Finance & Operations Committee

December 2021

December 16, 2021

Approximately 15 min Following Adjournment of Audit & Compliance Committee

Boardroom, McNamara Alumni Center

FIN - DEC 2021

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: Twin Cities Campus Master Plan

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

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

PRESENTERS: Myron Frans, Senior Vice President
Michael Berthelsen, Vice President, University Services
Greg Havens, Principal, Sasaki

PURPOSE & KEY POINTS

The purpose of this item is to act on the Twin Cities Campus Plan (Plan). This plan has four core components:

1. Vision
2. Drivers
3. Big Ideas
4. Recommendations

The Plan incorporates these components into a document with supporting narrative, imagery, and illustrations of future opportunities related to recommendations on all three of the Twin Cities sites.

No changes have been made to the Campus Vision or Big Ideas components of the plan since the committee reviewed this item in October.

Although not finalized, the strategic real estate principles reviewed by the committee in September have been directly incorporated into the Big Ideas framework and linked to the Planning Frameworks section that describes the systems that influence campus activity, including land use, public realm, mobility, and sustainability. This section of the Plan explains the aspirations and functional needs of named campus systems.

The Plan also more fully details recommendations for each of the campus sites, with many supporting illustrations and narrative describing the future opportunity.

A few minor changes have been made to the Plan since review in October, as follows:

- Recommendations regarding the Saint Paul Student Center/Campus Commons Designation – The Plan prioritizes both renewal of the Student Center and development of a campus commons as a social and learning/research resources for the broader campus community.

Two sites are being considered, and the potential to combine programs and resources is still under discussion. The benefit of retaining renewed spaces dedicated uniquely to students but enlivened by other activity is the primary reason to consider combining these investments. Because the decisions have not been finalized, the Plan shows that both are still being considered with the sites located at the core of the Saint Paul campus, on both sides of Buford Street between Eckles Avenue and Gortner Avenue.

- New Implementation section – An implementation section has been added to reinforce how the Plan is expected to be used to guide decision-making related to evolution of the campus. Because an adopted campus master plan serves as a foundation to guide and feed future six-year capital plans a brief discussion of how the plan will be used was included here.

- Other changes include typographical errors and corrections to maps, diagrams, and illustrations to ensure accuracy and provide clarity for readers.

Since the committee reviewed the Plan in October, consultation has continued with the University community, including the Senate Committee on Finance and Planning, the College of Food, Agriculture, and Natural Resource Sciences (CFANS) Graduate Student Board, and the University District Alliance (UDA). CFANS graduate student questions focused on sustainability related to energy use, student housing at the Commonwealth Terrace Cooperative, and some of the Saint Paul campus core features such as the idea of the campus commons, the student center, outreach facilities and food service. UDA questions centered around housing renewal needs on the East Bank. These consultations and further development of plan content around sustainability related to energy use and building infrastructure resulted in a better developed set of recommendations in this final version of the Plan.

BACKGROUND INFORMATION

Board of Regents Policy: *Reservation and Delegation of Authority*, Article I, Section VIII, Subd. 5 states: "The Board reserves to itself authority to approve campus master plans and amendments thereto."

In addition to review at the October 2021 meeting, the Finance & Operations Committee previously discussed this topic at the following meetings:

- February 202: *Twin Cities Campus Master Plan Visioning*
- December 2020 & February 2021: *Systemwide Campus Master Planning Principles*

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Twin Cities Campus Master Plan.

December 6, 2021

University of Minnesota
Twin Cities Campus Plan Update

Final Draft

The Proposed Vision for UMTC

The Campus Plan establishes a vision for a vibrant, safe, inclusive, and welcoming campus responsive to the unique sense of place that defines West Bank, East Bank, and St. Paul, and to the academic, research, innovation, service, and clinical care goals of the University. It provides guidance for the land use, public realm, mobility, and sustainability frameworks that will shape the campus of tomorrow.

UMTC - Interim Land Acknowledgment Statement*

The University of Minnesota Twin Cities is built within the traditional homelands of the Dakota people. It is important to acknowledge the peoples on whose land we live, learn, and work as we seek to improve and strengthen our relations with our tribal nations. We also acknowledge that words are not enough. We must ensure that our institution provides support, resources, and programs that increase access to all aspects of higher education for American Indian students, staff, faculty, and community members.

** The University is in ongoing consultation with MN Indian Affairs Council (MIAC) and our tribal community partners regarding this Interim Statement and other means of acknowledging the land upon which the University sits.*

Contents

Introduction 1

Introduction

The 2021 University of Minnesota Twin Cities (UMTC) Campus Plan provides guidance for future investment and improvements on the Twin Cities campus. It supports the mission and strategic goals of the University and provides recommendations for the best overall use of existing land, development sites, and facilities. Most importantly, the Campus Plan establishes a near- and long-term vision for accommodating the evolving teaching, research, and service missions of the University, while ensuring that a better campus experience emerges for students, staff, faculty, patients, and visitors.

Role of the Campus Plan

The Campus Plan looks forward to the 10-year horizon and beyond by building upon the long history of the University, its resilience, and the guidance provided by previous plans, including the 2009 Master Plan.

It also takes into consideration long-standing planning principles, recent and ongoing planning studies, and the Systemwide Strategic Plan (MPact 2025), with the goal of guiding incremental change in ways that contribute to the existing campus, emerging districts, and the surrounding community's context.

The plan itself is not a rigid script or a mandate. Instead, it represents a vision for the future of the campus and the Big Ideas that comprise it. The Campus Plan serves multiple functions, including:

- Aligning with the University's Systemwide Strategic Plan, MPact 2025.
- Ensuring that daily decisions are part of a long-term vision.
- Informing the University community and public of the University's aspirations and development goals.
- Guiding the decisions of the University's administration and the Board of Regents regarding capital investments, physical improvements, and operational activities on the campus, which affects buildings, landscapes, and infrastructure.
- Providing a comprehensive planning strategy for the Twin Cities campus locations (West Bank, East Bank, and St. Paul) with the understanding that each functions as part of one University.
- Establishing frameworks for overall land use, the public realm, mobility, and sustainability with the goal of guiding incremental change across the campus.
- Providing a tool for planners and designers to evaluate all future development proposals to ensure that capital projects contribute to the achievement of the broader campus vision.
- Promoting positive relationships with adjacent neighborhoods, municipalities, and the region.
- Assisting in fundraising and the development of endowments.

The Campus Plan does not:

1. Identify all potential new building needs and specific development sites for the institution.
2. Design new buildings and landscapes, but rather illustrates clear planning principles, such as siting and urban design.
3. Define a financial plan for construction (e.g. funding sources or viable phasing).
4. Present maps, diagrams and sketches of the campus vision as fixed directives; instead these should be understood as guides for further exploration and development.

Structure of the Campus Plan

The Campus Plan report is structured as follows:

- Chapter 1 provides an overview of the purpose of the Campus Plan and the planning process.
- Chapter 2 summarizes the evolution of the Twin Cities campus.
- Chapter 3 reviews the Plan Drivers and conditions that give direction to the plan and serve as benchmarks for the recommendations.
- Chapter 4 describes the campus vision and the "Big Ideas" that align the plan's recommendations with the goals, objectives, aspirations, and strategic direction of the University, as set out in MPact 2025.
- Chapter 5 addresses campus-wide systems for land use, the public realm, mobility, and sustainability.
- Chapter 6 explores place-based detail in the various districts of the campus.
- Chapter 7 provides details for the anticipated implementation and phasing of the Campus Plan over the near- and long-term.

The Planning Process

Development of the Campus Plan coincided with the unique circumstances of the COVID-19 pandemic in 2020 and 2021. In response, online consultation, discussion, surveys and presentations were utilized to carry out the planning process. The pandemic also influenced discussions on campus development and concepts for technology-enabled learning environments, potential changes to office environments, possible shifts in transportation patterns and parking demand, and opportunities for creating outdoor learning and social environments.

To facilitate the process, the planning team set up a website to provide an overview of the planning effort and to distribute progress reports and information. Updates to the website at key points in the process provided new information for review and consideration by the campus community, and opportunities for feedback to the planning team.

Working with the University's Office of Measurement Services, a representative sample of 9,000 invitations were sent to students, faculty, and staff to provide input on a range of issue and opportunities. Through the campus plan website, an invitation was extended to the broader community with targeted invitations to neighborhoods and business associations close to campus. This sample resulted in 2,800 responses – 26% students, 12% faculty, 60% staff, 2% other. The survey results informed the analysis, visioning, and recommendations of the Campus Plan.

In addition to broader consultation efforts, a Campus Plan Advisory Committee, representing a range of the campus community (students, staff and faculty), provided guidance and direction to the planning team. Staff groups with expertise in a range of topical areas further informed the process on land use, land care, accessibility, transportation, historic preservation, and sustainability and infrastructure, among other issues. The Advisory Committee met eight times over the course of the planning process.

President Gabel and her cabinet provided overall direction and ensured that the recommendations of the Campus Plan align with broader goals for the University of Minnesota System and MPact 2025.

The Board of Regents have been actively involved in shaping the vision and recommendations of the Campus Plan, and the planning team met with the Regents multiple times as part of their regularly scheduled meetings and retreats.

In June 2021, the relaxation of physical distancing guidelines enabled in-person meetings and site reconnaissance. The team took part in a two-day, on-campus workshop to review emerging ideas and planning recommendations, and to conduct detailed site tours and field verification work.

The process included the following phases of work:

Phase 1: Analysis

Phase 1 focused on assessing existing conditions on the West Bank, East Bank, and St. Paul, and on understanding the culture of UMTC. The planning team reviewed data and information made available by the University, conducted stakeholder interviews online, and analyzed existing physical conditions.

The team reviewed MPact 2025, the capital projects list, and previous planning studies, including the 2009 Master Plan, the 2019 St. Paul Campus Strategic Facilities Plan, and plans for partnership development projects.

Phase 2: Visioning and Future Alternatives

Phase 2 built upon the findings of the Analysis Phase to inform the development of the vision and alternatives for the campus.

During this phase, the planning team, in collaboration with the President's Cabinet, Advisory Committee, subject matter experts, and other stakeholders, identified and developed the "Big Ideas" that informed the development of the Campus Plan.

Phase 3: Draft Plan

In Phase 3, the team collaborated with the University to advance the preferred direction for the Campus Plan. This included the development of additional detail for the Big Ideas, planning frameworks, and the districts of the West Bank, East Bank, and St. Paul. The team also advanced the graphic expression, diagrams, supplemental design details, and supporting data for the Campus Plan. The team reviewed the draft plan materials with the President's Cabinet, Advisory Committee, and staff groups prior to posting to the Campus Plan's recommendations to the website for additional comment and feedback from the broader campus community.

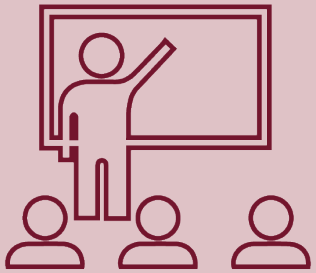
Advisory Committee Topics and Themes

At the request of President Gabel, the Campus Plan Advisory Committee was formed in January 2021. This representative group of students, faculty, and staff brought their expertise and perspectives on the future campus to the planning process, and took on the critical role of identifying themes the plan should consider and shaping the course of the plan's evolution, from the visioning stage to the recommendations.

The Advisory Committee convened six times between February 2021 and August 2021 to provide direction as the consultant and staff team worked to connect topics and recommendations. The following page summarizes key topics, themes, and questions that emerged from the Committee's conversations, and represent the values and intentions that gave form to the Big Ideas and the recommendations for each district described in Chapter 6 of the Campus Plan.

The Committee included the following members:

- Leslie Krueger – Assistant Vice President, Planning, Space, and Real Estate;
- Frank Gigler – Faculty, Carlson School of Management, and Senate Committee on Finance and Planning;
- Becky Yust – Faculty, College of Design;
- Virajita Singh – Associate Vice Provost, Office for Equity and Diversity;
- Ying Ling Fan – Professor, Humphrey School of Public Affairs;
- Joe Favour – Professor in Practice and Head of Landscape Architecture, College of Design;
- Bill Haldeman – Senior Assistant to the President, Office of the President;
- Bob McMaster – Vice Provost and Dean, Office of Undergraduate Education;
- Maggie Towle – Senior Vice President, Office for Student Affairs;
- Amy Kucera – Senior Director, Office of Human Resources;
- Erika Swant – Professional Student Government;
- Mattea Allert and Sydney Bauer – Student Senate;
- Scott Petty – Council of Graduate Students;
- Sophronia Cheung – Minnesota Student Association; and,
- Academic, professional, administrative, and civil service staff.



Student Experience

How can the Twin Cities campus plan support the student experience? Where are the opportunities to expand and enhance affordable housing choices, inclusivity and belonging, safe spaces, health and wellness, and evolving pedagogies? How should the plan prioritize reinvestment in the academic cores?

Getting To and Around Campus

What components contribute to a more welcoming, equitable, safe, and accessible campus? How can the West Bank, East Bank, and St. Paul campuses be better connected? Where are the key arrival points and what are those experiences like? How can signage and wayfinding be used to continue to make campus navigation easier?

The River

How can the University strengthen its relationship to the Mississippi River through physical and visual connections, and partnerships? Which buildings and locations could facilitate these connections to support teaching, research, and recreational opportunities? How should the urban campus complement the river corridor?

Mobility

How can transit facilities contribute to an attractive, inviting, and navigable campus? How can mobility hubs and micromobility options support “last mile” access as mode-shares shift from single-occupancy vehicles? How can the Gopher Way be improved and made more accessible across campus?

Parking

How are the University’s parking lots and ramps used today? Who is using them and how often are they used? What are the implications of relocating parking to campus peripheries? How does this impact access to key buildings in the core? How much parking should be integrated with destinations such as medical clinics and event venues?

Implementation

Which initiatives can be implemented to improve the campus experience in the near- and long-term? How should they be prioritized to respond to evolving campus needs in real-time?


MINNESO

Twin Cities Campus Overview 2

Evolution of the Twin Cities Campus

Established in 1851 by the Territorial Legislature, seven years before Minnesota became a state *(U of M Twin Cities, About Us)*, the University is located in the cities of Minneapolis (East and West Bank) and St. Paul, on the traditional homelands of indigenous peoples. The east and west banks of the Minneapolis campus span a 100-ft gorge along the Mississippi River. Four miles east of the Minneapolis campus, the agricultural experiment station, established on the edge of the city in the late 1880s transitioned over time to become the St. Paul campus.

The 23 million square feet and 1,292 acres of land that comprise the Twin Cities campus have evolved significantly since the first buildings were constructed in the 1880s. Collectively, West Bank, East Bank, and St. Paul form the learning, research, service, and clinical care environment of Minnesota's major public research and land-grant university.

Minneapolis East Bank

The Minneapolis campus sits on two sides of a 100-foot high plateau overlooking a bend in the Mississippi River, with the Washington Avenue SE Bridge connecting the West Bank and East Bank, totaling 535 acres.

