$0.6
OTHER PRIVATE	$81.6	$68.8	$93.6	$103.2	$104.1	$111.3	$112.8	$123.9	$116.8	$130.1†
STATE & LOCAL	$32.8	$62.8	$55.0	$75.9	$46.8	$61.8	$50.0	$59.7	$53.1	$64.6
BUSINESS & INDUSTRY	$52.7	$50.7	$47.8	$52.8	$41.7	$45.5	$43.6	$55.2	$47.6	$55.2
FEDERAL	$394.1	$393.8	$422.9	$442.9	$409.3	$472.7	$488.5	$507.7	$475.2	$490.0
TOTAL	$561.2	$576.1	$619.2	$674.8	$601.9	$822.7	$769.1	$749.1	$693.4	$740.6

Dollar amounts represented in millions
† Includes $60.9 million from "Universities and Colleges", a 21.6% increase from previous year

FIGURE 5: AWARDS BY COLLEGE: 2014 VS 2005 PERCENT CHANGE

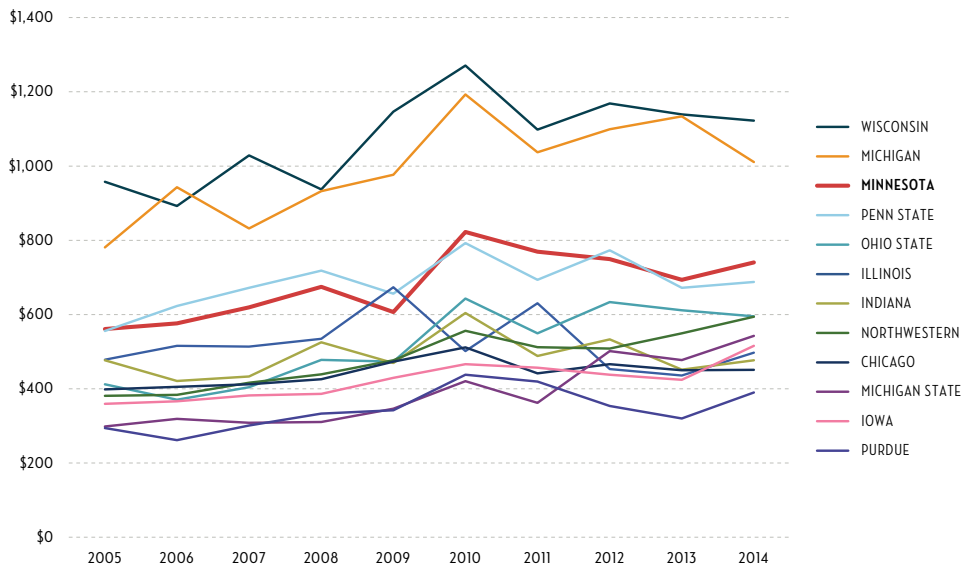


Dollar amounts represented in millions

shown (those with at least $15M in annual research funding). Figure 5 also shows the university's two largest colleges (Medical School and CSE) experiencing modest growth in the period covered with more positive results occurring during FY2014 (Figure 2). Figure 5 also shows the university's two largest colleges (Medical School and CSE) experiencing modest growth in the period covered with more positive results occurring during the most recent fiscal 2014 (Figure 2).

Figure 6 expands the ten year analysis outside of the university with the members of the Committee on Institutional Cooperation (CIC or more commonly referred to as the "Big Ten"). Within this group of universities, the U of M ranks third in annual externally sponsored research award totals for fiscal 2014. This has further significance because Wisconsin and Michigan show declines in their FY2014 annual award totals. Note: Wisconsin, Michigan, Minnesota and Penn State are top ten ranked public universities in R&D spending (Table 3).

FIGURE 6: ANNUAL AWARDS BY CIC ("BIG 10") INSTITUTION



Dollar amounts represented in millions and current dollars
Source: Big Ten-CIC database

Technology commercialization

The Office for Technology Commercialization continued its strong performance and productivity in FY2014. With a few exceptions, all metrics show growth over the previous fiscal year (Table 2). A record 15 startup companies were launched in 2014, topping the previous record set the year prior when 14 startups were spun out. The time period covered in Table 2 is significant measuring progress since the major transformation of the university's technology commercialization model.

Table 2 also reflects the university meeting its State biennial appropriations performance goal of a 3% increase on invention disclosures between FY2013 and FY2014 (or 343 invention disclosures). This metric is one of the five accountability measures the university was tracking in FY2014 in order to receive one percent of its biennial appropriation from the State of Minnesota.

One area for future opportunity is Non-Glaxo Revenues. Having anticipated challenges related to the loss of Glaxo revenues due to the patent period ending for Ziagen, the OTC has put in place several new programs designed to significantly increase opportunities for entrepreneurship and technology commercialization. One such

program is MN-IP, also known as the Minnesota Innovation Partnerships program.

By the end of FY2014, 51 new sponsored research agreements had been signed through the MN-IP program- a program with national prominence among our peer institutions known as the "Minnesota Method."

During 2014, the university expanded its MN-IP program taking it a step further and introducing "Try and Buy." This new feature of the MN-IP program allows companies to determine the commercial potential behind existing university technologies before committing to a license. "Try and Buy" offers a fee-free "test run" to gauge the viability of an innovation under pre-negotiated licensing terms without incurring any U.S. patent costs until a patent is issued, with an added discount for Minnesota companies.

TABLE 2: UNIVERSITY TECHNOLOGY COMMERCIALIZATION DATA

	2008	2009	2010	2011	2012	2013	2014
INVENTION DISCLOSURES	217	244	255	250	321	331	**343**
MN-IP AGREEMENTS	-	-	-	-	14	41	**51**
NEW U.S. PATENT FILINGS	52	65	66	78	115	148	138
NEW LICENSES†	63	44	67	76	71	91	154
STARTUPS	2	3	8	9	12	14	15
CURRENT REVENUE GENERATING AGREEMENTS†	281	306	399	457	426	331	429
GROSS REVENUES	$86.9	$95.2	$83.8	$10.1	$45.7	$39.5	$27.4
NON-GLAXO REVENUES	$7.9	$8.7	$8.6	$10.1	$10.7	$12.5	$23.4
OUTGOING MATERIAL TRANSFER AGREEMENTS	67	106	171	271	313	281	288

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.

NATIONAL & GLOBAL ANALYSIS

PEER COMPARISON

According to the Higher Education Research and Development (HERD) Survey data for FY2013, the university maintained its ninth (top ten) position among public research universities, posting over $858 million in research expenditures (Table 3). The National Science Foundation's HERD Survey is the primary source of 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. Based on survey reporting requirements, the university's $858 million represents research expenditures for the Twin Cities campus only. If all U of M campuses were reported together, the total would grow to $882 million.

As is evidenced in Table 3, the university remains among an elite group of top 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.

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 follow a number of indicators that, taken together, give a reasonable approximation of accomplishment and strength relative to the best performing research institutions in the country and the world. Included in the CMUP performance measurement system are: Total Research, Federal Research, Endowment Assets, Annual Giving, National Academy Members, Faculty Awards, Doctorates Granted, Postdoctoral Appointees, and SAT/ACT range.

TABLE 3: TOP 20 INSTITUTIONS

	NSF/HERD SURVEY 2013		CMUP MEASURES 2013	ARWU (SHANGHAI) RANKINGS 2014		
	PUBLIC	EXPENDITURES	PUBLIC	WORLD	U.S.	U.S. PUBLIC
MICHIGAN	1	$1,375,117	9 of 9	22	17	6
WASHINGTON	2	$1,192,513	8 of 9	15	13	4
WISCONSIN	3	$1,123,501	9 of 9	24	18	7
UC SAN DIEGO	4	$1,075,554	8 of 9	14	12	3
UC SAN FRANCISCO†	5	$1,042,841	7 of 8	18	16	5
NORTH CAROLINA	6	$973,007	9 of 9	36	27	11
UCLA	7	$966,659	9 of 9	12	10	2
PITTSBURGH	8	$872,736	8 of 9	65	41	23
MINNESOTA UMTC‡	**9**	**$858,378**	**9 of 9**	**30**	**22**	**9**
PENN STATE	10	$837,880	8 of 9	58	37	20
TEXAS A&M	11	$820,015	6 of 9	96	51	29
OHIO STATE	12	$793,373	8 of 9	64	40	22
ILLINOIS	13	$743,487	9 of 9	28	20	8
GEORGIA TECH	14	$730,488	7 of 9	99	52	30
UC BERKELEY	15	$727,002	9 of 9	4	4	1
UC DAVIS	16	$725,734	5 of 9	55	36	19
TEXAS M.D. ANDERSON CANCER CENTER†	17	$718,096	4 of 8	101-150	53-64	33
FLORIDA	18	$695,063	9 of 9	78	44	24
TEXAS	19	$634,132	9 of 9	39	28	12
ARIZONA	20	$629,466	5 of 9	86	46	25

Dollar amounts represented in millions

† UC San Francisco and Texas M.D. Anderson Cancer Center are stand-alone medical schools without undergraduate programs. Therefore, the highest CMUP ranking they can obtain is 8 rather than 9 as they do not have SAT scores for consideration.

‡ Total expenditures for all U of M campuses: $882M

Source: National Science Foundation's HERD Survey http://www.nsf.gov/statistics/srvyherd/

A notable accomplishment

The 2013 CMUP rankings indicate that the university has made an impressive move into the top group of public research universities. Since this ranking system has been in existence, the university has never been in group one, always in the second tier or group two. This achievement means the U of M for the first time in its history, is part of a distinguished group of universities that **rank in the top 25 on all nine indicators ("9 of 9")** that CMUP has determined gives a reasonable approximation of the institution's research performance, accomplishment and strength.