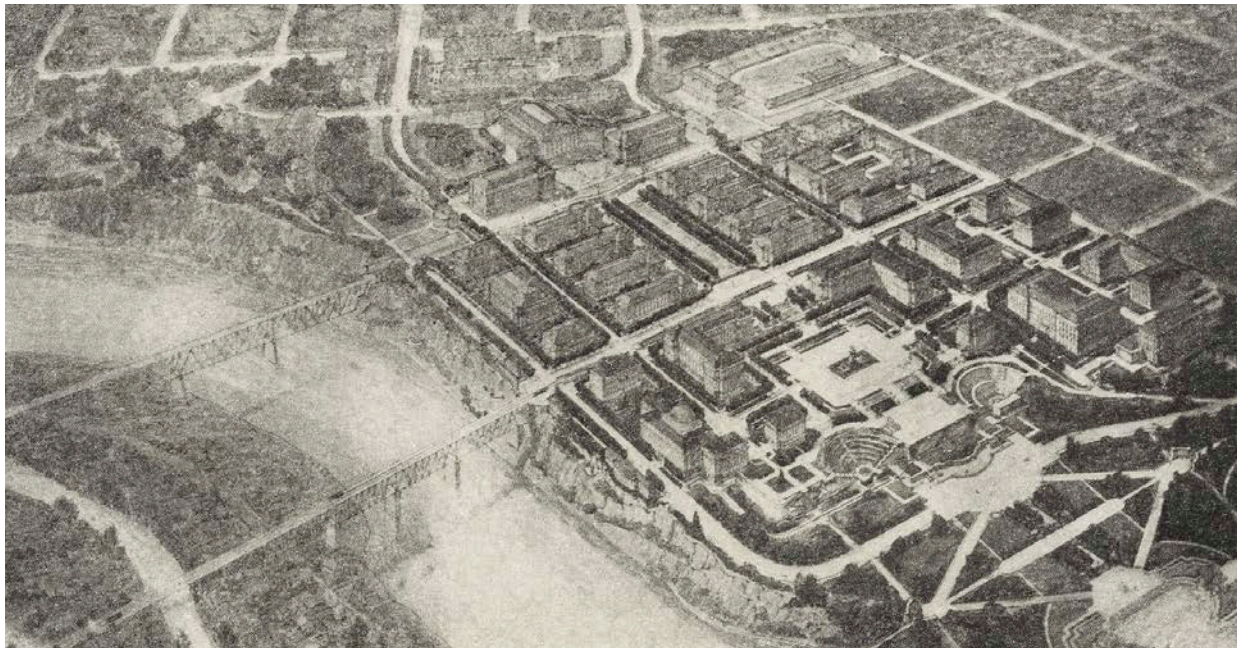
The origins of the East Bank can be traced back to the 1892 H.W.S. Cleveland Master Plan which established a picturesque landscape with sinuous paths and irregularly spaced canopy trees focused on The Knoll. It is in this location that the University's oldest buildings are located – Eddy Hall, Pillsbury Hall, and Folwell Hall. *(The University of Minnesota Preservation Plan, 1998)*

In 1910, following a significant expansion in acreage, architect Cass Gilbert proposed a City Beautiful-inspired plan which formed the Northrop Mall. One of Gilbert's most important projects, this long, open green surrounded by neo-classical buildings began to take shape with the construction of Smith Hall, Walter Library, and Northrop Auditorium between 1914 and 1929. The vision was implemented by Cass Gilbert and Clarence Johnson respectively. In 1930, additional plans for Northrop Mall were developed by Anthony Morell and Arthur Nichols.

The Knoll and Northrop Mall form the traditional heart of the Twin Cities campus, defining an iconic landscape framed by remarkable architectural landmarks that link present-day campus life to the origins of the University. Together, they constitute the historic core of the Minneapolis campus and establish a sense of place and history that have defined the Twin Cities campus for decades.

Today, the Knoll, Northrop Mall, and their associated buildings, are listed on the National Register of Historic Places.

The East Bank has traditionally housed the liberal and design arts, humanities, technology and engineering, and the Medical School. The Health Sciences district, south of Washington Avenue SE, is one of the most intensely developed areas on campus, and supports teaching, research, clinical practice, and in-patient/out-patient activity. Since the Medical School was established, growth in teaching and research functions has fueled expansion and infill development in the area, moving eastwards as resources and demands have evolved.



University of Minnesota Campus Plan, Cass Gilbert, 1908 *(Source: University Archives, una104959)*

West Bank campus under construction in 1965 (above) and in 2021 (below). *(Source: University Archives, una103058, and Google)*

Minneapolis West Bank

Plans for the third phase of campus expansion west of the Mississippi River were first drafted in the late 1930s. By the late 1950s, land had been secured and multiple conceptual campus designs were prepared by Ralph Rapson, Winston Close, Dan Kiley, Pietro Belluschi, and Lawrence Anderson. Construction began in the early 1960s on the first West Bank buildings – Blegan Hall, Anderson Hall, Heller Hall, and the Social Science Tower – as well as the Washington Avenue Bridge. Today, the West Bank houses liberal arts programs, professional schools, and a small, residential neighborhood at Middlebrook Hall. *(The University of Minnesota Preservation Plan, 1998)*

The design of the West Bank reflects the Modern architectural and landscape concepts of the time. Grade separation of the Washington Avenue roadway from the campus protects pedestrians and cyclists from vehicles as they cross the Washington Avenue Bridge, but also makes it difficult to access transit from the upper deck of the West Bank Plaza.

St. Paul

The St. Paul campus was established several decades after the East Bank location, originally serving as a farm and agricultural experiment station. The oldest buildings date from the late 1880s. The rolling moraine topography heavily influenced the first arrangement of buildings along a ridge oriented to towards the "south bowl," which later became known as "the Lawn." Later, 19th century buildings were sited on the remaining ridge tops circling the north bowl. Today that bowl is occupied by recreational fields and the St. Paul Gym.

The St. Paul campus is noted for its vast open spaces, agricultural fields and naturally occurring features including bluffs, wooded ravines, and the restored Sarita Wetland. Other spaces that support recreation and gathering, such as small quadrangles and plazas, bring a distinct identity to the campus. Between the 1930s and 1950s, the St. Paul campus was planned to include formal, linear, and rectangular open spaces and perimeter buildings located to reinforce public open spaces.

Commonwealth Terrace Cooperative Student and Family Housing was built in 1958, following the platting of University Grove as an architect-designed neighborhood in the 1920s. Land purchased between the 1930s and 1950s expanded the campus to the north; the lands acquired were primarily used for agricultural research and to support livestock. *(The University of Minnesota Preservation Plan, 1998)*

Today, the St. Paul campus accommodates programs in agriculture and natural resources, biological sciences, extension services, veterinary medicine, and design. It continues to serve as an agricultural experiment station, with research conducted in the fields, greenhouses, and laboratories.

Over the past decade, the St. Paul Campus has continued to grow its outreach and is an epicenter for learning and research across agricultural and natural resource-related disciplines. Extension education, youth programs, and the opening of key destinations like the Bell Museum – with more than 100,000 visitors annually – affirm the importance of the campus to the broader community.

Agricultural Experiment Station, St. Paul Campus

Aerial View, St. Paul Campus

Campus Changes: 2009-2021

The Campus Plan is informed by changes that occurred at the University and on campus following the completion of the 2009 Master Plan. These changes are addressed by geographically-focused district level plans developed by the University over the past decade – East Gateway, the Health Sciences district, the 2019 St. Paul Campus Strategic Facilities Plan, and broader campus systems level plans (Development Framework).

The following highlights the changes that shape the planning context for the 2021 Campus Plan.

Campus Livability and Safety

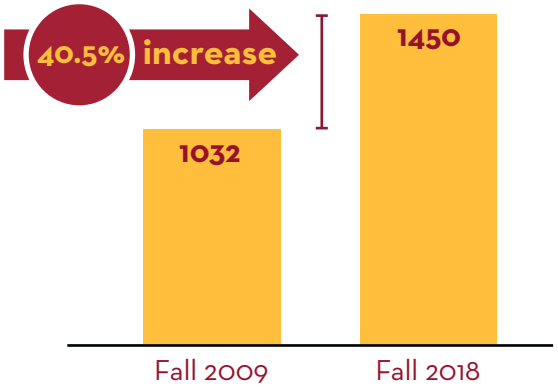
The University recognizes the opportunity to continue building positive physical, social and quality of life connections between the campus community and near-campus neighborhoods. On a daily basis, our students, staff and faculty spend time in near-campus neighborhoods. Feeling safe and secure is an important part of a shared livable experience. To do this effectively, the University works with the City and other partners to promote safe conditions whether on campus or nearby. These operational and programmatic relationships are essential to success, and the Campus Plan also includes recommendations for the design and operation of the physical environment that advance University-wide values relative to public safety and security. Details of these recommendations can be found in the Public Realm Framework (Section 5) of this plan.

Enrollment

In the fall of 2008, undergraduate enrollment stood at 29,920 students, and grew to 31,370 in fall of 2019 (pre-COVID-19). *(Office of Institutional Research, Official Enrollment Statistics)* This modest growth of 5% over the past decade has aligned with the Board of Regents' 2018 enrollment strategy targeting an undergraduate enrollment of 33,000 students by 2023. *(Office of Undergraduate Education, Undergraduate Enrollment Plan, 2018)*

Looking ahead, enrollment is expected to remain relatively stable. However, the population is projected to become more diverse, requiring a deliberate focus on creating an inclusive, welcoming, and engaging campus. As of 2018, 28% of students identified as students of color. From 2009 to 2018 incoming first year students of color increased by approximately 40%. *(Office of Institutional Research, Official Enrollment Statistics)*

Enrollment Growth of Students of Color



Source: University of Minnesota, System Undergraduate Enrollment Management Update (June 2020)

Transportation

The arrival of METRO Green Line light rail transit (LRT) service on campus in 2014 – with four stations (West Bank, East Bank, Stadium Village, and Prospect Park) – has assisted in managing parking and traffic conditions for trips to campus. However, congestion remains a challenge for some destinations, particularly on the East Bank. Solving these complex transportation challenges while maintaining optimal campus operations requires active work with partners at the city, county, and state levels.

Student Housing

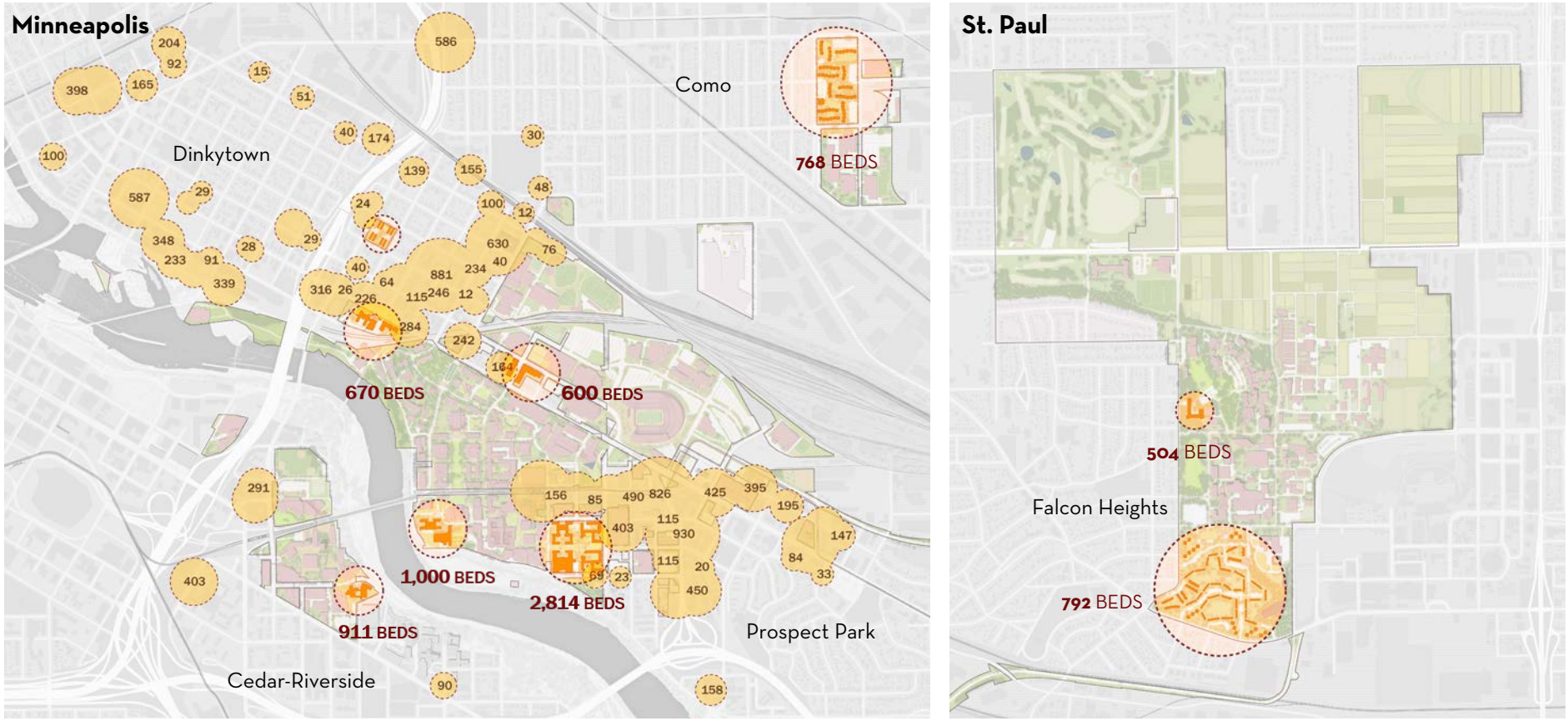
Student housing and commuting patterns have changed significantly over the past decade. The growth in apartment supply, particularly around the East Bank, has been exponential. Since the early 2000s, City data indicate that more than 15,000 beds of housing have been constructed around the East and West Banks. Approximately 7,000 of those beds were constructed between 2013 and 2016, with University students occupying a majority of the units. Recent estimates suggest that 2,500 beds are currently permitted or under construction and will come onto the market within the next two years. Current estimates of the existing supply of near-campus housing not owned or managed by the University are approaching 23,000 beds.

Today, thousands more students live on or near campus than in 2009, resulting in a significant change to commuting patterns and modal splits. The outcome is a vibrant campus, a community context that appeals to students, and a decrease in student commuter parking demand.

The on-campus residential population also has increased with the opening of the 17th Avenue Residence Hall in 2013 and the reopening of a renovated Pioneer Hall in 2019. The Board of Regents has adopted targets for the University to house 90% of first year students, 25% of returning first year students, and 10% of new transfers.

The University will continue to plan for and deliver housing that it manages sufficient to meet the Board's housing goals at its established enrollment targets. This will include a mix of residence halls, apartment buildings, and family student housing. The University will continue to monitor the development of private housing available near campus.

The University will maintain its focus as an owner and manager of residence halls, which offers a unique student experience for entering students, and has demonstrated positive benefits for academic success and retention by building a sense of belonging and community building.



University-owned housing

Student apartments near West Bank and East Bank

On- and Off-Campus Housing *(Source: UMN GIS Services, BoR Presentation, Feb 2017)*


CITRON

Campus Plan Drivers 3

Introduction

Several planning drivers identified during the consultation and analysis process serve as important considerations for the future of the University. The drivers summarize the assumptions, higher level goals and aspirations, and concepts that will inform incremental decision-making over the years ahead.

This section provides an overview of each driver and the associated planning issues.

The University of Minnesota Mission

At the most fundamental level, the Campus Plan recommendations are developed to support the University's mission activity, specific to what is happening on the Twin Cities campus.

The University's mission, carried out on multiple campuses and throughout the state, is threefold:

- **Research and Discovery** – 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.
- **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 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.

(Board of Regents, Mission Statement, 2008)

Systemwide Principles for Campus Planning

In 2020, the Board of Regents approved a set of principles that guide planning efforts at each campus so that a consistent, outcome-driven approach is realized. These include:

1. Establish a sustainable vision of how the physical setting of each campus will embody its distinctive history, mission, and future.
2. Create an inclusive and welcoming experience for the increasingly diverse range of people who come to campus.
3. Optimize existing physical assets to facilitate flexible and innovative solutions toward an enduring future.
4. Consider the cost of attendance, investment and operations when planning for each campus's future.
5. Integrate each of the system campus plans with the Systemwide Strategic Plan.
6. Ensure an inclusive, accountable, and forward-looking process for developing and implementing the campus plan.

(Board of Regents, December 10, 2020)

THE PLAN

Inspired by the State of Minnesota, MPact 2025 reflects our deepened commitment to research, teaching, and service, open access to opportunity, and forward-thinking innovation to advance the University's land-grant mission and impact the world.