THE COST OF UNIVERSITY RESEARCH

A growing and significant portion of the University of Minnesota's total R&D expenditures (Table 3 UMN-all campuses) is the institution's $248 million spending of its own funds. Internal funding of research is a national trend with all research institutions. The illustration below shows how much of the University of Minnesota's $882 million total R&D spend is born by the institution and further identifies this funding as what is voluntary and what is not.

Institutional funds—university contributions and the subsidy

UMN 2013 HERD Survey Illustration (most current data available)

$634 million = externally sponsored R&D spending (expenditures)

$248 million = institutional R&D spending **(28%)**

$882 million = total UMN R&D all campuses

Of the $248 million institutional R&D spending:

$175 million = institutionally financed research **(71%)**
$73 million = institutional subsidy of research **(29%)**

Of the $73 million (29% of institutional spend) which is subsidized:

$23 million = voluntary subsidy/cost sharing
$50 million = involuntary subsidy unrecovered indirect costs

Compare with 2012 ***National*** Institutional Funds HERD R&D Totals[†] (most current data available)

[†] Council on Government Relations (COGR) June 2014 "Finances of Research Universities"

Of the $13.7 billion national institutional R&D spending (over 20% of all research expenditures):

$7.7 billion = institutionally financed research **(56%)**
$5.9 billion = institutional subsidy of research **(44%)**

Of the $5.9 billion (44%) which is subsidized:

$1.3 billion = voluntary subsidy/cost sharing
$4.6 billion = involuntary subsidy unrecovered indirect costs

From this illustration, you can see the UMN varies significantly from national totals in both categories of institutionally financed research and subsidy of research. Two key questions to be examined are: Why is the U of M rate of institutional funding higher than the national average and what is the ROI on our institutionally financed research? Answers to these questions are currently under analysis and will be discussed over the year as a part of a broader leadership discussion.

OPPORTUNITIES

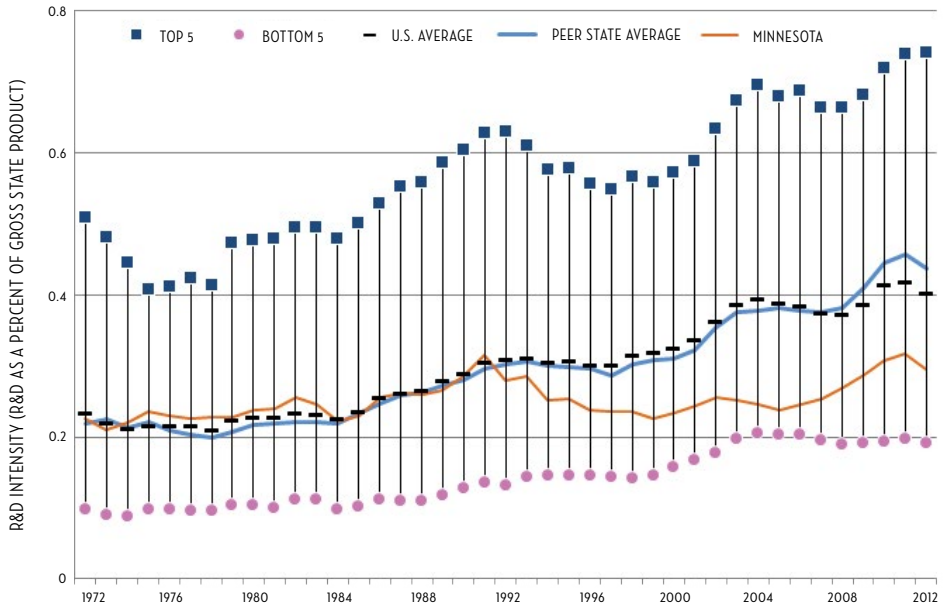
INVESTING IN INNOVATION

Back in December 2006 and as a part of the Board of Regent's annual status of research report, the Vice President for Research presented a strategic assessment titled, "Long Gone Lake Wobegon?" The focus of that report was on the state of investments in university research, placing University of Minnesota trends in a comparative light. Evidence at that time indicated a significant structural slowdown in the growth of funding for academic R&D performed by the University of Minnesota, reaching a point where the university had lost considerable ground and was no longer above average compared with its peers.

Figure 7 is an updated view of the same data. While Minnesota's academic research intensity has grown over the long run, **it is now well below the U.S. average and the average of the states hosting the peer universities**. By 2012 the U.S. average state academic research intensity had grown to 0.40 while the average for the states hosting the peer universities was a little higher, 0.44. In 2012 Minnesota's academic research intensity was just 0.30, precisely the same level of research investment intensity it had over two decades earlier in 1991. Minnesota resumed growing its academic research intensity in 2005 but has considerable catching up to do. In fact, over the past decade Minnesota has gained little ground relative to the top performing states in this regard. **In 2000 the average academic research intensity for the top five performing states was 2.43 times greater than the corresponding Minnesota ratio; by 2012 the ratio for the top performers was 2.51 times larger than Minnesota's**.

The encouraging sign is that this ratio is increasing for Minnesota, but in light of developments elsewhere in the United States and elsewhere in the world, the state will need to double down on its academic R&D investments if it is to regain the considerable ground it has lost over the past several decades.

FIGURE 7: TRENDS OF ACADEMIC R&D INTENSITIES, 1972-2012



Source: Bureau of Economic Analysis (2013). National Science Foundation & National Center for Educational Statistics (various years).

The response will need to be a combination of short term and long term actions by the university and its key partners like the state that focus on incentives for increased investment in innovation. An action already taken and not yet represented in these data is the State of Minnesota's MnDRIVE commitment.

MnDRIVE

Minnesota's Discovery, Research and InnoVation Economy

Through a landmark partnership between the University of Minnesota, the corporate community and the state, U researchers and industry partners are working to solve grand challenges across the globe.

In 2013, the Minnesota Legislature made a $36 million investment in four university research areas to address issues of societal impact: robotics, sensors and advanced manufacturing; global food ventures; advancing industry, conserving the environment; and discoveries and treatments for brain conditions.

One year later, more than 75 external partners are supporting MnDRIVE research, 340 researchers are collaborating on 120 projects, 111 faculty, students and staff have been hired, and 21 patents and licenses based on MnDRIVE discoveries have been submitted.

Notable early successes in the research areas include:

- Robotics, sensors and advanced manufacturing constructed a 4,300 sq. ft. robotics laboratory in Nils Hasselmo Hall to advance cutting-edge robotics research.
- Global food ventures formed partnerships with 58 Minnesota companies, including General Mills, Land O' Lakes and Cargill, to develop new technologies for a safer, more secure and more sustainable food supply.
- Advancing industry, conserving our environment started two field-based demonstration projects using microorganisms to clean up mining-impacted waters and agricultural runoff, developing novel technologies to improve water quality and environmental stewardship across Minnesota.
- Discoveries and treatments for brain conditions kicked off a 20-site clinical study funded by Boston Scientific to test a new device intended to curb the effects of Parkinson's disease, which affects nearly 1 million people in the U.S.

In support of MnDRIVE and its work to solve the world's most formidable global challenges, additional response in increased investment in academic R&D must be laid out clearly in the university's research strategic plan.

FIVE YEARS FORWARD

The University's Research Strategic Plan

Funding strategic investments—"The 3% solution"

Five Years Forward through Collective Inspiration and Discovery represents the collective voice of the research community, the university's leadership and external partners. From the start, the strategic planning process has been collaborative, engaging a broad and diverse group of participants from throughout the university's five campuses and in the surrounding business and nonprofit communities.

Our plans fully embrace the commitment to excellence, innovation and community engagement that is critical to advancing the university's research mission. As such, the Vice President for Research has determined that in order to provide funding for research strategic initiatives, it will be necessary to reallocate and direct some of the Operations and Maintenance (O&M) funds provided to OVPR departments. The OVPR will retain 3% of its own O&M allocation in order to provide a one-time investment back into the research strategic plan. As a result, the OVPR provides assurance that it stands ready to fully invest and finance the plan the institution worked so hard to create.

As the implementation of the plan continues to unfold, the research strategic plan leadership has brought into the plan both short term and long term gains for the University including initiatives like the ones that follow which are already underway.

Enhancing excellence and advancing partnerships

In the past five years, the OVPR has invested $108M in research funding across the university's colleges and campuses. With closer analysis, this means approximately $20M a year goes directly to research and supporting resources to ensure that our scholars and innovators have the opportunity to advance knowledge in their fields, conduct critical, basic research and explore promising new ideas. These seed funds are also designed to leverage other investments and promote collaborations with business and industry partners. Examples of programs being leveraged are:

Grant-in-Aid

Grant-in-Aid program funds are awarded in the belief that the quality of faculty research or artistic endeavors is a major determinant of the overall vitality of the institution. The program promotes the research, scholarly and artistic activities of faculty and supports academic excellence throughout the university.

Support from the OVPR during the past five years includes approximately $15M for 560 projects. This enables a significant amount of research to continue, and these awards run the gamut of disciplines-humanities, history, art, engineering, biology.

Research Infrastructure

The Research Infrastructure Reinvestment Program awards are investments in U of M research infrastructure designed to form strong partnerships and interdisciplinary alliances, especially between the health sciences and other disciplines.

While the OVPR helps to fund these awards, they also require matching funds from the colleges and departments as well demonstrating our joint commitment to supporting critical research. When added together, the OVPR and matching investment from the colleges and departments represents more than a $38 million investment in 22 projects and equipment.

One of these projects will help the university to develop capacity in mass cytometry, a cutting-edge technology that allows for rapid analysis of individual cells at various stages of development. Mass cytometry is used in medical fields to test drugs and other treatments for life threatening diseases such as cancer and other chronic health conditions. Investments in mass cytometry bring the university up to speed with other leading institutions across the nation and help our researchers to translate their discoveries into real world solutions at a competitive pace. The U's initial investment also helped to leverage an additional $400K award from the Minnesota Partnership for Biotechnology and Medical Genomics, creating a partnership with the Mayo Clinic.