Commitments

Commitments represents the intersection of our values and action. They are like a spine to which all else is connected, and are intended to freely complement and interact with one another. The Commitments help us to articulate our vision at the 100,000 feet level, as well as provide direction to frame our organizational identity. The Commitments are inspiring, unifying, and impactful, but not constraining.

1: STUDENT SUCCESS
Meeting all students where they are and maximizing their skills, potential, and well-being in a rapidly changing world.

2: DISCOVERY, INNOVATION & IMPACT
Channeling curiosity, investing in discovery to cultivate possibility, and innovating solutions while elevating Minnesota and society as a whole.

3: MNTERSECTIONS
Inspired by Minnesota to improve people and places at world-class levels.

4: COMMUNITY & BELONGING
Fostering a welcoming community that values belonging, equity, diversity, and dignity in people and ideas.

5: FISCAL STEWARDSHIP
Stewarding resources to promote access, efficiency, trust, and collaboration with the state, students, faculty, staff, and partners.

Source: Office of the President, MPact 2025: Systemwide Strategic Plan

MPact 2025 – Strategic Commitments

The Campus Plan supports the Strategic Commitments of MPact 2025 in the guidance expressed in the ten Big Ideas. The following summarizes how the commitments are addressed in several ways in the Campus Plan through some of the key physical design and planning recommendations:

- Student Success is supported in new facilities proposed across the Twin Cities campus. These include: student facing programs and services envisioned for Morrill Hall on East Bank; student amenity and collaboration spaces proposed in the replacement of Anderson Hall on West Bank; and, in the renewed St. Paul Commons.
- Discovery, Innovation and Impact initiatives are supported through the Innovation Corridor and the partnership site identified on the West Bank, the clinical campus renewal, East Gateway and Joint Venture sites on the East Bank, and in the Bio-Tech District in St. Paul.
- The MNtersection commitments are supported through the new Health Science and Clinical Care facilities on East Bank and through the sustainable land use, agriculture and water management guidance provided for the St. Paul campus.
- The Community and Belonging commitment is supported in the new social and engagement spaces proposed across the Twin Cities campus and through the housing renewal strategy for East Bank and St. Paul. Another aspect of supporting community and belonging is to continue the University's active partnerships on a number of levels to create safe experiences whether on campus or nearby. These efforts include investments in programs and personnel, as well as safety, services and investments in infrastructure such as lighting and emergency call services (blue light kiosk).
- Fiscal Stewardship is supported through renewal of the core and through guidance for land use.

The Post-COVID-19 Campus

There is no template for responding to the radical changes experienced in 2020 and 2021 as a result of the COVID-19 pandemic. The future of campus life, once the restrictions of a public health pandemic are lifted, is likely to be affected by many of these trends. The plan is based on the expectation that daily interactions on campus will continue to be highly desirable and sought after by members of the campus community.

Diversity, Equity, and Inclusion

Place-based learning in higher education can provide opportunities for students from various backgrounds to develop a wide array of skills. In a more diverse world, how will the University adapt its campus environments to foster meaningful, engaging, and inclusive experiences among all students?

Student Support

The online experiment of 2020 may lead to new types of learning and service platforms enabled by technical advances. Will virtual approaches, combined with place-based activities, offer opportunities to rethink academic support, advising, and counseling services? What types of new services will be needed based on what the University has learned from COVID-19?

Well-being

The pandemic has placed new focus on the concept of well-being in campus environments and facilities. What are the opportunities to offer the UMTC community more access to well-being programs, health services, and counseling?

The "Blended" Campus

In 2020, the move to online learning, meetings, presentations, and services revealed the opportunities and limitations of available online delivery and engagement techniques. As more course delivery occurs online or in hybrid formats, investment will be required for both virtual and place-based learning experiences. Will this experience push higher education in a new direction that combines online and hybrid learning with carefully designed campus experiences? How will technology and new delivery techniques inform the design of learning environments? How will it provide opportunities to promote social engagement in new ways at UMTC?

The Year-Round Campus

The affordability of higher education is a concern for many students and their families, especially in the wake of the COVID-19 pandemic. Will year-round utilization of the campus decrease the demand for more facilities and enable students to graduate in less time? Might this limit the need to construct more high-demand, in-person experience facilities?

Financial Resiliency

The age and condition of campus buildings places a tremendous financial and operations burden on the University. How can UMTC plan for better utilization of existing real estate assets? Can existing spaces be repurposed? To what extent can buildings be removed? Can the University rethink its current leased spaces? What role will public-private partnerships play in delivering future projects?

Optimized Work Environments

The potential for blended campuses, online programs, and remote working may change the quantity and types of spaces needed. Currently, offices can account for up to 1/4 of all space on a campus, which results in significant operational, maintenance, and energy costs. As COVID-19 has shown, some portion of the campus population can work remotely. How can existing space be better utilized to address emerging patterns of uses and needs at UMTC? How can more efficient uses reduce costs and provide for flexibility and adaptability? What type of new work and collaborative environments will be needed if traditional office environments are no longer optimal?

Mobility

Innovation in transportation technology and systems may transform mobility patterns over the next decade. How will online learning, combined with remote working, align with campus mobility mode patterns, and impact the interaction of transit and parking at UMTC? How will new mobility technology integrate into future campus development?

Sustainability

New ways of learning and working could decrease the amount of space required or change the patterns of use. How might these changes assist UMTC in managing energy consumption and associated greenhouse gas emissions? What are the potential outcomes for MEP systems? How might the focus on indoor air quality change expectations for campus buildings? What are the energy and emissions considerations?

Enrollment and Demographics

Future change on the Twin Cities campus is influenced by student enrollment. Renewing and repurposing existing buildings and destinations – housing, unions, recreational areas – in order to provide improve the student experience is called for in the Campus Plan. Pending a change in policy established by Board of Regents, the plan does not anticipate a net increase in facilities supporting student life.

The Campus Plan's recommendations align with the Board of Regents' target of 33,000 undergraduates by 2030, and assumes that the graduate student population will hold steady. Faculty and staff counts will also remain steady with minor adjustments to teaching and support services based on the needs of academic, research, and clinical programs. *(Office of Institutional Research, Official Enrollment Statistics)*

"A diverse student body greatly enhances the academic and social environment of the campus and helps prepare students to thrive in a global society. One of the University's Student Learning Outcomes is that graduates are expected to 'understand diverse philosophies and cultures within and across societies."

(Office of Admissions - "Building on Success; Multicultural Student Recruitment", May 2018-2019)

Sustainability

In keeping with the values of the University, the Campus Plan promotes a sustainable approach to campus development.

- **Economic** – the Campus Plan establishes a framework for innovation and partnerships in the East Gateway area of the East Bank, the Biomedical Discovery District, and the bio-manufacturing district of St. Paul.
- **Environmental** – the Campus Plan promotes the conservation of natural features and systems, such as the Mississippi River corridor and the Sarita Wetlands. It also provides some context for the upcoming update to the University's 2011 Climate Action Plan. It supports emissions reduction targets by focusing on transportation demand management and by considering online and hybrid learning.
- **Social** – the Campus Plan supports the University's goal to be an inclusive and welcoming campus that serves a diverse student body. The plan considers the experience of students, staff, faculty, patients, and visitors.

Equitable Access and Universal Design

The seven principles of Universal Design have guided the approach and recommendations of the Campus Plan. These principles were developed in 1997 by a working group of architects, product designers, engineers, and environmental design researchers at North Carolina State University.

They provide a broader framework for evaluating future building, interior, and site design projects on the campus, and a wider range of considerations relative to creating a welcoming and inclusive campus.

- **Principle 1: Equitable Use** – The design is useful and marketable to people with diverse abilities.
- **Principle 2: Flexibility in Use** – The design accommodates a wide range of individual preferences and abilities.
- **Principle 3: Simple and Intuitive Use** – Use of the design is easy to understand, regardless of the user's experience, knowledge, language skills, or current concentration level.
- **Principle 4: Perceptible Information** – The design communicates necessary information effectively to the user, regardless of ambient conditions or the user's sensory abilities.
- **Principle 5: Tolerance for Error** – The design minimizes hazards and the adverse consequences of accidental or unintended actions.
- **Principle 6: Low Physical Effort** – The design can be used efficiently and comfortably and with a minimum of fatigue.
- **Principle 7: Size and Space for Approach and Use** – Appropriate size and space is provided for approach, reach, manipulation, and use regardless of user's body size, posture, or mobility.

(NC State University, The Center for Universal Design, 1997)

The Minneapolis - St. Paul Region and the Twin Cities Campus

The University of Minnesota Twin Cities is one of few land-grant universities located in a large and diverse metropolitan area, and is one of just four campuses in the nation that has agricultural programs and a health sciences center with a major medical school.

The University's position in the Greater Minneapolis – St. Paul area and its status as a Tier-1 R1 institution result in major strategic advantages. The location provides students, and faculty and staff recruits with a host of opportunities for entrepreneurship and partnership made possible by the number of Fortune 500 companies based in the Twin Cities, the highest per capita of any city in the United States.

Talent development and exchange between multiple industries and the institution foster strong economic advantages. The cultural diversity of the metropolitan area, and the specialized facilities and lands that support University activities, can also serve as a resource for collaborative and co-creative activities between members of the University community and the broader region.

At the St. Paul campus, the close physical connections between cropland, animals, and facilities are essential for research. Access to research plots, growth chambers, and facilities for plant and animal research and preservation are often critical components of success.

Community Connections and Livability

Located adjacent to vibrant urban neighborhoods in Minneapolis and St. Paul/ Falcon Heights, the University recognizes the opportunity and interest in building positive physical, social and quality of life connections between the campus community and off-campus neighborhoods. To do this effectively, the University works with other partners on a number of levels to foster flourishing, livable and safe experiences whether on campus or nearby.

Campus Vision and Big Ideas 4

UMTC Illustrative Plan

The Vision

The Campus Plan establishes a vision for a vibrant, inclusive, safe, and welcoming environment that is responsive to the unique sense of place that defines West Bank, East Bank, and St. Paul, and the academic, research, innovation, service, and clinical care goals of MPact 2025. The vision also responds to the "Big Ideas" for the campus and provides guidance for the land use, public realm, mobility, and sustainability frameworks that shape the campus.

The vision for West Bank capitalizes on the proposed demolition of Anderson Hall to renew the West Bank plaza and provide a new facility focused on instruction, student inclusion, collaboration, and engagement. It also provides guidance for improving the mobility experience and conditions along the campus–community interface, such as Riverside Avenue. Future expansion opportunities are coordinated with the vision for plaza renewal, improved accessibility, and bicycle circulation.

The vision for East Bank builds on the iconic and memorable assembly of buildings and landscapes that shape The Knoll and Northrop Mall. It calls for renewal and reinvestment in these core areas to create a more inclusive campus, enhance the student experience, engage the Mississippi River, and improve mobility, while addressing a range of deferred maintenance and operational issues.

The vision also provides guidance for physical changes to the Twin Cities campus based on the renewal of clinical care and research activity. Restoration of the city grid in the southeast corner of the campus establishes the context for the renewal of the Health Sciences district, a new hospital, and undergraduate housing. It also aligns plans for reinvestment in the campus with private sector and partnership developments in the surrounding area.

The vision for St. Paul builds on the direction provided in the 2019 Strategic Facilities Plan. It acknowledges the importance of the open spaces, landscape, and agricultural fields to the character and mission of the programs located in St. Paul. It calls for a renewed core including Magrath Library and the St. Paul Commons, and provides direction for future university and private sector partnerships focused on bioengineering. A redevelopment strategy for Commonwealth Terrace Cooperative plans for the next generation of affordable graduate and family housing. The vision also preserves the agricultural lands and natural systems of the campus in support of funded research and the overall focus on sustainability and resiliency in St. Paul.

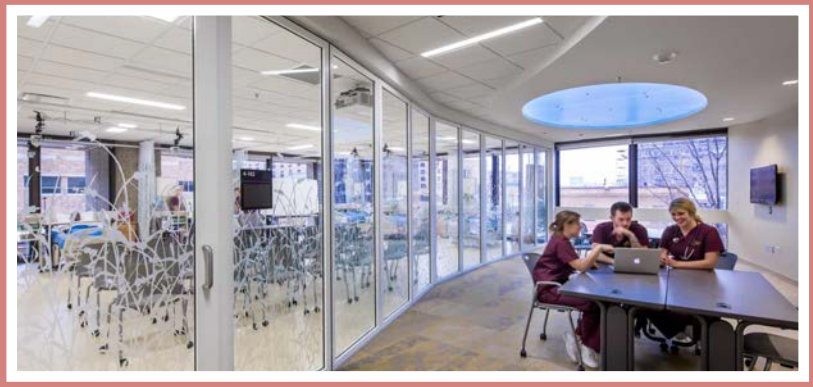
The Big Ideas

The Campus Plan is informed by ten "Big Ideas" that build on existing conditions and aspirational goals for change. The Big Ideas emerged from the consultation, surveys, and analysis carried out during the planning process. They represent goals, actions, and opportunities for enhancing the campus in response to the identified planning drivers and aspirations for the future.

Create a More Inclusive Campus

Enrich the Student Experience

Support Patient Care and the Provider Experience in the Health Services



Promote Innovation Through Partnership Development

Make Campus Easier to Navigate and Prioritize Pedestrian, Bicycle, and Transit Circulation