Minnesota Futures Program

The Minnesota Futures awards are large grants of approximately $250K that support collaborative research, encourage faculty to advance new ideas and reach across academic disciplines. In five years of administering the program, there were many successes, including Professor Vipin Kumar's project using satellite imagery to track changes in forest cover that has helped scientists, policymakers and others around the world to better understand climate change. His project alone leveraged approximately $13.2M in external funding; overall leveraging for Minnesota Futures was 1-to-7, or $7 leveraged for every $1 invested.

University of Minnesota Informatics Institute (UMII)

The UMII was formed in January 2014 to foster data-intensive research in agriculture, engineering, environment, design, art, health,

humanities, and social sciences and is supported in part by MnDRIVE. UMII awarded six Transdisciplinary Faculty Fellowships from across two campuses to provide leadership in transdisciplinary collaborative projects that involve informatics. UMII has also been partnering with local non-profits as well as global industries around data analytics.

Operational excellence: risk recalibration

For maximum benefit, these institutional investments must be paired with increased efficiencies and reduction of administration burden on the researchers. These efforts also align with the President's long term goal of operational excellence.

Approximately 42% of faculty time is spent on non-research related administration. The OVPR has been working hard to make a big dent on areas of burden. The total financial impact of these initiatives as of the end of FY2014 is nearly $9M and includes:

- Improved regulatory inspections for animal research, reducing duplication of efforts across units and resulting in a time savings of 686 hours
- Streamlined new research faculty training requirements by transitioning Responsible Conduct of Research I and II to single online format
- Eliminated RCR continuing education course requirement for faculty, resulting in 3,900 hours in total annual time savings
- Reduced administrative review and researcher certification for effort reporting by approximately 10,000 statements per year

Over the next year, the reduction in faculty administration focus will move into college and departmental activities. A pilot project aimed at reducing administrative burden from the ground up is underway at the University of Minnesota Duluth and the Twin Cities campus in the College of Science and Engineering. The project will result in the development of a model to facilitate collaborative review of policies and procedures between faculty and staff and ultimately improve decision making related to risk recalibration and the reduction of administrative burden.

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. In renewed focus on economic development, the office of University Economic Development was established in 2014 as a result of the research strategic planning process that identified an increasing need for strengthening public-private partnering to address the economic development goals of the state and region. The UED serves as the public face for economic development at the U of M, helping external partners to connect with the resources, services and expertise at the university and its system campuses.

The University of Minnesota Foundation and the OVPR are now partnering on a comprehensive corporate engagement strategy that supports the university's strategic plan. Both the UMF and the OVPR are well-positioned to work as "facilitators," partnering to lead a university-wide corporate relations community (Corporate Engagement Workgroup) and ready to communicate a three-part vision for corporate engagement: connect, convene and collaborate.

Discovery Capital investment program

A new Discovery Capital Investment Program was launched in 2014 and provides seed funding to startup companies based on university technology to kick-start the transfer of university inventions to the market. Through Discovery Capital, startups that are currently developing their product or service may apply in two stages for up to $700K to $1.5M in equity financing. The source of this funding includes equal contributions by the university and outside capital.

The Discovery Capital board of advisers determines which applicants to approve for funding based on factors including the U of M's potential return on investment, its interest in commercializing technology developed through federally-funded research and its desire to facilitate faculty involvement with early-stage companies. If selected, the company must secure a matching investment of an equal or greater amount from an outside investor.

Seeking a culture of serendipity

Recognizing that serendipity is no mere accident, the U of M's new five year strategic plan for research seeks to create a culture of serendipity.

Our world's grand challenges and most pressing problems span many disciplines. To create solutions, we need to bring together people from many different backgrounds who possess synergistic knowledge that, together, lead to impactful, comprehensive solutions.

Our goal is to try to create an environment at the university where creative conversations can occur in somewhat random and unpredictable ways. That is what we mean by "creating a culture of serendipity." We bring together groups of people from different backgrounds and competencies to think about large problems.

CONCLUSION

We see tremendous potential to refine and transform our research enterprise in a way that will create opportunities for faculty, students, staff and external partners to come together to address the most crucial issues that can have a profound impact on society.

By building upon the university's existing strengths, nurturing a collaborative research environment, and working with public and private partners, we will advance research outcomes that increase our competitive advantage, nationally and internationally, and generate new knowledge and discoveries that make our world a better place.

THE STATE OF RESEARCH

2014 Annual Report

University of Minnesota
Driven to Discover℠

RESEARCH PRIORITIES

Produce **excellence**

Be **transformative**, lead not follow

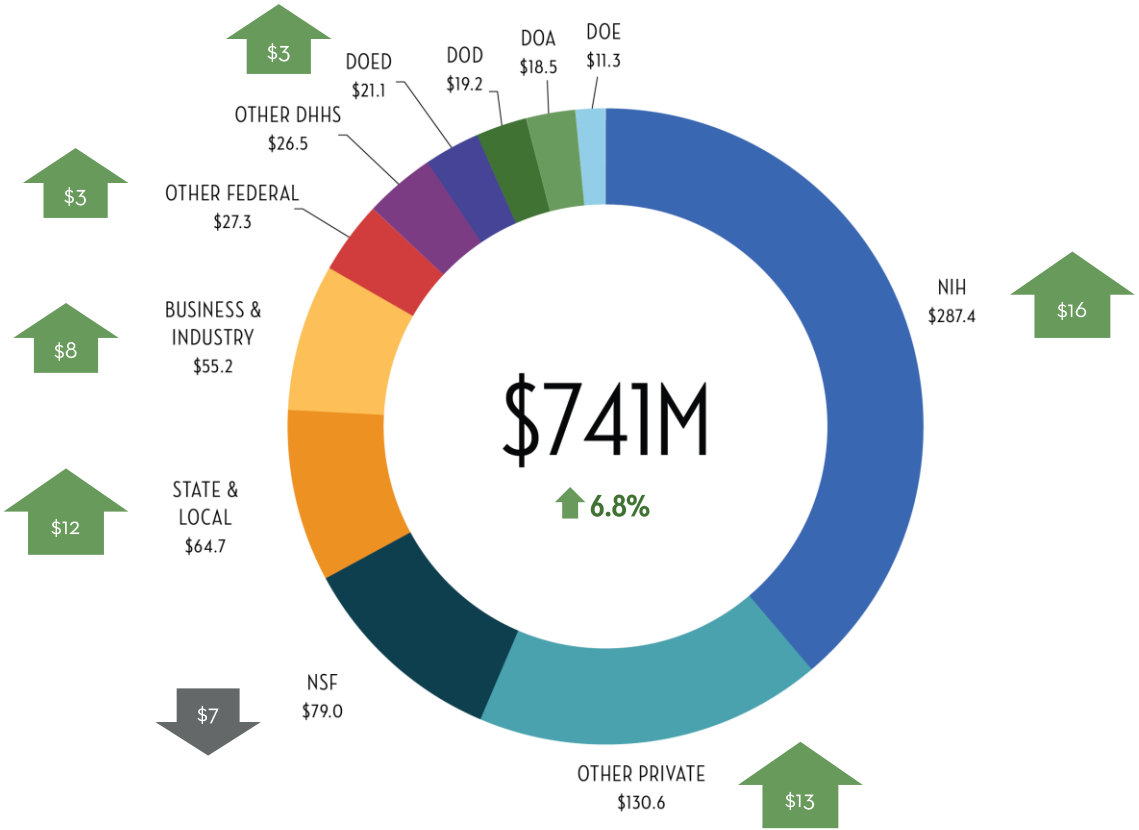
Advance **transdisciplinary** work

Focus on critical **global challenges**

Present real, **measurable results**

RESEARCH STATISTICS

AWARDS BY SOURCE



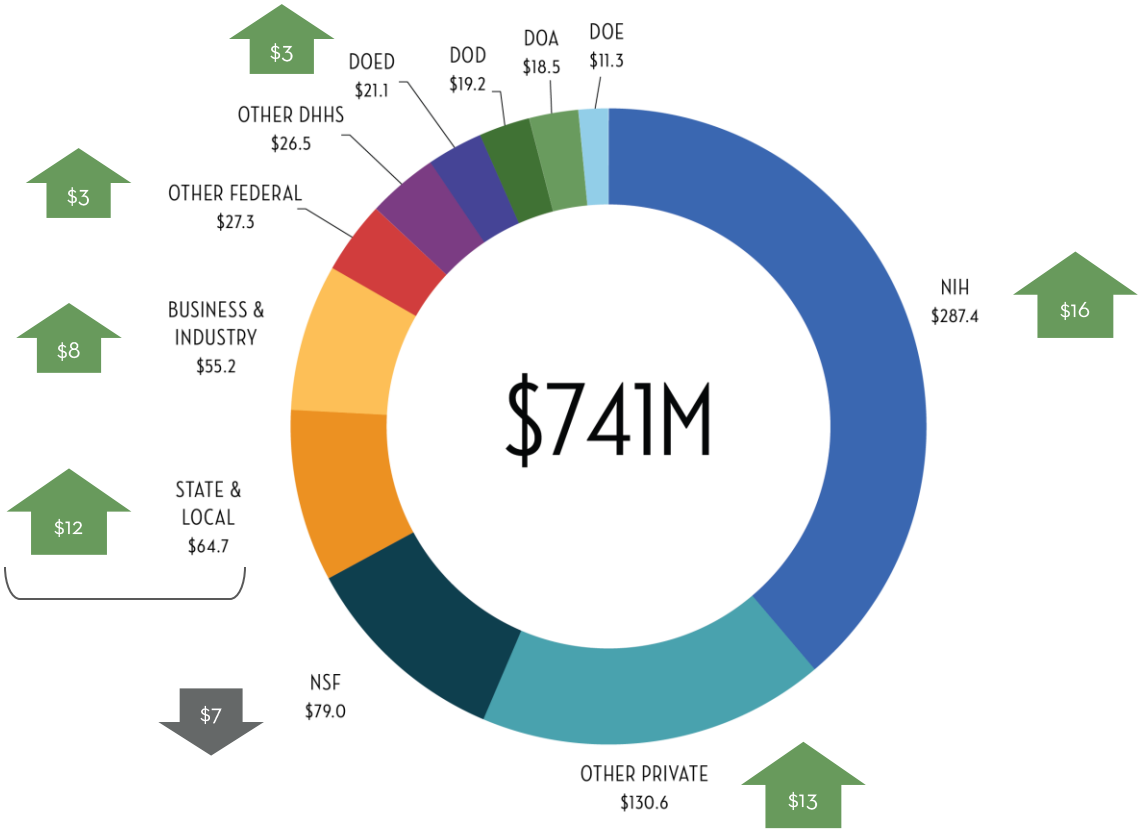
Dollar amounts represented in millions

FEDERAL FUNDING

The American Association for the Advancement of Science reports FY13-14 budgets for federal R&D increased by **1.1%** for the following: DOD, DOE, HHS, NIH, NSF and USDA.