Align Future Development with the Public Realm Framework

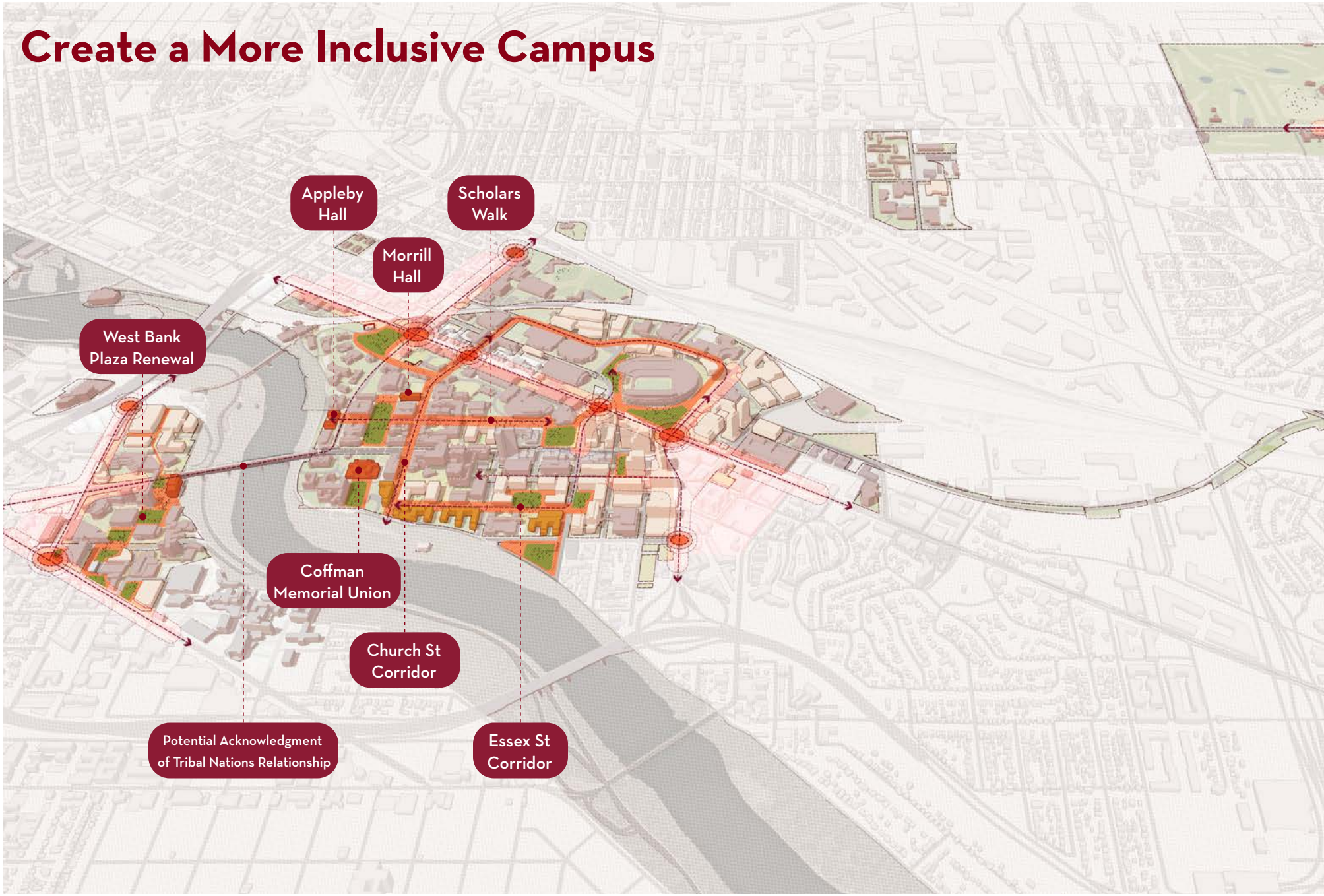
Enhance Financial Resiliency

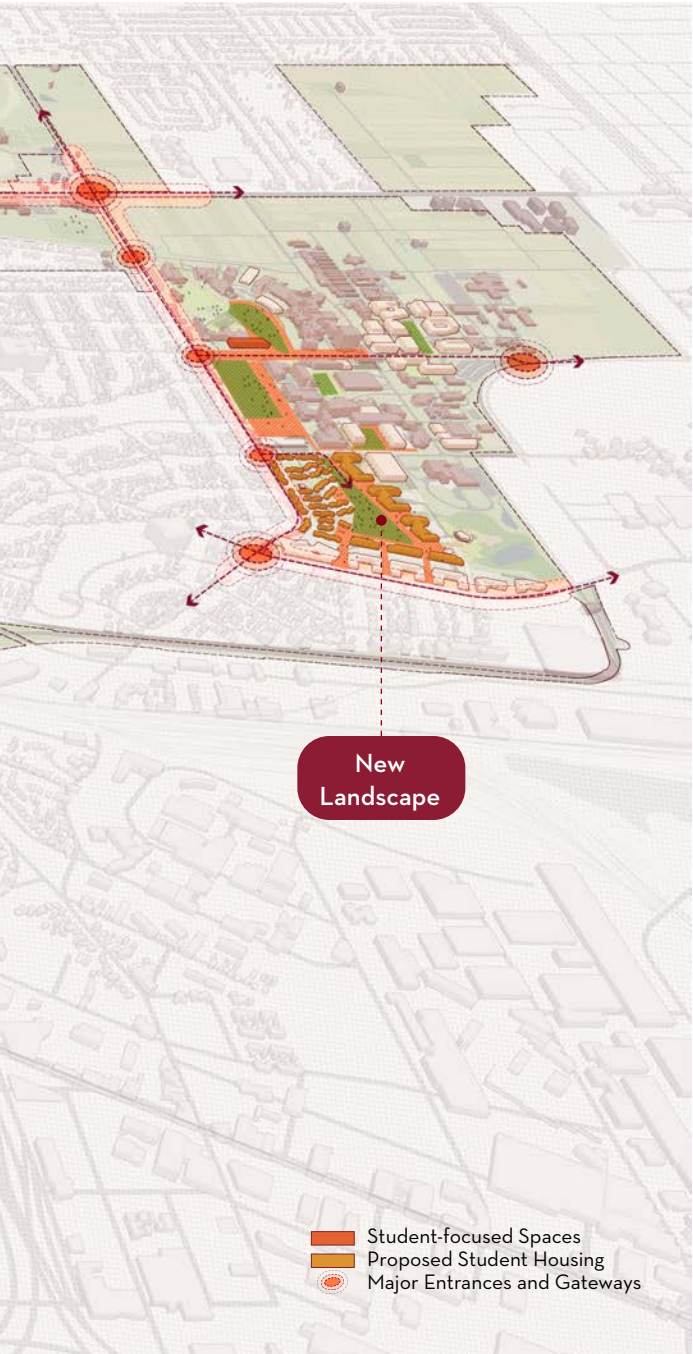
Engage the River

Reinvest in the Campus Core

Use Land and Resources Sustainably

Create a More Inclusive Campus





Overview

The Twin Cities campus is a gathering place for many Minnesotans, whether they have an affiliation with the University or are occasional visitors. Creating a more welcoming and inclusive campus for students, staff, faculty, and alumni is a key aim as opportunities for investment and renewal occur in response to a more diverse campus population.

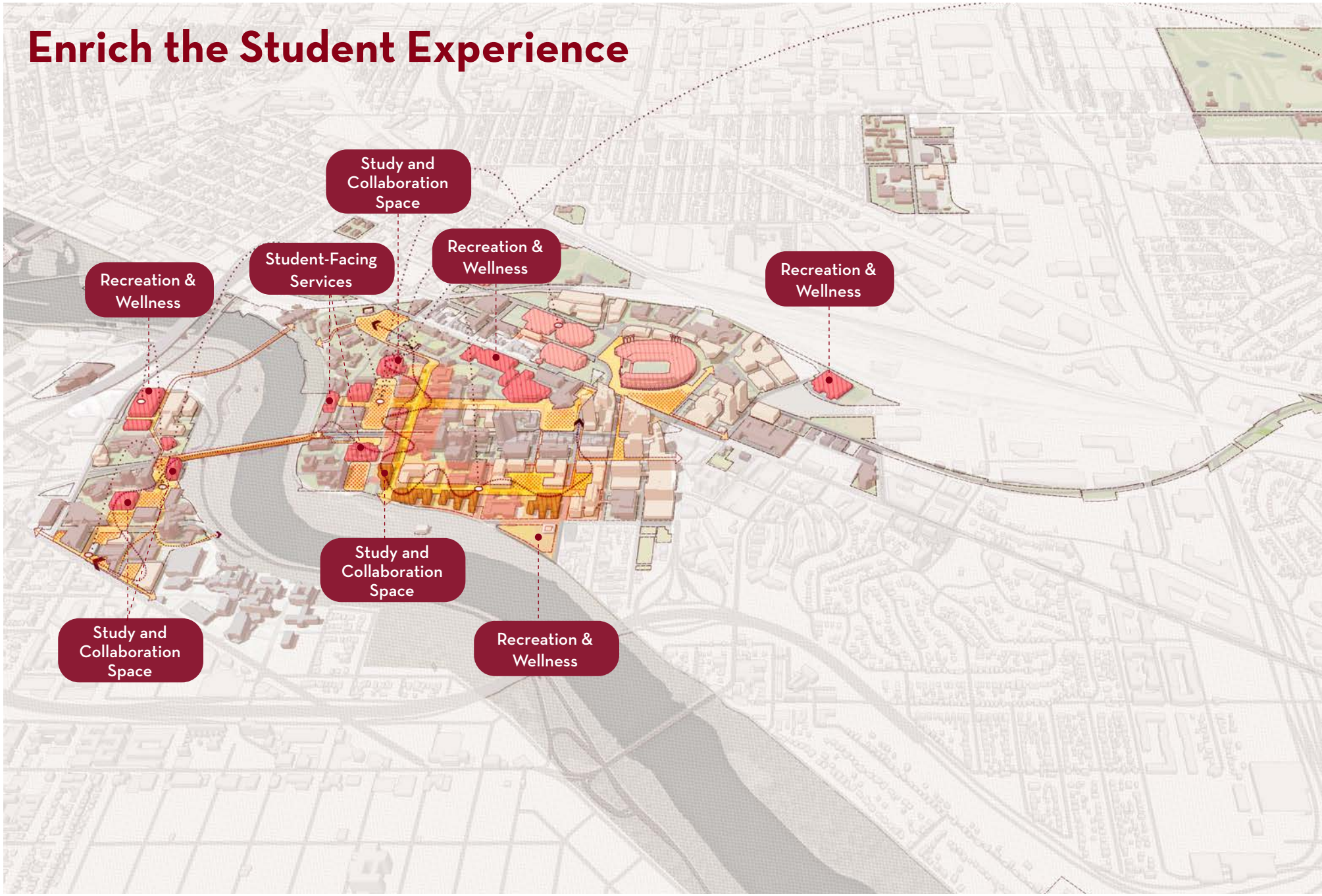
To create an inclusive campus, changes to the physical environment should consider how to provide affirmative spaces and address the varied perceptions of safety. Other important components of making campuses more welcoming are to improve representation for the underrepresented and strive for equitable and universal accessibility.

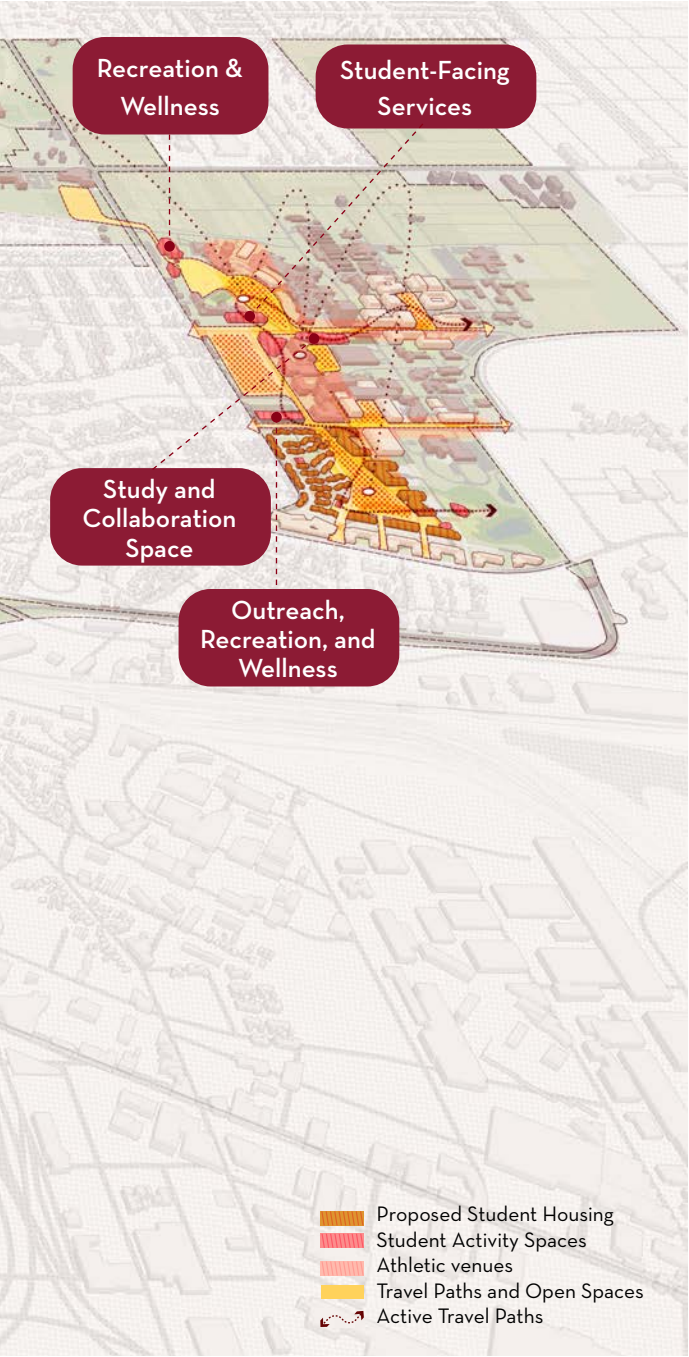
Both the Minneapolis and St. Paul campus are home to a variety of destinations, and maintaining a welcoming, pleasant experience for visitors is an important effort going forward. Some of the most critical investments in visitor experiences include wayfinding to and within highly traveled buildings, parking, and transit. These include campus sport venues, museums, and unions, and facilities unique to the St. Paul campus, especially those associated with school trips and tours.

Guidance

- Repurpose Morrill Hall for student-facing services and activities;
- Renovate Appleby Hall to provide support services for students;
- Improve Church Street to emphasize equitable access to buildings along the corridor and south of Washington Avenue SE, ultimately providing an accessible connection to East River Parkway.
- Design and build welcoming environments for indigenous students and people of color;
- Reinvest in student-focused spaces (unions, recreation, housing, student group spaces);
- Align with renaming policy as developed for campus landscapes and buildings;
- Invest in equitable access through retrofitting and new construction; and,
- Provide daily-use facilities, including lactation rooms, gender-inclusive restrooms, meditation and wellness rooms, etc.

Enrich the Student Experience





Overview

Students experience the Twin Cities campus in different ways. Survey results indicate that students living on campus feel welcomed in program and living spaces, including recreation and other student focused activities. However, there is less affiliation or affinity for other campus locations, or with faculty, advisors and staff. Consequently, the location, physical form, and staffing of student service facilities is an important component of the Campus Plan, including academic support, wellness and mental health services.

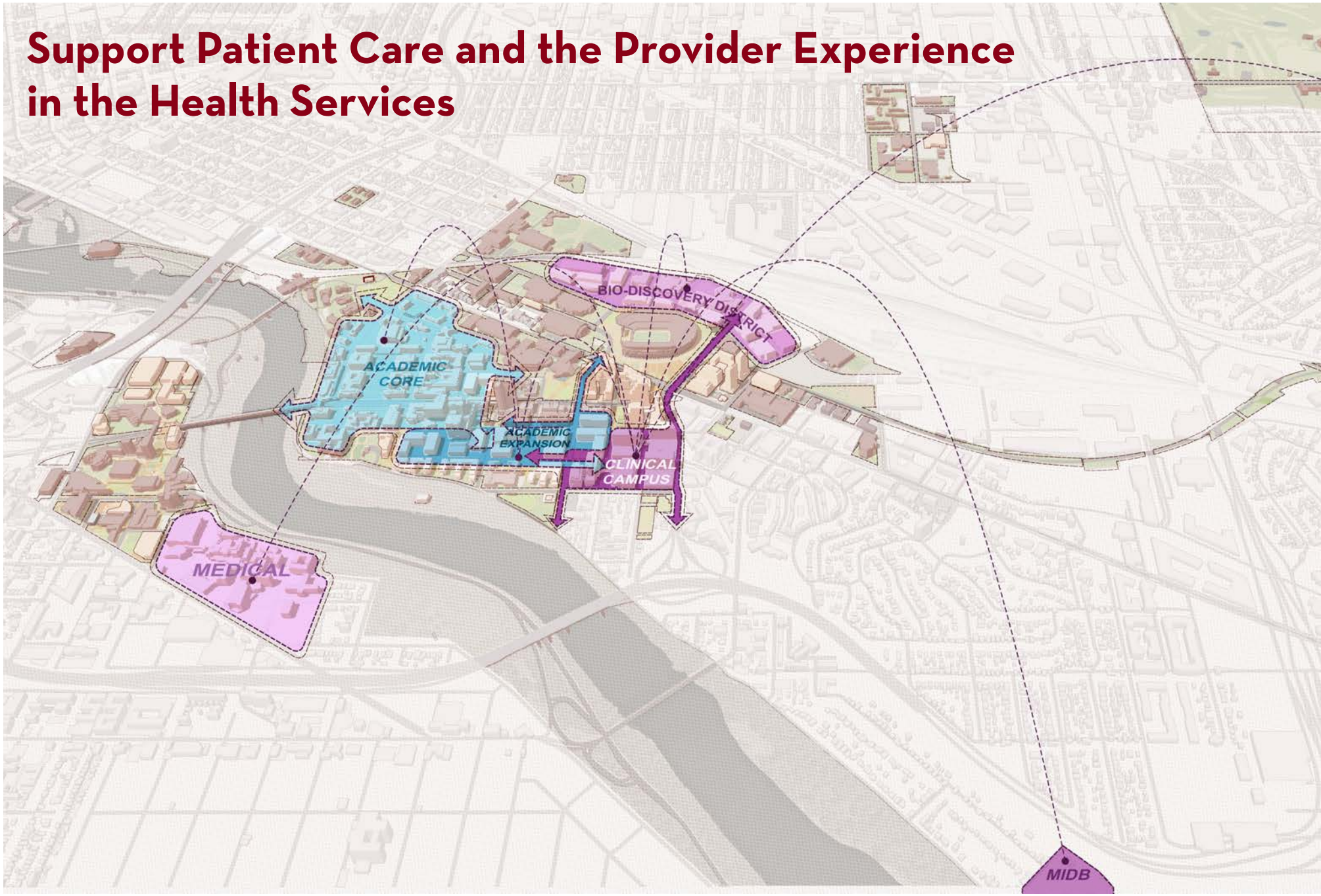
To that end, ongoing initiatives and staffing, as well as place-based access to these services, are important to creating a more welcoming community for students and others.