During the same period, the University of Minnesota increased its funding from these agencies by **2.4%**.

AWARDS BY SOURCE



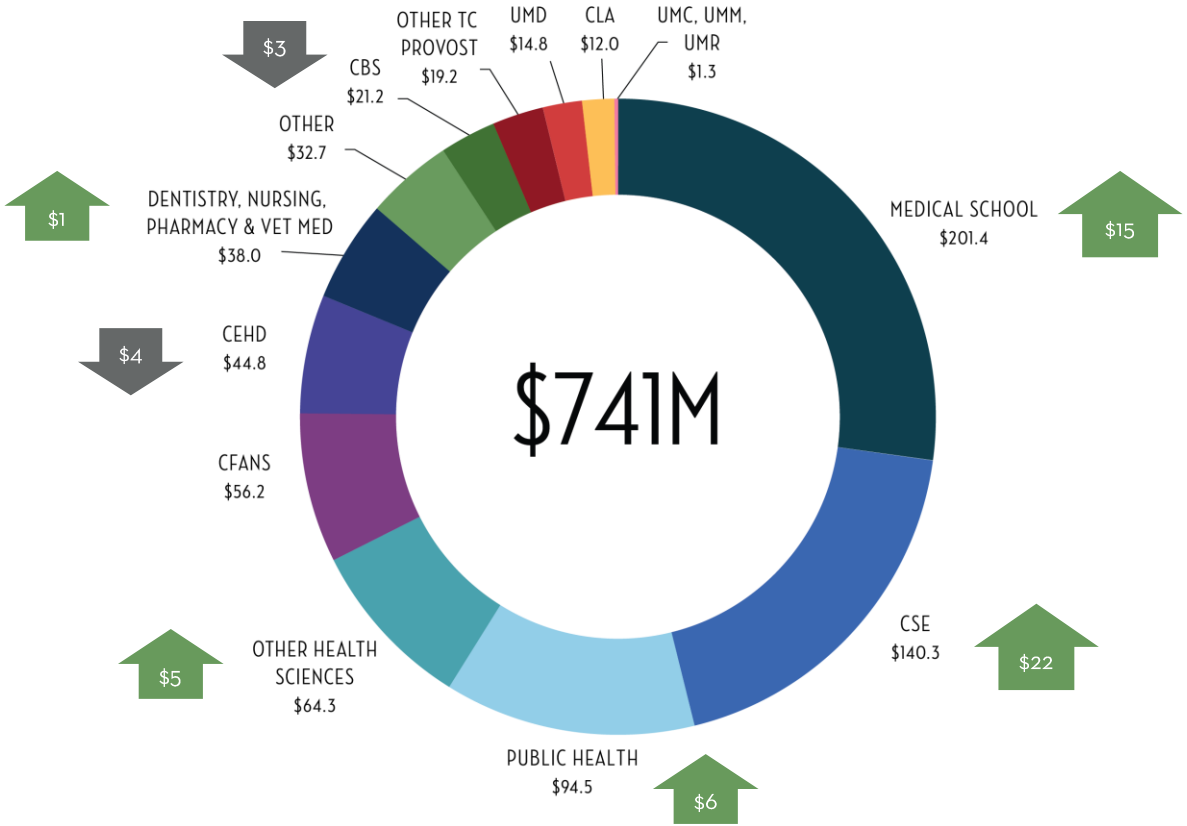
Dollar amounts represented in millions

SUSAN GALATOWITSCH

CFANS

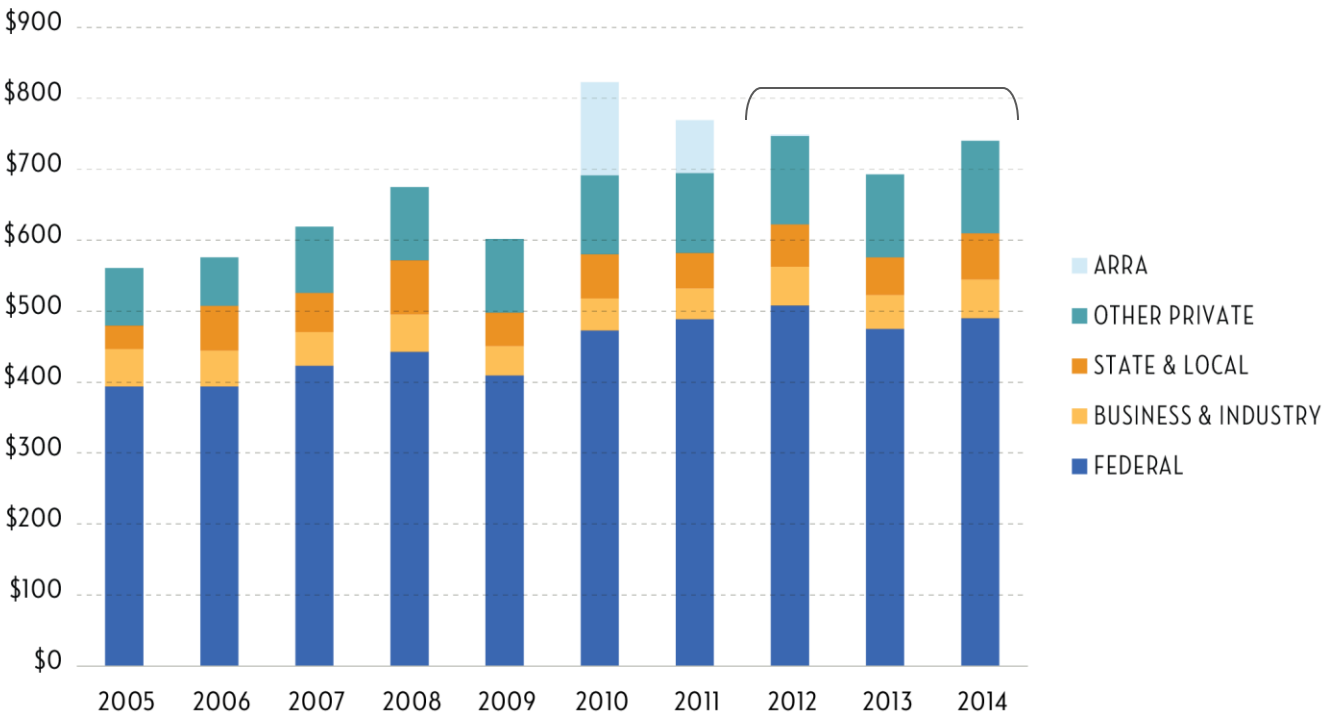
Galatowitsch, professor and department head of Fisheries, Wildlife and Conservation Biology, received **$8.7 million** from the Legislative-Citizen Commission on Minnesota Resources to further discovery in the U's Aquatic Invasive Species Research Center.