Biophilic design articulates the relationships between nature, human biology, and the design of the built environment with the aim of providing health and well-being benefits for building occupants and the population of a district. Moving forward, the University may explore opportunities to include biophilic design in the development of new buildings, interior spaces, and in the surrounding urban environment.

Guidance

- Expand collaborative spaces in buildings that have high student uses;
- Locate and renovate student-facing units to provide student services in prime locations such as Morrill and Appleby Halls;
- Enhance safety and manage safe routes, lighting, crime prevention through environmental design and operations actions;
- Develop engagement and active participation strategies related to physical University presence in critical locations where the campus meets the neighborhood;
- Add to student recreation fields and facilities;
- Support mental health initiatives of the PRISMH program by promoting adjacency of services to key student destinations;
- Work with the Minneapolis Park & Recreation Board to coordinate improvements and potential shared use of park lands such as East River Flats Park, Van Cleve Park and others;
- Explore hybrid models (in-person and virtual) to deliver mental health and other services currently in Boynton Health when the space is displaced;
- Renew first-year and undergraduate housing to create 'riverfront housing' along Essex Street on the East Bank and redeveloping Commonwealth Terrace Cooperative in St. Paul to provide affordable graduate and family housing;
- Enhance the mobility experience with mobility and transit hubs across Twin Cities locations; and,
- Prioritize biophilic designs to support wellness and a positive campus environment.

Support Patient Care and the Provider Experience in the Health Services



Overview

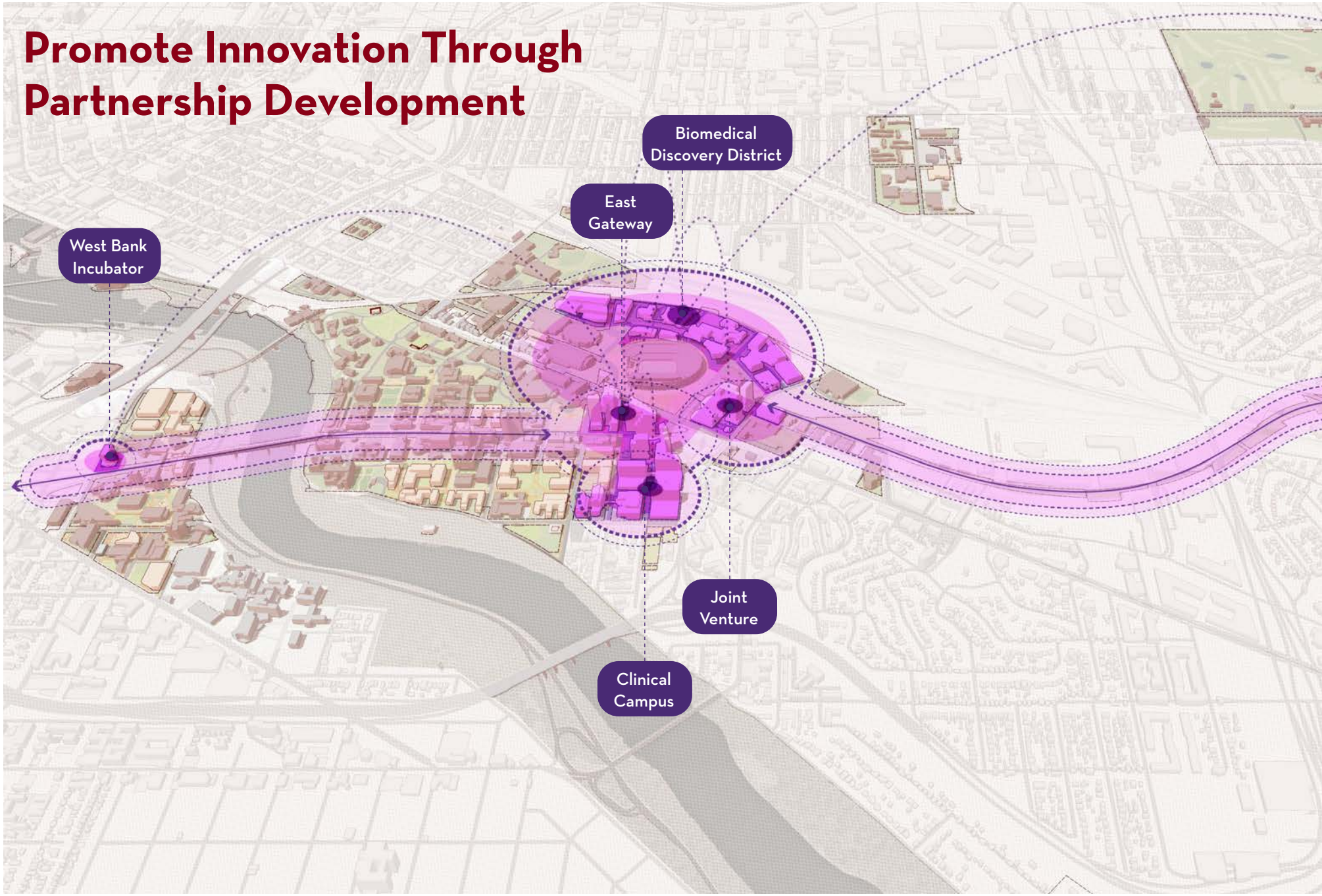
The Campus Plan sets out a vision for renewing the Health Sciences district's academic, research, and clinical facilities, including the M Health Fairview East Bank Hospital. The idea is to create a district that is responsive to the patient and provider experience and that delivers state-of-the-art facilities.

The plan for Health Sciences district represents the most significant renewal of the Twin Cities campus in over 50 years, which would come with the opportunity to create a district focused on the healing and well-being.

Guidance

- Reserve land and transportation capacity to support a future hospital on Huron Boulevard between Delaware and Essex;
- Manage the evolution of parking supply in the area related to changes resulting from renewal in the clinical campus related to the relocated hospital and housing redevelopment;
- Plan for future growth for academic and research activity between Harvard Street and Oak Street along Delaware to link the academic core to the clinical campus;
- Relocate housing to riverfront sites when the relocation of the hospital is complete;
- Use biophilic principles to shape architecture and landscape that introduce nature, landscape and gardens in the district; and,
- Create accessible paths (sidewalks, skyways and tunnels) to link existing facilities from Moos Tower to site of new hospital between academic buildings.

Promote Innovation Through Partnership Development



Overview

The intent of identifying the Innovation Corridor is to advance U of M's Systemwide Strategic Plan (MPact 2025) by connecting the private sector and other partners with University talent, research, and students. The aim is to enhance state and regional leadership in multiple innovative areas, including bio-based manufacturing, opportunities in the healthcare space (bio-tech, med-tech, clinical), and to attract world-class talent, drive innovation, and create dynamic new start-ups and jobs.

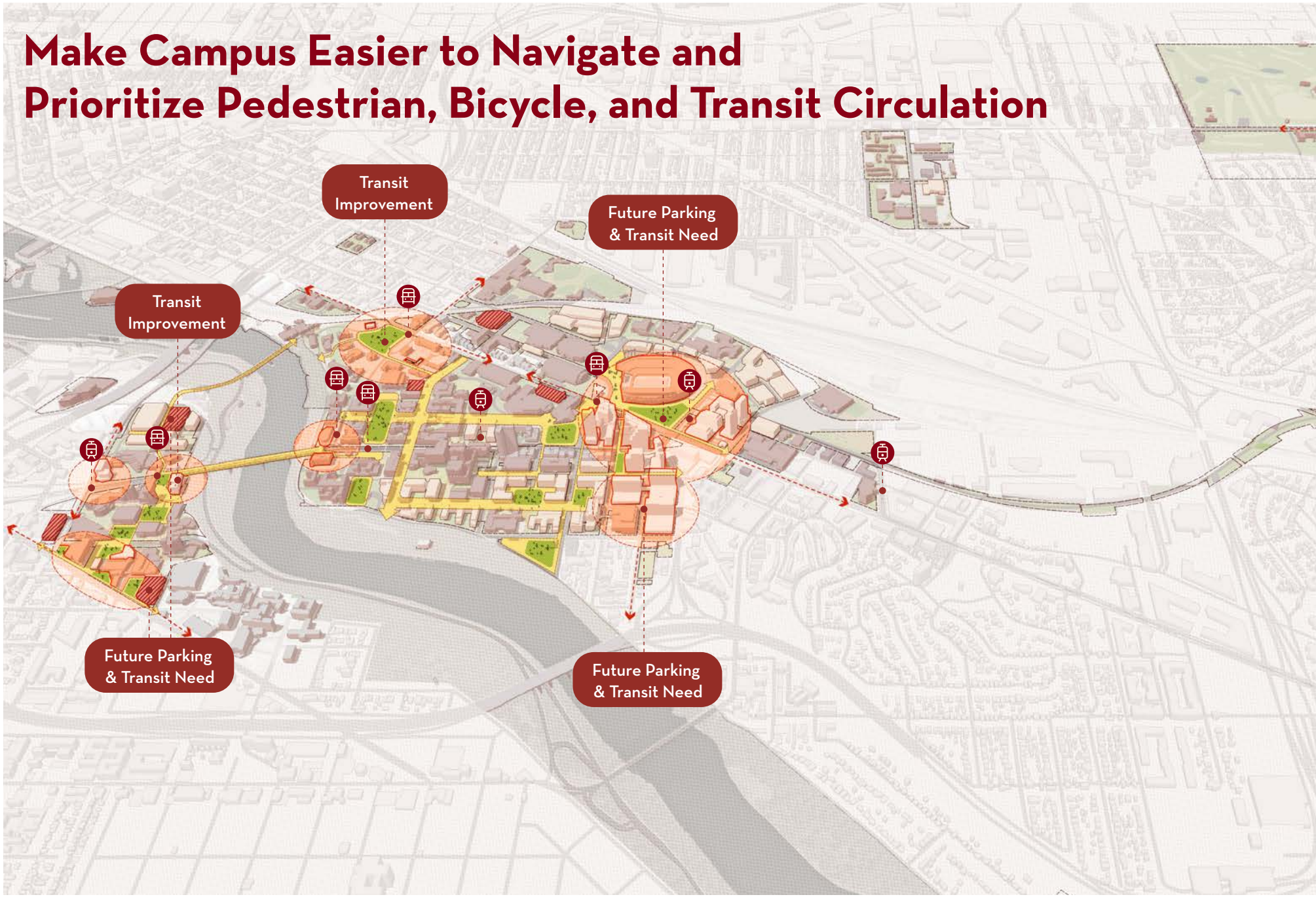
The Campus Plan supports the innovation initiatives of the University by identifying opportunities for mixed use and partnership development on the West Bank, East Bank, and in St. Paul. The plan incorporates development proposals underway concurrent with the planning process, including recommendations for the East Gateway and Joint Venture development sites on the East Bank and Bio-Tech District on the St. Paul campus.

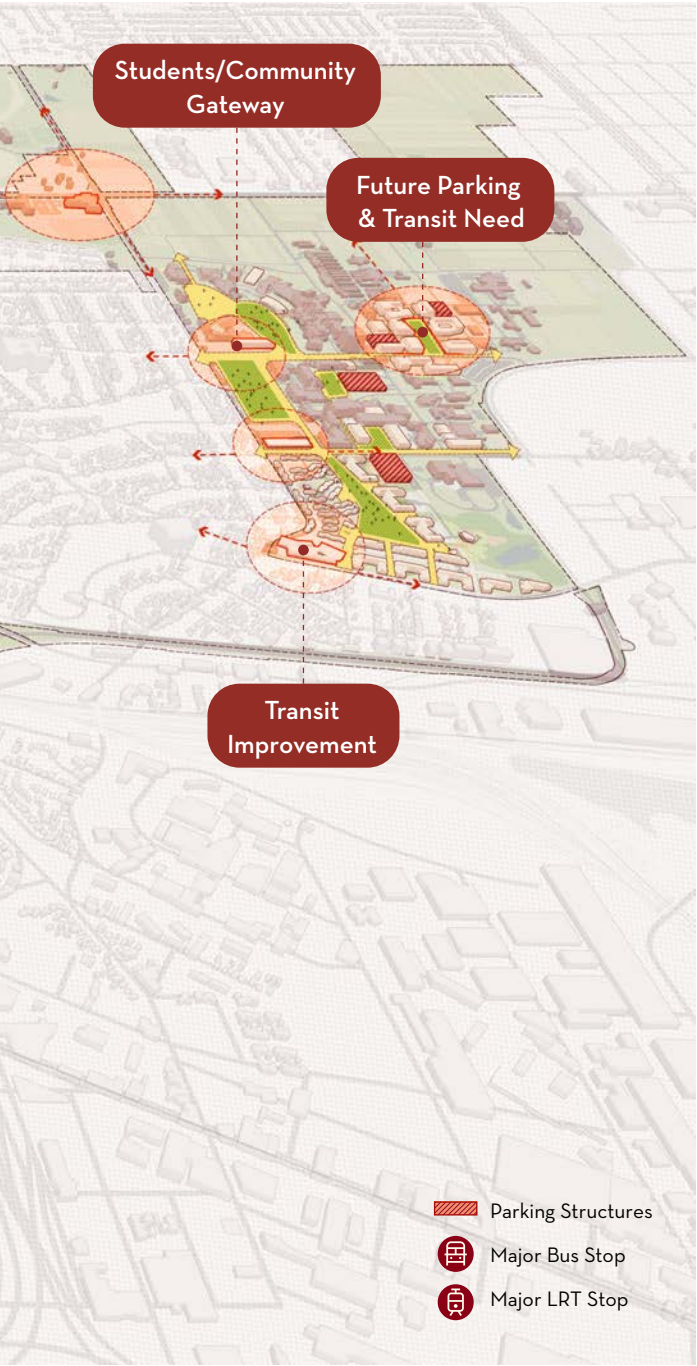
The intent is to create new facilities and compelling environments that do not currently exist in the region. It also is to facilitate interaction between researchers and entrepreneurs with the aim of commercializing ideas emerging from University research and collaboration activities. In particular, promoting innovation opportunities resulting from the University's health science research and clinical care activities is a desired outcome.

Guidance

- Plan for future growth for academic and research activity between Harvard Street and Oak Street along Delaware to link the academic core to the clinical campus;
- Focus partnership efforts to support gaps in University research infrastructure;
- Advance scholarly priorities when evaluating innovation partnership opportunities;
- Consider University participation in shared initiatives through the use of real property, financial tools, and talent/workforce alignment, depending on specific proposals; and,
- Elevate innovation efforts that engage health sciences, medical technology, neuroscience and engineering,and agriculture, food production, environment and bio-manufacturing.