AWARDS BY COLLEGE & CAMPUS



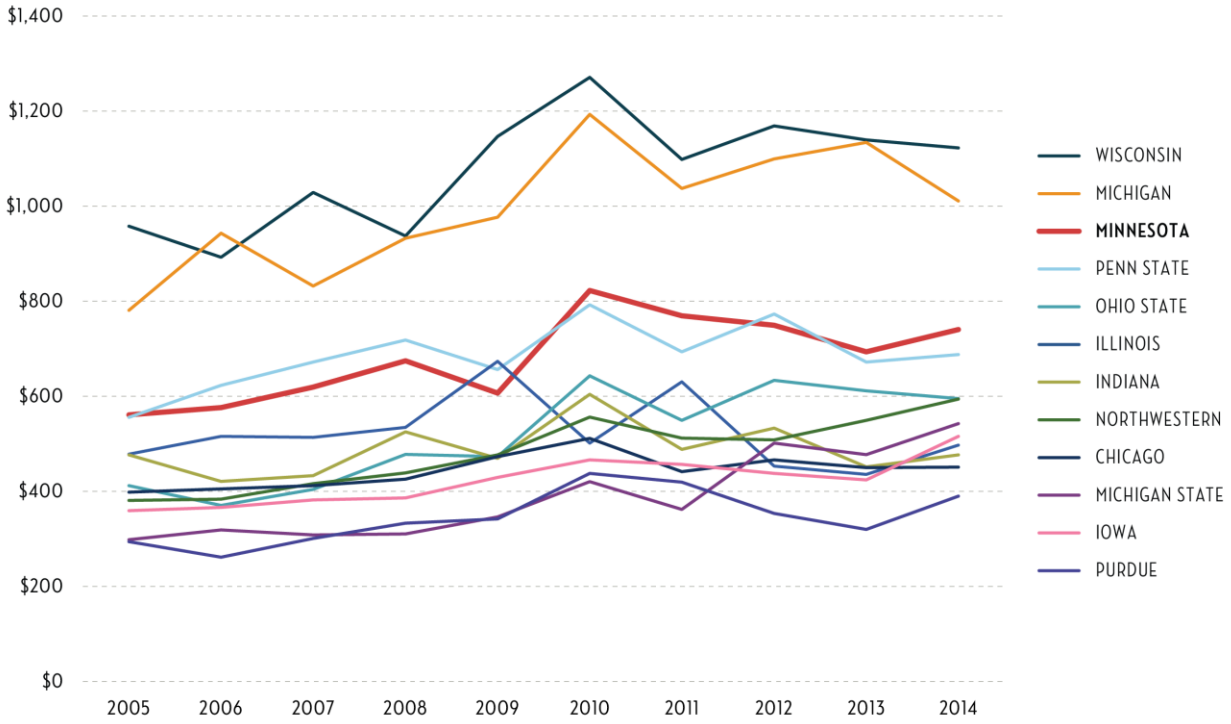
Dollar amounts represented in millions

AWARDS BY MAJOR SOURCE CATEGORY



Dollar amounts represented in millions

AWARDS BY CIC INSTITUTION



Dollar amounts represented in millions

TECHNOLOGY COMMERCIALIZATION

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
INVENTION DISCLOSURES	217	244	255	250	321	331	**343**
MN-IP AGREEMENTS	-	-	-	-	14	41	**51**
NEW U.S. PATENT FILINGS	52	65	66	78	115	148	138
NEW LICENSES †	63	44	67	76	71	91	154
STARTUPS	2	3	8	9	12	14	15
CURRENT REVENUE GENERATING AGREEMENTS †	281	306	399	457	426	331	429
GROSS REVENUES	$86.9	$95.2	$83.8	$10.1	$45.7	$39.5	$27.4
NON-GLAXO REVENUES	$7.9	$8.7	$8.6	$10.1	$10.7	$12.5	$23.4
OUTGOING MATERIAL TRANSFER AGREEMENTS	67	106	171	271	313	281	288

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.

JIAN-PING WANG

CSE

Developed a hand-held biosensing device that detects traces of up to **64 different diseases from malaria to cancer** from a single drop of blood or urine.

Wang's discoveries have led to 39 patents, three startups, a prize at the 2014 Nokia Sensing Xchallenge, and a feature in a National Journal article on the impact of innovation and entrepreneurship at the U of M.

MADE IN MINNESOTA

CELEBRATING U INNOVATORS

The OVPR hosted an event on Dec. 11, 2014 to honor the outstanding accomplishments of the university research community.

287 inventors whose work had been licensed or patented during fiscal years 2012–2014 were recognized.

Additionally, this year marked the inaugural presentation of the Innovation Awards.

Early Innovator Award

Kechun Zhang, CSE

Inventor of a renewable, sugar-based alternative to petroleum.

Entrepreneurial Researcher Award

Daniel Voytas, CBS

Inventor of TALENs, a method of gene editing with broad applications in agriculture and medicine.

Impact Award

Robert Vince, AHC

Inventor of the AIDS drug, Ziagen.

TECHNOLOGY COMMERCIALIZATION

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Bloomberg BNA

Universities Showing Flexibility on Industry-Sponsored Research

BLOOMBERG BNA
MEDICAL RESEARCH LAW & POLICY REPORT

NATIONAL & GLOBAL ANALYSIS

TOP 15 INSTITUTIONS

	NSF - 2013		CMUP - 2013	ARWU - 2014 (SHANGHAI)		
	U.S. PUBLIC	EXPENDITURES	U.S. PUBLIC	WORLD	U.S.	U.S. PUBLIC
MICHIGAN	1	$1,375,117	9 of 9	22	17	6
WASHINGTON	2	$1,192,513	8 of 9	15	13	4
WISCONSIN	3	$1,123,501	9 of 9	24	18	7
UC SAN DIEGO	4	$1,075,554	8 of 9	14	12	3
UC SAN FRANCISCO	5	$1,042,841	7 of 8	18	16	5
NORTH CAROLINA	6	$973,007	9 of 9	36	27	11
UCLA	7	$966,659	9 of 9	12	10	2
PITTSBURGH	8	$872,736	8 of 9	65	41	23
MINNESOTA–TWIN CITIES†	**9**	**$858,378**	**9 of 9**	**30**	**22**	**9**
PENN STATE	10	$837,880	8 of 9	58	37	20
TEXAS A&M	11	$820,015	6 of 9	96	51	29
OHIO STATE	12	$793,373	8 of 9	64	40	22
ILLINOIS	13	$743,487	9 of 9	28	20	8
GEORGIA TECH	14	$730,488	7 of 9	99	52	30
UC BERKELEY	15	$727,002	9 of 9	4	4	1

Dollar amounts represented in millions
†Total expenditures for all U of M campuses: $882M

CENTER FOR MEASURING U PERFORMANCE

For the first time, the U of M is part of a distinguished group that ranks in the **top 25 on all nine indicators** the CMUP uses to gauge an institution's research performance, accomplishment and strength:

Total Research, Federal Research, Endowment Assets
Annual Giving, National Academy Members, Faculty Awards
Doctorates Granted, Postdoctoral Appointees, SAT/ACT Range

OPPORTUNITIES

INVESTING IN INNOVATION

MNDRIVE: YEAR ONE

354 researchers

70 departments

3 campuses

75+ external partners

120 projects funded

111 faculty, students and staff hired

21 patents and licenses submitted

ENGAGEMENT

EFFECTIVE PARTNERSHIPS

The Corporate Engagement Workgroup will facilitate effective collaborations between a dynamic portfolio of industry partners and the university's many colleges, units and campuses—making it easier to **connect, convene and collaborate** with university innovation and talent.

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

THE 3% SOLUTION

SUPPORTING THE PLAN

The OVPR will reallocate **3%** of its own operations and maintenance apportionment in order to provide funds for investment back into the system-wide **research strategic plan** that the institution worked so hard to create.

INTERNAL FUNDING

The OVPR has awarded nearly **$175 million** in internal funding to further research and discovery in multiple disciplines across the university.

GRANT-IN-AID

Over the past five years, nearly $15M has been awarded for 560 projects.

Our ROI for programs that have external funding availability is 1:6—**every $1 we invest yields us an average of $6** coming into the U.

Also, **21%** of Grant-in-Aid awards support the arts and humanities.

MINNESOTA FUTURES

These large grants encourage faculty to advance new ideas and reach across academic disciplines.

Professor Vipin Kumar's project used satellite imagery to track changes in forest cover and expand understanding of climate change.

This project alone leveraged $13.2M, resulting in 1:7 return—or **$7 for every $1 invested**.

UNIVERSITY OF MINNESOTA

Driven to Discover℠

research.umn.edu

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DATA SOURCES

AWARDS BY SOURCE

AWARDS BY COLLEGE & CAMPUS

AWARDS BY MAJOR SOURCE CATEGORY

TECHNOLOGY COMMERCIALIZATION

OVPR Data Services

AWARDS BY CIC INSTITUTION

Committee on Institutional Cooperation (researchadmin.iu.edu/cic.html)

WebCASPAR (webcaspar.nsf.gov)

ARTICLES AND QUOTES

National Journal (bit.ly/1lBCPYd)

Forbes.com (onforb.es/1B7Addl)

Bloomberg BNA (bit.ly/1vF93aC)

TOP 15 INSTITUTIONS

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 12, 2014**

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 of Minnesota for FY 2014, with comparative data for FY 2013. The presentation will cover:

- Highlights of assets, liabilities, and net position;
- A discussion of revenues and expenses for FY 2014 with comparative results for FY 2013;
- An overview of the statement of cash flows; and
- A summary of component unit information.

An electronic copy of the FY 2014 audited annual financial report is being distributed with the docket materials.

Background Information

This report is prepared annually and presented to the Board of Regents in conformance with Board of Regents policy: *Board Operations and Agenda Guidelines*.

Fiscal Year 2014 Annual Financial Report

Michael Volna
Associate Vice President, Finance & Controller

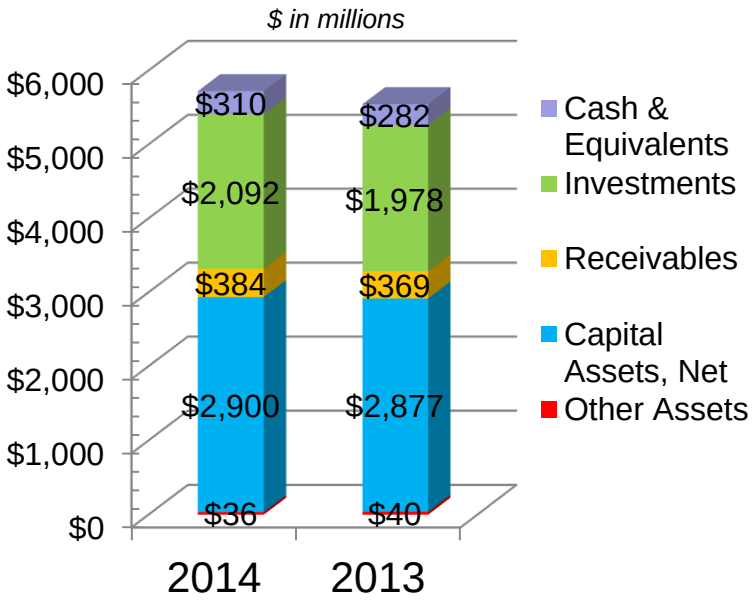
UNIVERSITY OF MINNESOTA
Driven to Discover℠

FY 2014 Highlights

- Net position (net assets) increased by $169.3 million, driven by favorable investment market conditions.
- Net operating loss increased over FY 2013, but non-operating revenues were also up nearly $200 million.
- FY 2014 cash flow increased by $103.4 million from FY 2013, to a positive $28.9 million.
- 2407 Investment LLC joint venture added in 2014.
- Adoption of new GASB standards resulted in minor changes to the financial statements.