Make Campus Easier to Navigate and Prioritize Pedestrian, Bicycle, and Transit Circulation





Overview

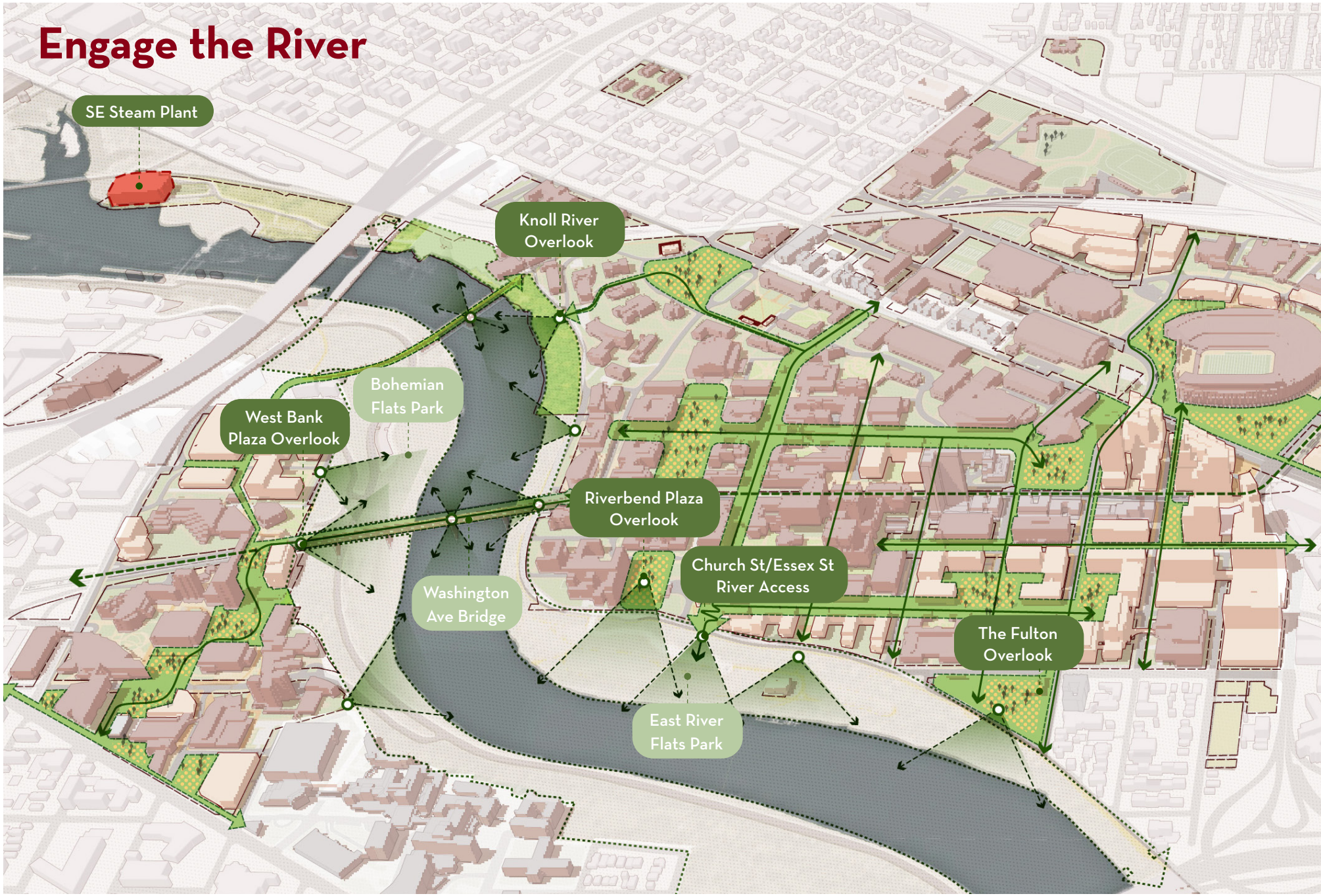
Mobility is defined broadly as the system of accessible pathways, bicycle, transit, and vehicular routes that connect destinations within and beyond the Twin Cities campus. The importance of the Gopher Way network of tunnels and skyways is also considered.

The Campus Plan promotes a balanced approach to mobility by emphasizing equitable access and human-powered and transit connectivity, while acknowledging that automobiles will continue to be an important consideration over the next decade. The plan also prioritizes the user experience by focusing on intermodal connectivity, convenience, wayfinding, and amenities across the Twin Cities campus.

Guidance

- Focus on equitable access by taking into consideration the principles of universal design;
- Coordinate external accessible and pedestrian routes with the Gopher Way network;
- Create a network of mobility hubs, which feature pick-up and drop-off points for transportation network companies, bikeshare locations, and access to the Gopher Way system, where possible;
- Create a U of M-branded, unified, and user-friendly wayfinding system to support all modes of travel and all types of trips throughout campus, along with digital and physical signage and navigation tools;
- Enhance the transit experience by locating major hubs in association with user amenities, such as lounge and gathering spaces, and food services;
- Coordinate efforts to support a hierarchy of campus streets within the jurisdiction of the campus and plan for future needs as they emerge;
- Define future parking locations by considering daily use and visitor patterns; and,
- Work with external agencies and others to improve access to and performance of regional road systems (Huron/I-94, Hwy 280).

Engage the River



Overview

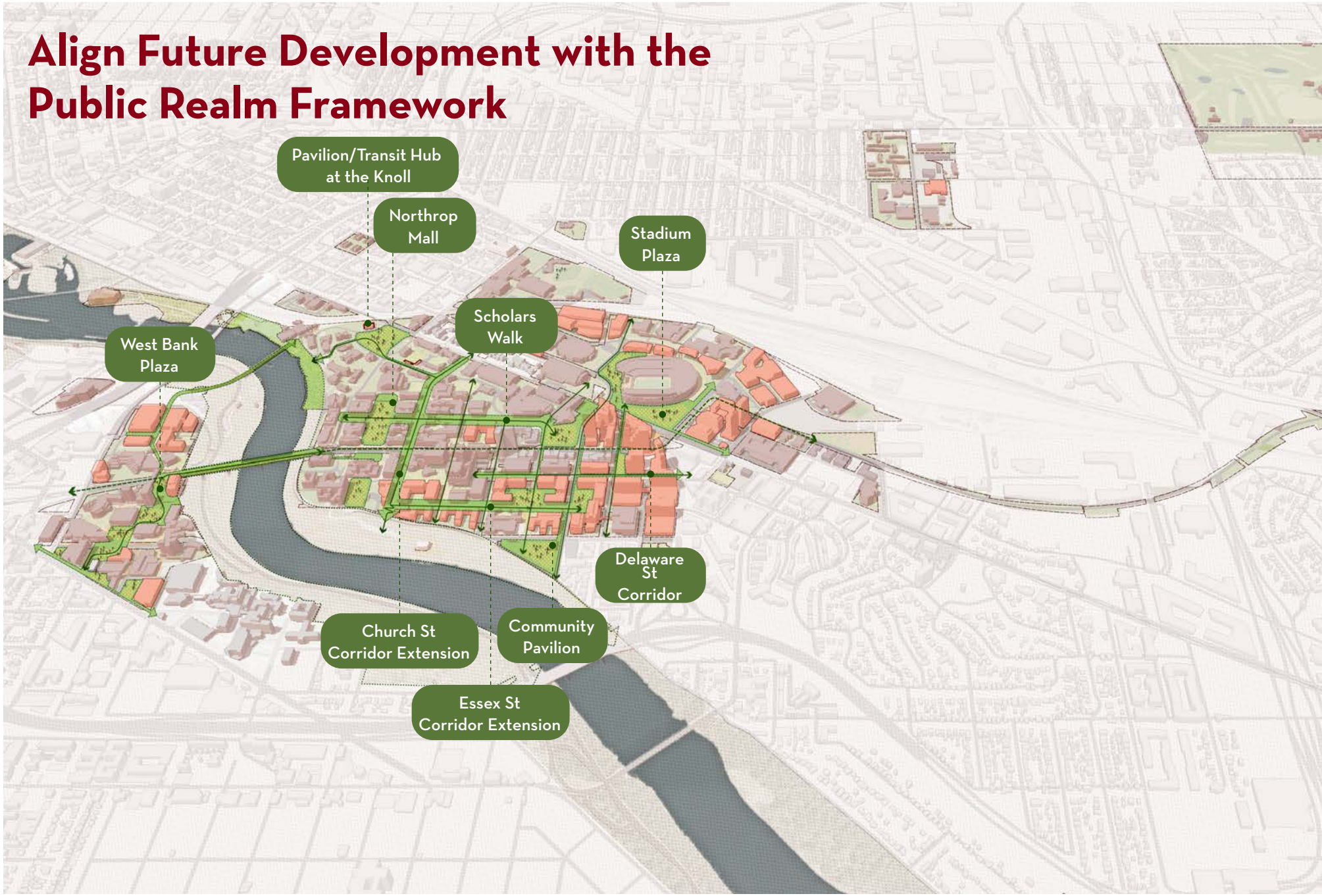
The Mississippi River is one of the great rivers of the world, with a watershed covering all or part of 31 states. It accounts for nearly 40% of the continental United States' land area and is at the heart of some of the continent's most important natural areas and migration routes. The Mississippi River corridor in the Twin Cities has been designated as the Mississippi National River and Recreation Area, a unit of the National Park System and, as such, is a local and regional destination for a range of outdoor, recreational, and social activities.

The river forms a spine of American history and culture. The lands along the Mississippi River in the Twin Cities, including the West and East Banks and surrounding neighborhoods, have also been and continue to be the ancestral home of indigenous peoples. The past heritage and future opportunities associated with the presence of the campus on the river corridor is an important feature and distinguishing factor for the University.

Guidance

- Establish stronger visual and physical connections, where possible, with the river in association with the proposed renovation of Appleby Hall, Fraser Hall, the Coffman Memorial Union, and the demolition of Mayo and surrounding buildings;
- Create accessible routes to East River Parkway from the intersection of Church St. and Essex St., in coordination with the demolition and redevelopment of buildings and sites;
- Coordinate with the Minneapolis Park and Recreation Board to explore shared-use spaces in river-adjacent parks.
- Demolish and replace Anderson Hall to provide opportunities for engaging with the Washington Avenue SE Bridge, enhance transit connections, and to open up views to the river;
- Coordinate with the Minneapolis Park and Recreation Board on potential access from the West Bank plaza to the West River Parkway as a Park Board initiative;
- Position future development on the north side of West Bank to offer views of the river; and,
- Consider relocation of the Southeast Steam Plant in the long-term future.

Align Future Development with the Public Realm Framework



Overview

The major open spaces, landscapes, and circulation routes of the campus define the public realm framework. Combined with streets, pathways, and pedestrian routes, these spaces shape the campus experience and mobility.

West Bank – The redevelopment of Anderson Hall creates opportunities to reimagine the West Bank Plaza, connect the plaza with the Washington Avenue SE transit mall, and extend the internal pathways and bike routes northward to the Bridge 9 bike route and other bike routes.

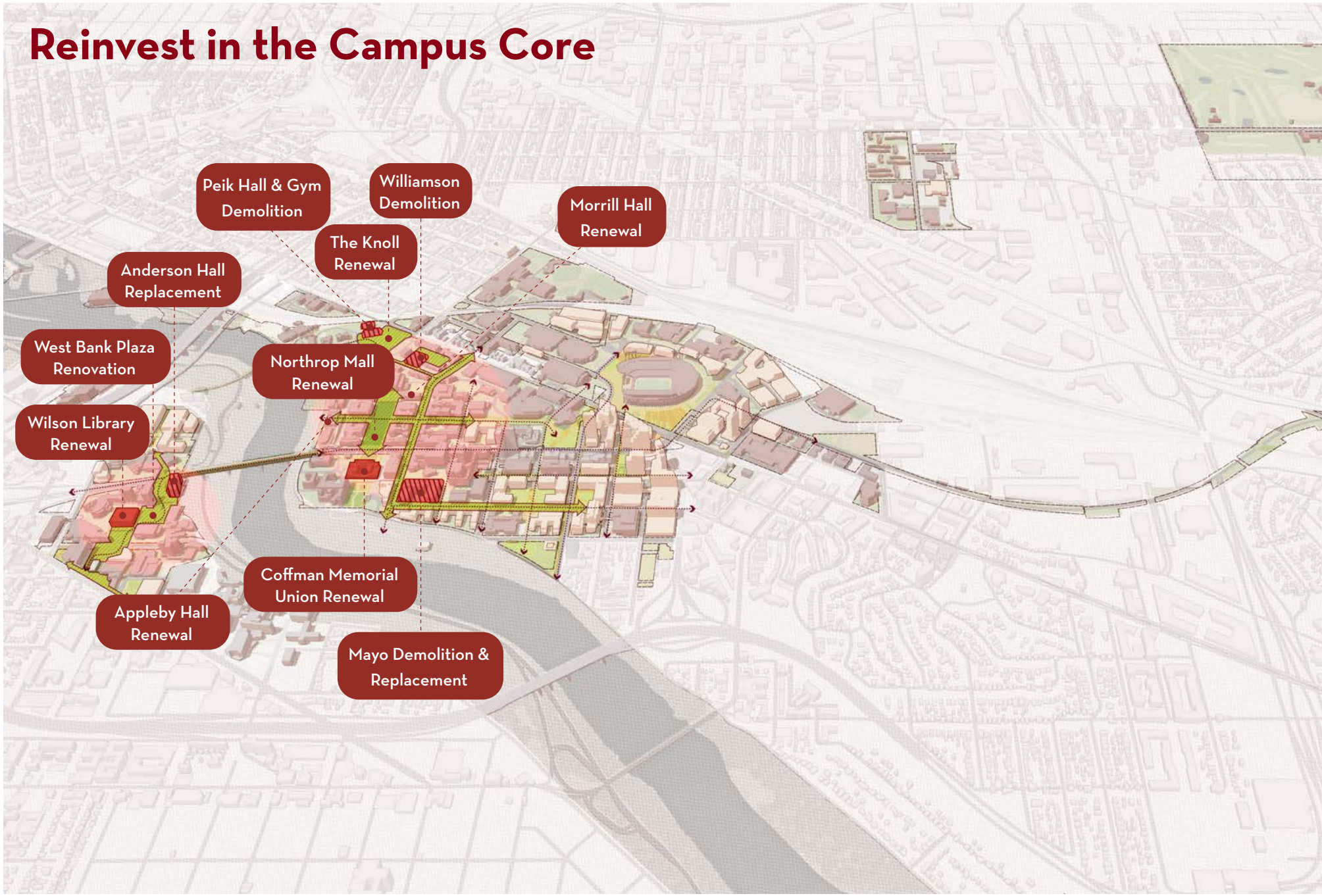
East Bank – The qualities of the Northrop Mall could be extended eastwards where major redevelopment is proposed. For example, redevelopment in the proposed Health Science district can restore the city grid and establish landscaped corridors along the streets that link the district back to the campus core.

St. Paul – A stronger north-south connection could link Commonwealth Terrace Cooperative with the St. Paul Gym towards the north, with the intent of creating a new, accessible central spine on the campus. Additionally, phased implementation of the partnership research district will include a network of streets, pathways, and open spaces that integrate with building sites.

Guidance

- Prioritize selected programs to locations that would benefit from existing iconic open spaces or connecting corridors;
- Locate new buildings on or adjacent to sites that support expanded open spaces and public realm investment in key locations (e.g. Health Science district and East Gateway);
- Provide a variety of open spaces across the Twin Cities campus for use by the campus community; and,
- Design public realm improvements to prioritize safe and accessible movement and experience.

Reinvest in the Campus Core



Overview

The campus core is where the University's academic activity was first established in different eras of campus development, and each with a specific focus. The core of the West Bank, East Bank, and St. Paul is also where the highest concentrations of the University community gather on a daily and weekly basis for academic, social, and recreational purposes.

The renewal of the campus core aligns with the need to create a more inclusive, enhanced student experience on campus, and help the University preserve the very environments that define its sense of place. The renewal of existing spaces is recommended, given the uncertainties and changes that may emerge from the COVID-19 pandemic.