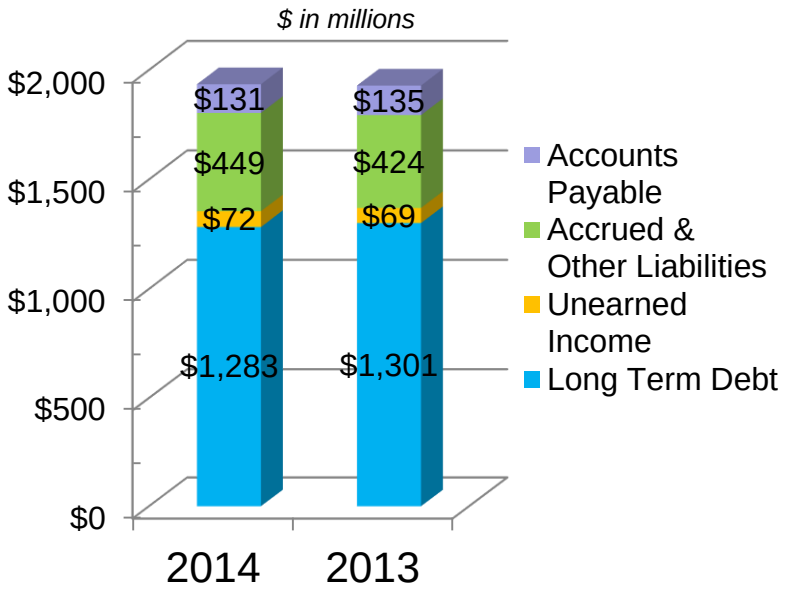
Net Position – Overview of Assets
2014 versus 2013

- Total University assets increased by $176 million or 3.2%.
- Cash & equivalents increase of $25 million due to increase in cash held in CEF partially offset by a decrease in unspent bond proceeds.
- Investments increased $114 million because of CEF market value appreciation.
- Capital assets (net) increased $24 million due to increased spending on construction projects, specifically the Ambulatory Care Clinic.



Net Position – Overview of Liabilities
2014 versus 2013

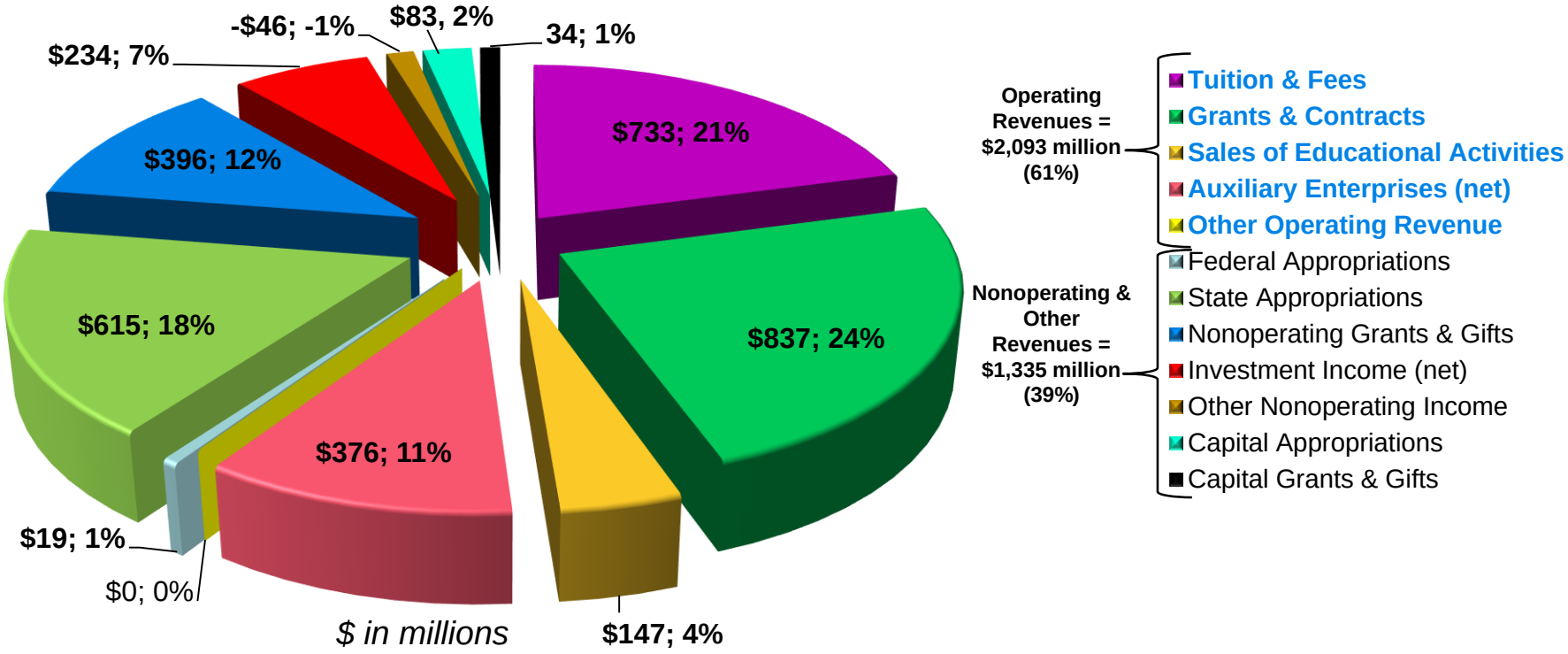
- Total University liabilities increased by $7 million or 0.4%.
- Increase in accrued & other liabilities of $26 million because of gradual amortization of the OPEB liability.
- Long-term debt decreased $18 million due to debt service payments and refunding, offset by issuance of 2013C / 2013D bonds.



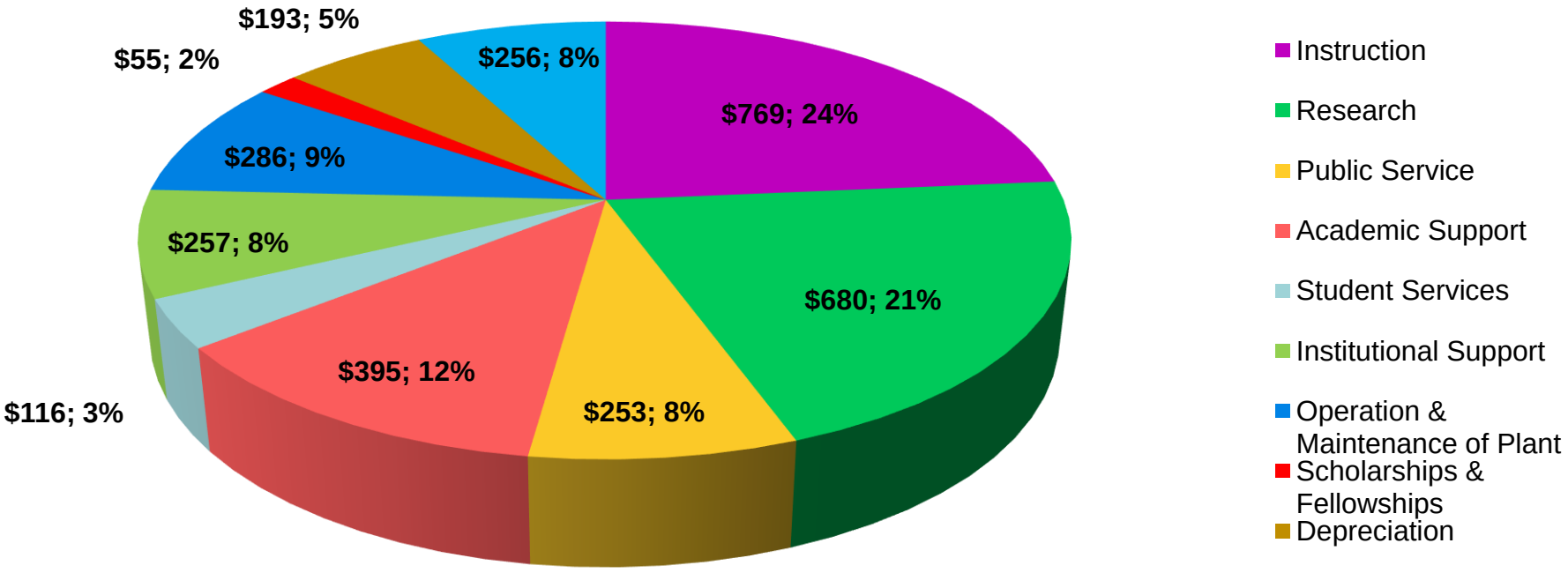
Overview of Revenues, Expenses, and Changes in Net Position

$ in Millions	**2014**	**2013**
Total Operating Revenues	$2,093.4	$2,080.4
Total Operating Expenses	3,260.3	3,064.2
Net Operating Loss	(1,166.9)	(983.8)
Net Non-Operating Revenues	1,218.8	1,034.0
Other Revenues	117.4	139.6
Increase in Net Position	**$ 169.3**	**$ 189.8**

FY 2014 Total Revenues – $3.4 Billion



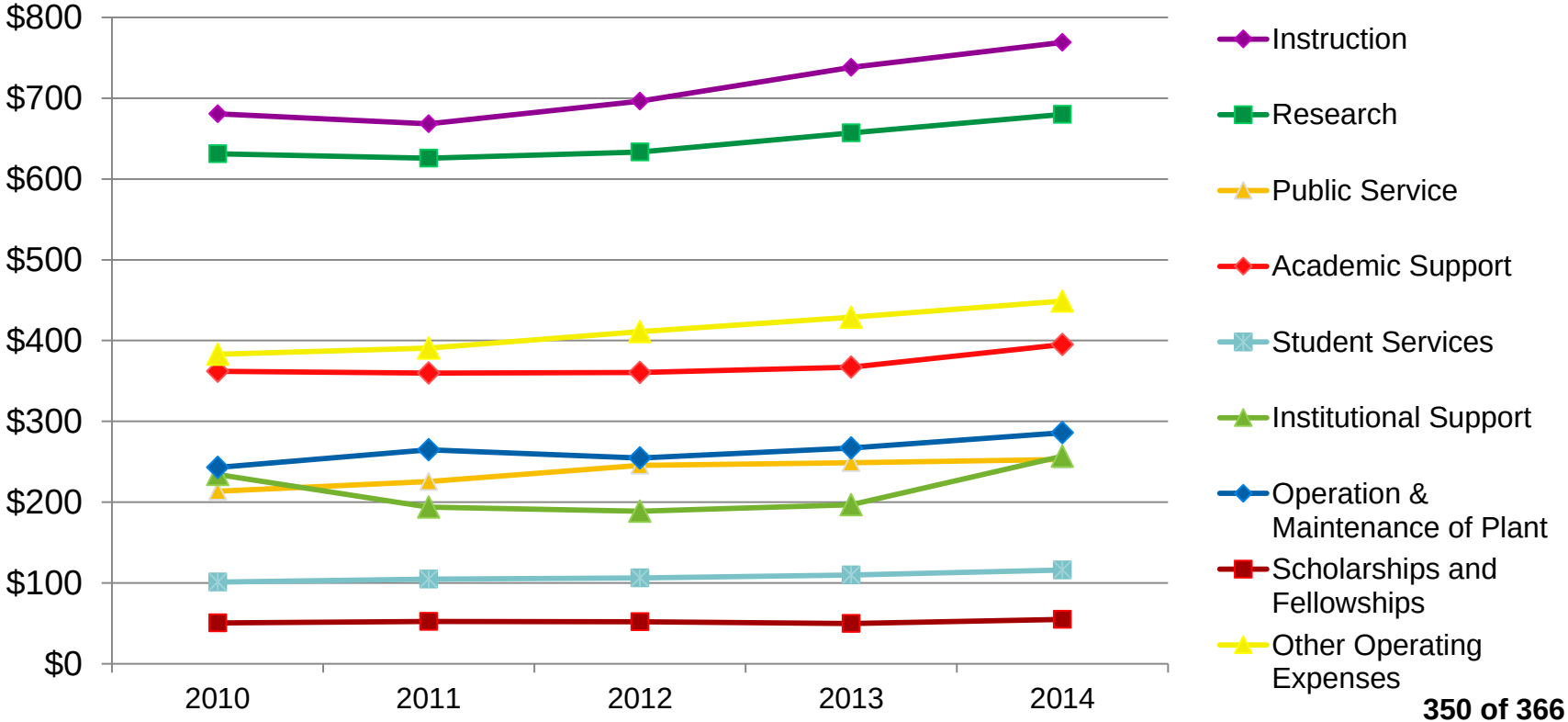
FY 2014 Total Operating Expenses – $3.3 Billion



$ in millions

Operating Expense Trends – Functional Classification
Fiscal Years 2010 – 2014

(Audited amounts; $ in millions)



Cash Flows
FY 2014 versus FY 2013

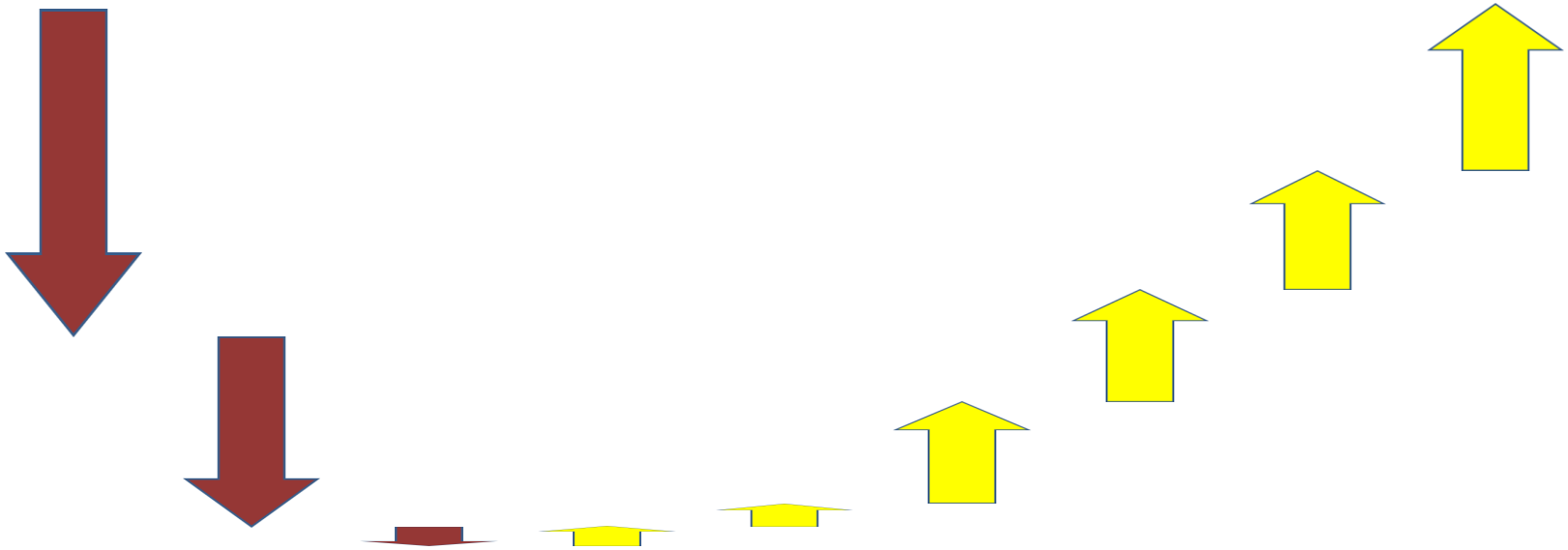
($ in thousands)	2014	2013
Operating activities	($924,284)	($781,600)
Noncapital financing activities	1,038,968	925,488
	$114,684	$143,888
Capital and related financing	($204,533)	($223,374)
Investing activities	118,775	4,977
	($85,758)	($218,397)
Net (decrease) increase	$28,926	($74,509)
Ending cash & equivalents	$309,937	$281,011

Cash Flows, Fiscal Year 2014

($ in millions)

6/30/2013
$281.0

6/30/2014
$309.9



Discretely Presented Component Unit Overview FY 2014

($ in millions)

	UMF	UMP
Total Assets	$2,655.4	$ 192.0
Total Liabilities	356.9	85.8
Net Assets	2,298.5	106.2
Total Revenues	450.6	483.2
Total Expenses	231.4	460.0
Increase (Decrease) in Net Assets	$ 219.2	$ 23.2

Questions

UNIVERSITY OF MINNESOTA

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UniversityofMinn UMNews UofMN

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents Meeting **December 12, 2014**

Agenda Item: Resolution Related to Alcoholic Beverage Sales at Kirby Student Center

☐ **Review** ☒ **Review + Action** ☐ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

Presenters: Chief of Staff Amy Phenix

Purpose & Key Points

The proposed resolution reaffirms the University's long standing commitment to promoting a healthy and safe living and learning environment for its employees, students and visitors, and emphasizes the University's important policy and educational interests in controlling the sale of alcoholic beverages on campus.

State statute authorizes the Board of Regents to hold liquor licenses for events at Northrop Auditorium, TCF Bank Stadium, and no more than seven other on-campus locations. The University currently holds liquor licenses for Northrop, Les Bolstad Golf Course, Morris Student Center, TCF Bank Stadium, Williams Arena, Mariucci Arena, and the Minnesota Landscape Arboretum.

The University established the Alcohol License Oversight Committee (ALOC) in 2012 to ensure a thorough process for evaluating venues that could be licensed to best achieve the University's commitment and policy goals. The ALOC has representatives from Contract Administration, Office of Risk Management, Office of Student Affairs, Office of the General Counsel, and Office of the President.

The ALOC recommended to the president that the University should apply to the State of Minnesota for an alcohol license for Kirby Student Center. Details on the service of alcohol for the venue are as follows:

<u>Kirby Student Center, Duluth Campus</u>

Alcohol sales at the Kirby Student Center on the Duluth campus will occur for internal and external non-student events in spaces such as the ballroom and event spaces, meeting rooms, and outdoor terrace. Alcohol sales will only be allowed for catered events and will not be available for daily retail sales. UMD has found it challenging to find external catering vendors for events on campus.

Granting a liquor license will allow UMD to host additional events and become a greater community asset with UMD Dining Services being able to sell and serve alcohol on behalf of the institution.

Background Information

For many years, the Board of Regents has exercised its constitutional authority to govern and manage University property and facilities by adopting policies and principles governing the consumption, service, and sale of alcoholic beverages on campus. Board of Regents Policy: *Alcoholic Beverages on Campus* provides that the sale of alcoholic beverages on University property is prohibited except when authorized by license or state law, and approved by the Board.