The primary goals for maintaining the vitality of the core are to:

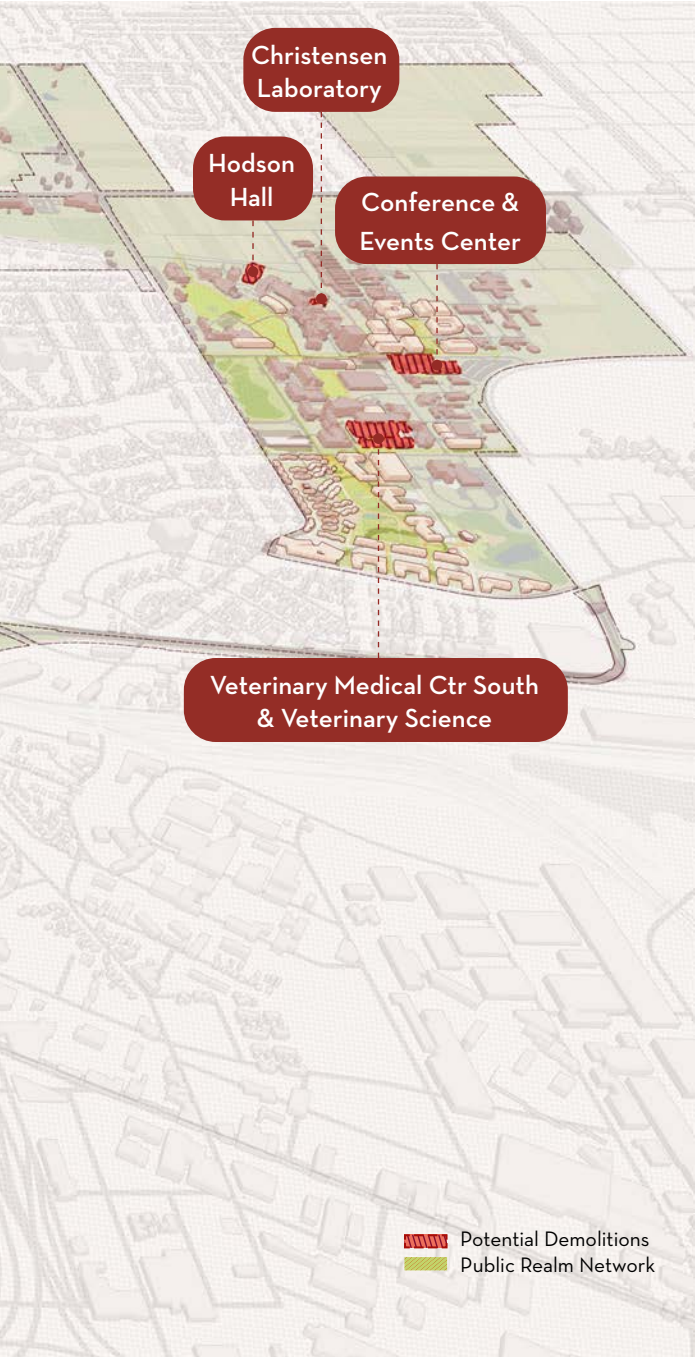
- prioritize the individual experience of getting around campus, in terms of physical access and safety;
- locate active, collaborative, and high traffic destinations within buildings at ground-floor levels to ensure a lively, people-focused core;
- maintain people and development density when redeveloping campus sites; and,
- discourage personal vehicle traffic in the high density, pedestrian-focused core.

Reinvestment in the campus core describes a strategy for renewing important and iconic areas and buildings across the Twin Cities campus, while addressing critical deferred maintenance challenges. Additionally, without steady attention to selective demolitions and reinvestment in core areas of campus, it will be difficult to maintain the vitality that emerges from adjacency to facilities, faculty, and other partners critical to University activity.

Guidance

- Renew the Northrop Mall, the Knoll, and the St. Paul Lawn landscapes, with an emphasis on creating a more accessible campus;
- Demolish Williamson, Peik Hall, Peik Gym, and the Mayo block, which would allow for landscape improvements and redevelopment at desirable locations in the core;
- Reinvest in Coffman Memorial Union;
- Renovate the West Bank Plaza to address maintenance and accessibility issues, and to improve its character;
- Demolish and replace Anderson Hall to create a new, student-focused hub featuring social, collaborative, and learning spaces and amenities with views of the river;
- Reinvest in the St. Paul Student Center and Magrath Library to create a renewed, inclusive and welcoming destinations;
- Support reinvestment in student life;
- Continue capital renewal of existing facilities;
- Pursue selected demolition of research buildings and direct new investment to amplify research lab activity at Upper Buford Circle in St. Paul; and,
- Continue capital renewal of existing facilities.

Enhance Financial Resiliency



Overview

The ability for the University to adapt existing resources to meet its obligations during uncertain and financially challenging times is important for its long term resilience. Given the campus's size and the age and condition of its buildings, real estate acquisition, selective demolitions, and alternative models for the use of space will be prioritized.

These activities have a significant impact on the future of the University and, as a result, the University must be circumspect in its decision-making. Based on the Board of Regents' review, and the anticipated approval of the following strategies, the University will be guided by the following as it undertakes real estate transactions in the future:

1. Support the University's teaching, research, and service mission and align with the Systemwide Strategic Plan.
2. Align with campus master plans.
3. Provide strategic value when balanced against scarce resources and minimize financial liability.
4. Positively impact areas adjacent to the University or limit negative impact.

Guidance

- Reduce renewal backlogs by using comprehensive assessment tools to actively manage the University's building stock;
- Prioritize opportunities to reduce the total need for space through hybrid education, work and service delivery models and changes in occupancy of space;
- Pursue demolition sites for the financial benefits related to removing capital renewal needs as well as the campus design and development opportunities
- Design new buildings and open spaces with maintenance practices and Facilities Management staff capacity in mind.
- Strategically dispose of properties that no longer serve the University's mission, in alignment with Board-reviewed real estate principles.

Use Land and Resources Sustainably

Overview

The third commitment of MPact 2025, also known as "MNtersections", establishes the goal of building a fully sustainable future, a longstanding aim of the University as evidenced by the decision to sign Second Nature's Carbon Commitment in 2008. The Campus Plan supports this commitment and includes recommendations that will inform the forthcoming update of the Twin Cities Climate Action Plan.

As an urban campus established for more than 160 years, the Twin Cities campus is not a location with options to expand its footprint without constraints. Since 2015, recent development by private sector interests have contributed significantly to the cost of land around the East Bank. This has made the University's task of ensuring adequate land resources more economically burdensome.

For this reason, finding flexible and adaptable approaches to use of existing land is essential to the future success of the campus. Examples of future actions that will be needed include selective demolitions, and multi-purpose development that supports academic, research, and service activity, making on-campus operations more cost efficient or climate neutral.

The Campus Plan also includes recommendations for reserving, managing and expanding resilient infrastructure corridors in perpetuity in support of mobility and sustainability goals. The plan also reserves land for sustainable infrastructure such as energy plants, geothermal fields, solar arrays etc.

Guidance

- Continue to manage mobility and mode choices, and flexible work schedules to minimize increases in the use of single-occupant vehicles;
- Manage and expand resilient infrastructure corridors to be reserved in perpetuity;
- Identify land that should be reserved for sustainable infrastructure, such as energy plants, geothermal fields, solar arrays, electric vehicle charging stations, etc.;
- Continue to meet state SB 2030 standards for building/facility design, siting, and operations to reduce carbon emissions; and,
- Combine land uses when possible to support sustainability goals, such as renewable infrastructure with new construction or renovation, and stormwater management landscapes that are aesthetically appealing and that anchor new open space features.

Planning Frameworks 5

Introduction

A series of interrelated and coordinated frameworks structure the Campus Plan. The frameworks function together to facilitate the planning and operation of the campus. These "systems frameworks" include: 1) land use; 2) public realm; 3) mobility; and, 4) sustainability. Collectively, the frameworks provide the overarching structure for future development. This section provides an overview of each framework.

Land Use Framework

The land use framework organizes development according to existing and recommended changes to the utilization and activity patterns of West Bank, East Bank, and St. Paul. Natural systems such as the Mississippi River and the Sarita Wetlands, along with the circulation corridors, streetscapes and important open spaces define the public realm framework and inform the land use framework.

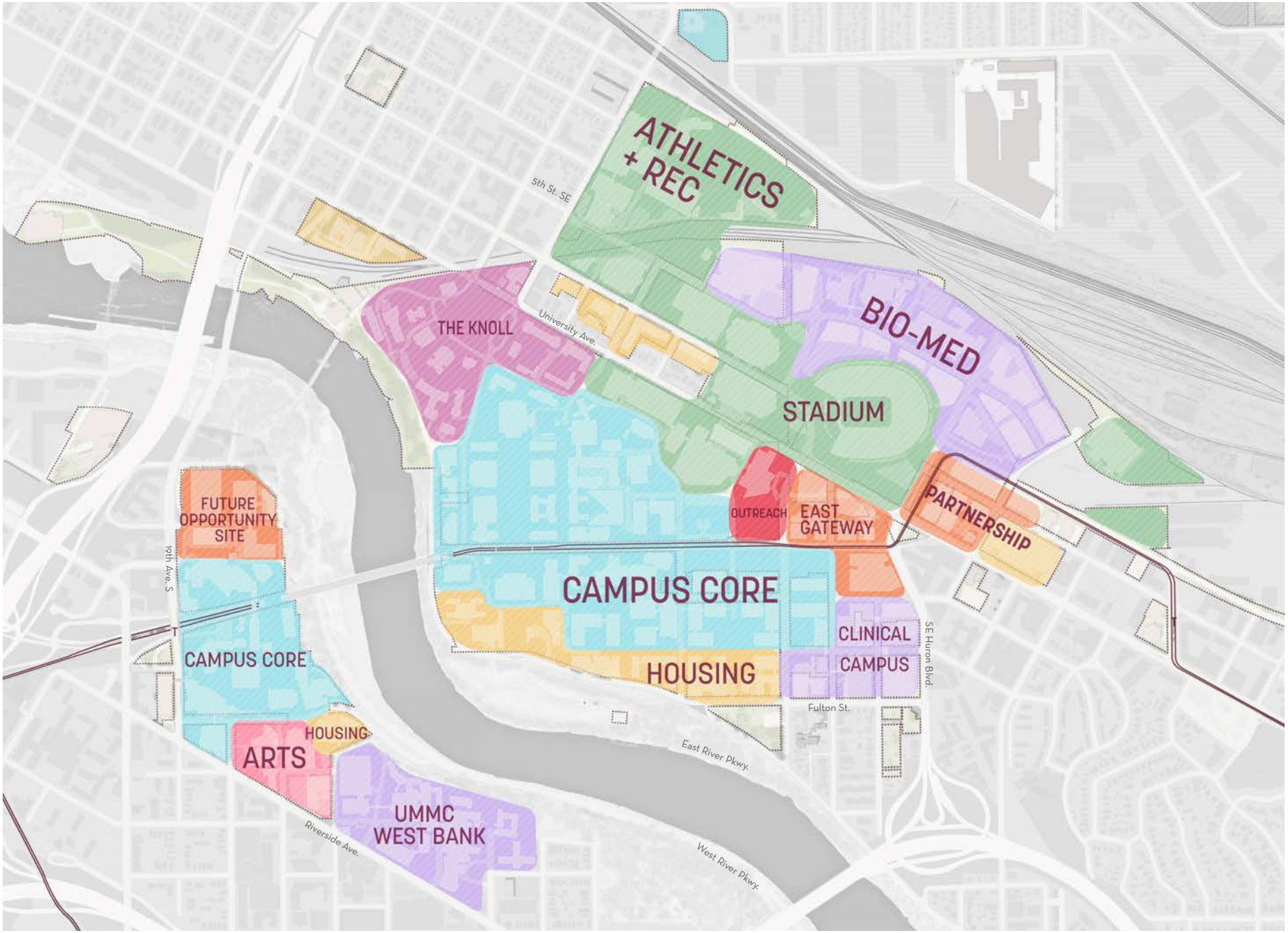
West Bank

On the West Bank, a number of projects support innovation and academic expansion. The opportunity site identified on the north side of the West Bank campus may provide for student recreation needs and academic expansion. The Washington Avenue Bridge and related sites, like Anderson Hall, are important sites to support the student experience. Other long-term changes to land use include the relocation of the 21st Avenue Parking Ramp to the Riverside Avenue edge of the campus.

East Bank

The Campus Plan reinforces existing land use patterns on the East Bank, especially in the established core defined by the Knoll and Northrop Mall. The proposed Health Sciences and housing renewal districts illustrate a reorganization of land use patterns between Church Street and Huron Boulevard, south of Washington Avenue SE. The land use framework reflects proposals for the partnership and mixed-use districts at East Gateway and the Joint Venture site.

The most significant change in land use pattern envisioned on the East Bank is anticipated between the Health Sciences district and the relocation of the hospital on Huron Boulevard. Clinical research, as well as outpatient care, are part of the planned renewal. Replacement of Centennial and Territorial Halls is planned along East River Parkway with access from Essex St. Academic renewal connects the existing hub for Health Sciences (between the Mayo building and PWB/ Moos) to clinical research and care sites to the east along Delaware Street. This evolution of campus prioritizes land uses, activity and functional requirements (access to regional roadway, parking capacity). It also establishes important adjacencies for student housing and health sciences.

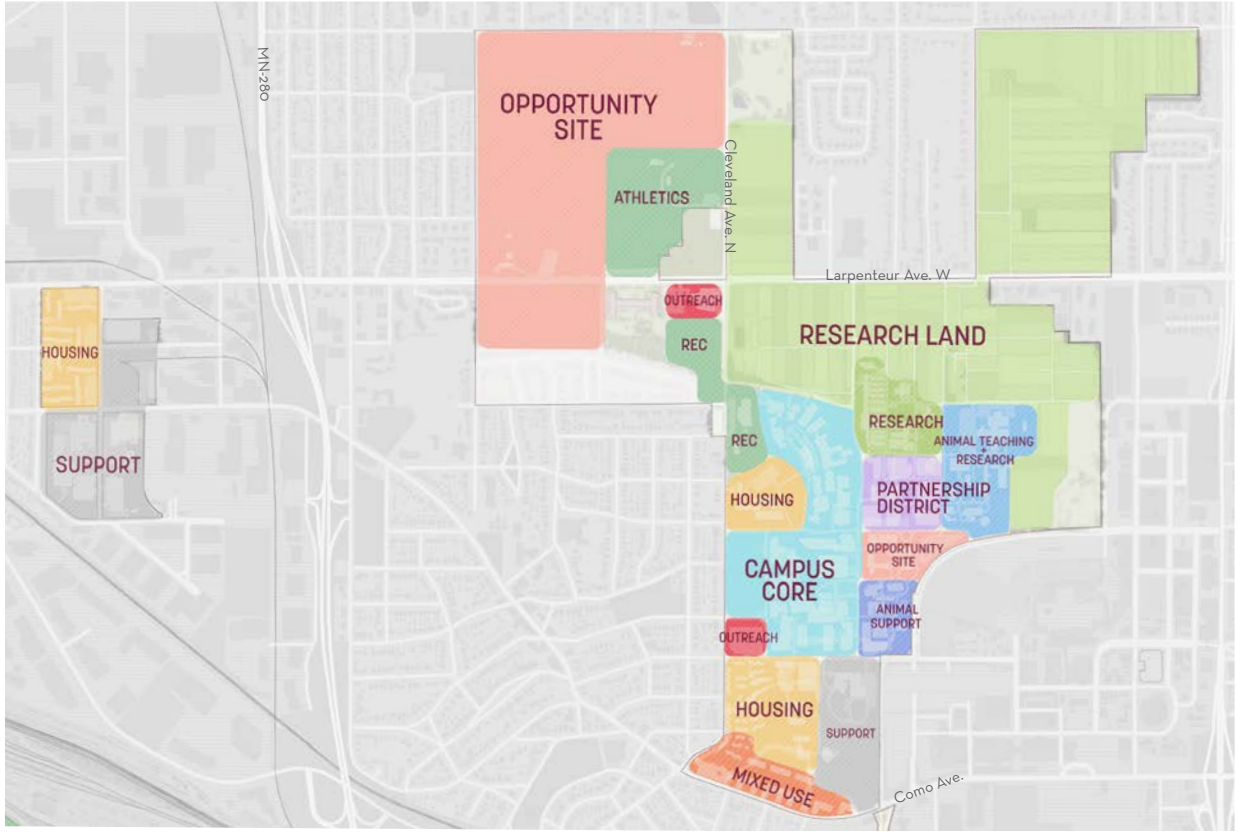


West and East Bank Land Use Framework

St. Paul

On the St Paul campus, the relationship of research lands to buildings and spaces that support campus life is unchanged in the Campus Plan.