The Board last acted on the use of alcohol licenses on July 13, 2013 by adopting the resolution: *Alcoholic Beverage Sales at Northrop, Les Bolstad Golf Course, and Morris Student Center.*

President's Recommendation

The President recommends approval of the resolution.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO ALCOHOLIC BEVERAGE SALES AT KIRBY STUDENT CENTER

WHEREAS, the University of Minnesota ("University") has important policy and educational interests in controlling the consumption, use, and sale of alcoholic beverages on its campuses; and

WHEREAS, Board of Regents policy prohibits the sale of alcoholic beverages on University property except when authorized by license, approved by the Board of Regents, and sold and served in accordance with applicable law; and

WHEREAS, the consumption of alcoholic beverages for social and celebratory purposes on University property is permitted only when authorized by the President or delegate in accordance with administrative policy; and

WHEREAS, state legislation authorizes the Board of Regents to hold liquor licenses for events at Northrop Auditorium, TCF Bank Stadium, and at no more than seven other locations within the boundaries of the University; and

WHEREAS, the Board of Regents currently holds liquor licenses for Northrop, TCF Bank Stadium, Williams Arena, Mariucci Arena, the University of Minnesota Landscape Arboretum; Les Bolstad Golf Course, and the Morris Student Center.

WHEREAS, the University established the Alcohol License Oversight Committee to ensure a thorough process for evaluating venues that could be licensed to best achieve the University's policy goals and commitment to safety and make recommendations on potential licensees to the president; and

WHEREAS, the University recommends allowing alcoholic beverage sales at other locations on its campuses where it is culturally and programmatically appropriate and consistent with the University's long standing commitment to promoting a healthy and safe living and learning environment for its students, employees and visitors, and emphasizes the University's important policy and educational interests in controlling the sale of alcoholic beverages on campus; and

WHEREAS, the sale of alcoholic beverages on campus will be done in accordance with all applicable laws, served only by appropriately trained persons, and with appropriate enforcement and monitoring mechanisms.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents, according to its policy, *Alcoholic Beverages on Campus*, approves alcoholic beverage sales at the following location:

- Kirby Student Center.

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the submission of liquor license applications in accordance with law for the above-referenced location.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents **December 12, 2014**

Agenda Item: Board of Regents Policy: *Appointments to Organizations and Boards*

[X] **Review** [ ] **Review + Action** [ ] **Action** [ ] **Discussion**

[ ] *This is a report required by Board policy.*

Presenters: Brian R. Steeves, Executive Director & Corporate Secretary

Purpose & Key Points

To consider proposed amendments to Board of Regents Policy: *Appointments to Organizations and Boards.* These amendments seek to update the policy to reflect changes and additions to selected organizations and boards.

Summary of proposed changes:

- Subd. 1. is updated to reflect creation of University of Minnesota Health.
- Subd. 2. is updated to reflect changes to the Fairview Health Services Board of Directors.
- A new subdivision is added, Subd. 7., for UMore Development LLC.
- Section IV. has been changed to reflect that when nominations are required to fill vacant positions, the Office of the President will be notified and take steps to fill the vacancy. Those nominations will be presented to the Board in alignment with docket deadlines.
- Other technical corrections that update names, appointment schedules, references, numbering, and format.

Background Information

Board of Regents Policy: *Appointments to Organizations and Boards* was adopted on June 14, 1991 and was amended on June 8, 2007. Technical Changes were made on August 21, 2013.

The policy was included as a part of the 2014-15 Policy Review Work Plan received by the Board of Regents on July 9, 2014.

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS POLICY

APPOINTMENTS TO ORGANIZATIONS AND BOARDS

SECTION I. SCOPE.

This policy governs Board of Regents (Board) appointments to selected organizations and boards that advance the teaching, research, and outreach mission of the University of Minnesota (University).

SECTION ~~I~~ II. BOARD AUTHORITY.

The Board shall appoint some or all of the members of the organizations and boards listed in Section III ~~below~~.

SECTION ~~II~~ III. ORGANIZATIONS AND BOARDS.

~~Listed below is the process governing Board appointments to selected organizations and boards:~~

~~**Subd. 1. Board of Trustees, University of Minnesota Medical Center Fairview (UMMCF).**~~

~~Nominations:~~	~~The Board's UMMCF Nominating Committee reviews nominations recommended by the vice president, health sciences.~~
~~Number of Appointments:~~	~~Half (6) of the UMMCF Board, plus the dean of the Medical School~~
~~Appointment Schedule:~~	~~Annually in May~~
~~Appointment Term:~~	~~3-year, staggered terms~~
~~Reference:~~	~~*Academic Affiliation Agreement*~~

Subd. 1. Board of Governors, University of Minnesota Health.

Selection of Appointees:	The Board selects appointees for appointment by UMPhysicians to the Board of Governors.
Nominations:	The president, in consultation with the dean of the medical school, recommends appointees to be selected by the Board.
Number of Appointees:	Half of the Board of Governors (no fewer than 2 and no more than 6), including the dean of the medical school as an ex officio voting governor.
Appointment Schedule:	As needed.

Appointment Term:	3-year, staggered terms.
Reference:	*Operating Agreement of Integrated Structure, LLC (2013).*

Subd. 2. Board of ~~Trustees~~ Directors, Fairview Health Services.

Nominations:	~~The Board's UMMCF Nominating Committee reviews nominations recommended by the vice president, health sciences.~~ The president, in consultation with the vice president for health sciences, recommends nominees to the Board.
Number of Appointments:	1 plus 2 ex officio ~~(unless board size increases)~~. If the Fairview Board of Directors determines that a seventh at large member is to be appointed to the Board of Directors, then the Board of Regents shall nominate a community member for that position, subject to election by the Fairview Board of Directors.
Appointment Schedule:	December of each year in which there is a vacancy or reappointment needed.
Appointment Term:	3-year term.
Reference:	~~*Academic Affiliation Agreement*~~ *Seventh Restated and Amended Bylaws of Fairview Health Services (2012).*

Subd. 3. Board of Trustees, University of Minnesota Foundation (UMF).

Nominations:	The Board chair, in consultation with the president, recommends nominees to the Board. UMF Board also may provide recommendations.
Number of Appointments:	UMF Board - Board appoints the president and additional individuals (no more than 3 Regents) to constitute no less than one-fourth of UMF Board membership. UMF Executive Committee - Board appoints the president and 3 additional individuals who are UMF trustees. UMF Audit Committee - Board appoints 2 individuals who need not be UMF Board members.
Appointment Schedule:	Annually in ~~November~~ October.
Appointment Term:	3 years, unless ex officio member.

Reference: ~~Board of Regents Policy:~~ *University of Minnesota Foundation/University of Minnesota First Amended and Restated Memorandum of Understanding (May 17, 2005).*

Subd. 4. Board of Trustees, Minnesota Landscape Arboretum Foundation ~~Board of Trustees~~.

Nominations: The president recommends nominees to the Board.

Number of Appointments: The Board appoints one-fourth of trustees.

Appointment Schedule: June of each year in which a vacancy occurs.

Appointment Term: 3 years.

Reference: ~~Board of Regents Policy:~~ *Memorandum of Agreement (August 29, 1991).*

Subd. 5. Board of Trustees, Hormel Foundation ~~Board of Trustees~~.

Nominations: The president, in consultation with the vice president for research, recommends nominees to the Board.

Number of Appointments: 1 member.

Appointment Schedule: As needed.

Appointment Term: In the event of a vacancy.

Reference: ~~*Memorandum of Agreement (1942);*~~ *Collaboration Agreement (2011).*

Subd. 6. Advisory Board, Hormel Institute ~~Board of Directors~~.

Nominations: The president, in consultation with the vice president for research, recommends nominees to the Board.

Number of Appointments: The Board appoints 3 members.

Appointment Schedule: In the event of a vacancy.

Appointment Term: Continuous.

Reference: *Collaboration Agreement (2011).*

Subd. 7. Board of Governors, UMore Development LLC.

Nominations:	The president recommends nominees to the Board.
Number of Appointments:	The Board appoints 5 Community Governors and 4 University Governors.
Appointment Schedule:	As needed.
Appointment Term:	3-year, staggered terms (Community Governors) not to exceed 3 terms; indefinite terms (University Governors).
Reference:	*Resolution Related to Creation and Organization of UMore Development LLC (2009).*

Subd. ~~7~~ 8. ~~Friends of~~ Eastcliff Advisory Board.

Appointments:	The Board chair appoints a Regent to serve as chair.
Appointment Schedule:	July of odd years.
Appointment Term:	3 years.
Reference:	Eastcliff Advisory Board Bylaws (February 14, 2014).

Subd. ~~8~~ 9. Eastcliff Technical Advisory Committee.

Appointments:	The Board chair appoints the chair from committee membership.
Appointment Schedule:	As needed.
Appointment Term:	Indefinite.
Reference:	Eastcliff Technical Advisory Committee Bylaws (February 14, 2014).

SECTION ~~III~~ IV. NOMINATIONS.

With the exception of Eastcliff committees, ~~T~~ the boards and organizations in ~~listed above~~ Section III shall notify the ~~Board Office~~ Office of the President when nominations are required to fill vacant positions so that the Board may take appropriate steps to fill the vacancy and process the appointment. Recommendations regarding appointments under this policy shall be forwarded to the Board in alignment with docket deadlines as published by the Board Office. Nominations shall be presented for review and action in the same month.

SECTION ~~IV~~ V. BYLAWS.

Upon request, organizational documents, including articles and bylaws, shall be provided to the Board Office.

MODIFICATIONS: Modifications made in April 1993 pursuant to Board of Regents Policy: *Board Policy Development* dated March 8, 1991.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Board of Regents **December 12, 2014**

Agenda Item: Report of the Committees

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

[X] *This is a report required by Board policy.*

Presenters: Regent Richard Beeson

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 Information

The 2013-15 committee chairs are:

- Academic & Student Affairs Committee - P. Simmons
- Audit Committee - L. Brod
- Facilities & Operations Committee - C. Allen
- Faculty & Staff Affairs Committee - J. Frobenius
- Finance Committee - D. McMillan
- Litigation Review Committee - D. McMillan
- Special Committee on Academic Medicine - L. Cohen