- The golf course use may change over the course of the 10-year plan horizon of the Campus Plan and is considered an "opportunity site".
- As learning and event space needs change, another redevelopment opportunity may arise at the Continuing Education Center, south of Buford and east of Gortner.
- Housing redevelopment at the Commonwealth Terrace Cooperative is anticipated in the horizon of this plan. The current housing, built between 1945 and 1976 consisting of 1, 2 and 3 bedroom units has reached the end of its useful life. Providing affordable housing in a welcoming environment as well as supporting a mix of uses, perhaps including retail and service, is the future goal for this area.
- Along the community-campus edge on Cleveland Avenue, an outreach facility utilizes part of the current parking lot to support seasonal, outdoor-oriented community events.
- The Bio-Tech District is emerging as an active innovation site. The first proposed facility, currently in planning, is a bio-manufacturing facility.



St. Paul Land Use Framework

Aerial View, East Bank

Public Realm Framework

The Public Realm Framework for the Twin Cities campus considers existing conditions, current and former planning efforts and studies, and the major circulation routes and corridors identified in the Mobility Framework.

First, the public realm of the campus is defined by various underlying natural conditions in each location – the river corridor on East and West Banks, the Sarita Wetland on St. Paul, and the topographic conditions found throughout. Overlaying these natural conditions are major open spaces such as the Knoll and Northrop Mall, the West Bank plaza, and the Lawn and Bowl in St. Paul.

Additionally, the public realm is framed differently in each location: the plaza anchors the West Bank from the Washington Avenue Bridge and through the arts district; the city grid of Minneapolis structures the campus layout on the East Bank; and, the St. Paul campus is defined by a combination of city streets, internal circulation routes, and a generous open space network.

Safety in the Public Realm

The Campus Plan provides recommendations for promoting a safe and secure environment. The goal is to plan and design buildings, landscapes, and infrastructure to facilitate security operations and foster a safe experience. This will be done in a manner that supports the collaboration and engagement objectives of the University's mission and in a manner that results in an open, inviting campus environment.

These recommendations, which build upon ongoing initiatives, are summarized below:

Campus Perimeter – Address the campus perimeter with physical design elements that characterize the Twin Cities campus and signal entrance to the University environment.

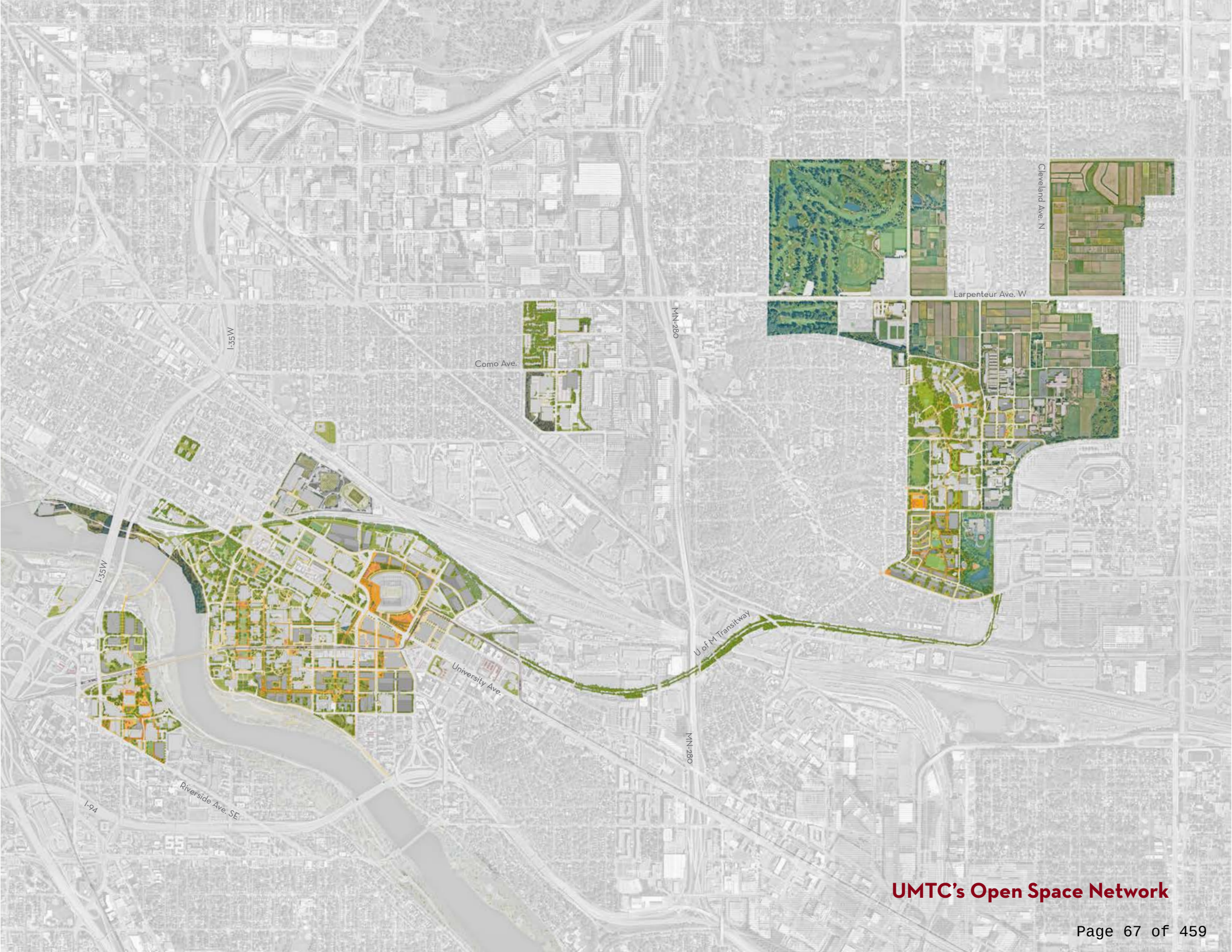
Nighttime Mobility Services and Support – Maintain and expand as needed existing education and preventative services (safe walking information, late night walk/ride home) to near campus locations, as well as education programs to support security and personal safety near campus.

Lighting – Assess lighting conditions on campus and make use of established standards as a guideline for maintaining illumination levels for streets, pathways, open spaces and parking facilities.

Visibility – Select, organize, and maintain planted areas to promote a general feeling of openness and visibility, while retaining the attractive, space-defining qualities and environmental benefits of the campus landscape.

Maintenance – Plan and maintain landscapes so as not to obstruct lighting and physical observation, including views from security camera equipment.

Blue Light Emergency Phones – Working in partnership with neighboring police services, locate and maintain emergency phones on campus. Specific location decisions will be made based on field conditions, generally placing each phone within view of the next, especially along major pathways, in open spaces, at transit stops, and in parking facilities.



UMTC's Open Space Network

West Bank

The West Bank Plaza provides pedestrian and bicycle pathways, transit connections, gathering spaces, and planted areas.

Arts Plaza – Long-term improvements to the public realm include a new arts plaza at the location of the existing 21st Avenue Ramp. A site for a replacement ramp is identified on Riverside Avenue campus edge. The idea is to create a "center" for the arts district where outdoor programming and events can be held in support of the performing and visual arts. A new academic building on the site provides future expansion capacity for the arts programs.

North Opportunity Area – Other recommendations include creating an accessible route connecting the plaza level to ground level, north of Andersen Library and Willey Hall. This route extends the public realm of the plaza, linking potential development and sports facilities. This area is designated for long-term development, which includes future academic, structured parking, and land for recreational uses. The intent is to provide a ramping system that takes the circulation to ground level and provides connections northward to the Bridge 9 bike route.

Riverside Avenue Edge Conditions – Landscape and public realm improvements are recommended along the Riverside Avenue edge with the intent of engaging the community in a more meaningful manner. Proposed interventions could include: 1) a food court plaza, events lawn, and sports park (the site of the proposed parking ramp at the corner of 21st and Riverside); 2) a sculpture park west of Barbara Barker Center for Dance; and 3) the existing plaza at the corner of 19th and Riverside.

West Bank

East Bank – West of Harvard Street SE

East Bank

The design concepts presented here are meant to illustrate the Campus Plan's principles. The final design of future facilities will depend on future project scoping.

The Knoll – The origins of the campus can be traced to the Knoll area. The relationship between buildings and landscapes is essential to the character of the Knoll. Selective demolitions will support this iconic character, which can create opportunities for more relevant, active uses.

Northrop Mall – The Mall shapes the memorable center of the East Bank and organizes buildings and circulation north to south. Originally envisioned as a connection from the campus to the Mississippi River, Northrop Mall is divided into two areas: the area north of Washington Avenue SE; and the area south of Washington Avenue SE. Recent improvements south of Coffman Memorial Union include the Riverbend Plaza and the monumental stairs leading down to East River Parkway.

Jones-Folwell Quad – The proposed demolition of Williamson provides the opportunity to reimagine the quad defined by Folwell Hall, 10 Church, Nolte Center, and Jones Hall. Conceptually, the quad consists of two spaces: a new, multi-modal hub and a pavilion. Together, these spaces can define the quad and maintain vertical connections to delivery and pedestrian routes in the Gopher Way that connect to Williamson. Additionally, the symmetry of major buildings, such as Folwell, can inform the placement of new walkways and planting patterns.

Scholars Walk – A westward extension of Scholars Walk is proposed in conjunction with the renovation of Appleby Hall, the current western terminus. Looking to the west, there may be opportunities to extend the walk and open up views of the river as part of future building and site improvements. Scholars Walk could also extend eastward in the area of Alumni Park to connect with the proposed East Gateway Development.

Gateway Plaza – The Plaza provides much needed green and open spaces on the east side of campus. Proposed changes on Oak Street and the future East Gateway development will be coordinated.

Huntington Bank Stadium & Biomedical Discovery District (BDD) – Public realm improvements in the Stadium / BDD area focus on 6th Street SE, a U of M roadway, and the creation of new open spaces and plazas surrounding the stadium. As future development occurs, the intent is to provide open spaces and plazas for day-to-day use, and game day events and activities.

New open spaces include the "north green", a linear landscape defined by the stadium and proposed BDD facilities, and the south plaza, an open space replacing the existing University Office plaza building. The intent of both open spaces is to provide a location where tents and other temporary structures can be utilized for the 6-8 home games hosted by the University each year and associated game day events.

Health Sciences District – The Campus Plan restores the grid pattern in the Health Sciences district, which has been disrupted by buildings and parking structures over time. The intent is to utilize the city grid to optimize circulation and provide landscaped corridors along all east-west and north-south streets in the Health Sciences district.

While improvements are proposed along all streets, the following provides an overview of the corridors subject to the greatest transformation:

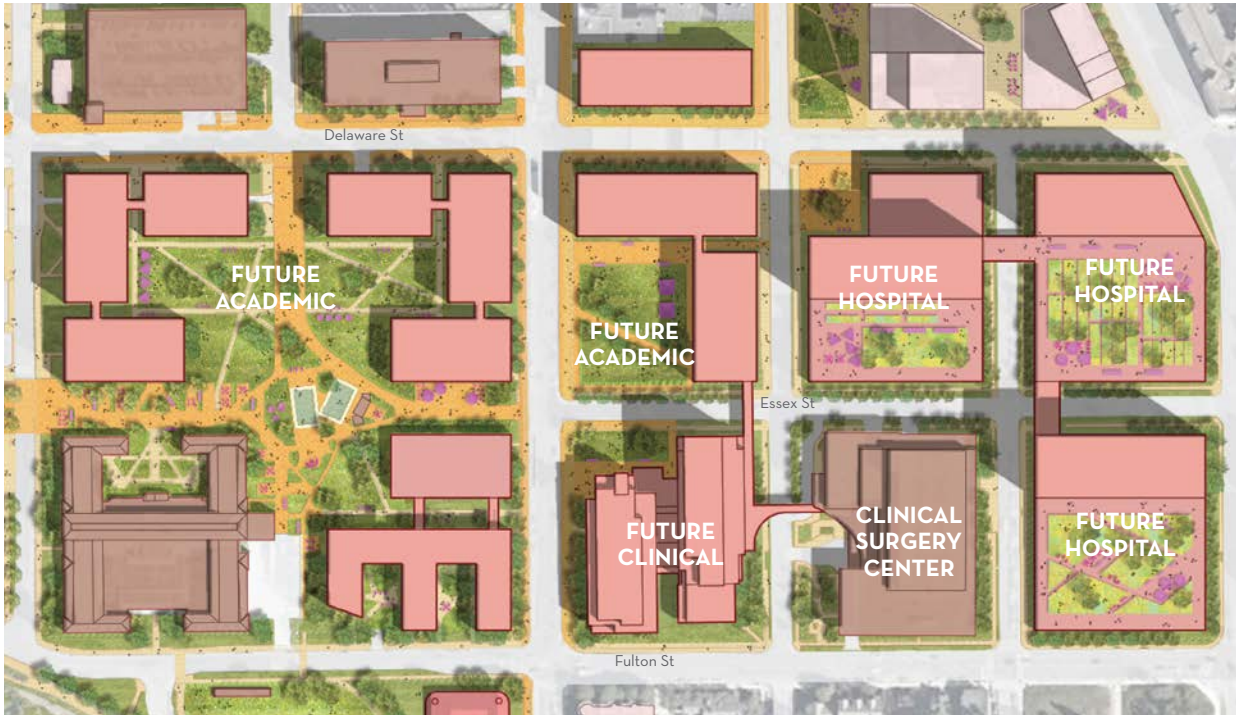
East Bank - East of Harvard St SE

Church Street: This north-south pedestrian and service corridor is reimagined in the Campus Plan to connect University Avenue to the East River Parkway Level. The recommendations build on the recent hardscape and accessibility improvements made north of Washington Avenue SE. The Campus Plan extends these improvements southward and coordinates them with the redevelopment of the Mayo, Boynton, and other sites. The opening up of the Church St. and Essex St. intersection provides the opportunity to create an accessible connection to East River Parkway and offer views of the Mississippi River.

River Overlook: The demolition of buildings at the intersection of Church and Essex will provide the opportunity to create a river overlook and an accessible route down the bluff from the elevation of Church and Essex to East River Parkway. The overlook is envisioned as a landscaped area that features accessible paths, ADA compliant slopes, and seating with viewing areas of the river. The sweeping vision for the River Overlook also offers the opportunity to integrate land acknowledgment markers and monuments with views of the Mississippi River, which symbolically links the river – an important cultural and historical area for the indigenous population – to the present.

Delaware Street: Future redevelopment and demolition along Delaware Street provides the opportunity to create a renewed east-west route, which can restore the city grid. Delaware St. is reimagined as a complete street connecting the existing Health Science facilities in the Moos Towers to new academic, research, and clinical facilities in the Health Science district to the east. A renewed street design will include bike and pedestrian routes on the north side of the street, and pedestrian routes on the south. It will include street trees and layered plantings to improve the pedestrian experience of moving along the street.

Essex Street: Future redevelopment will enable the Essex Street corridor to extend from Church Street eastward to Huron Boulevard. Envisioned as a critical pathway to connect Church to Oak, Essex Street will link proposed housing redevelopment to the core of the campus and will intersect with the River Overlook. West of Harvard, the Essex corridor is envisioned as a space reserved only for pedestrians, and service and emergency vehicles.



East Bank - East of Harvard St SE, Health Sciences District

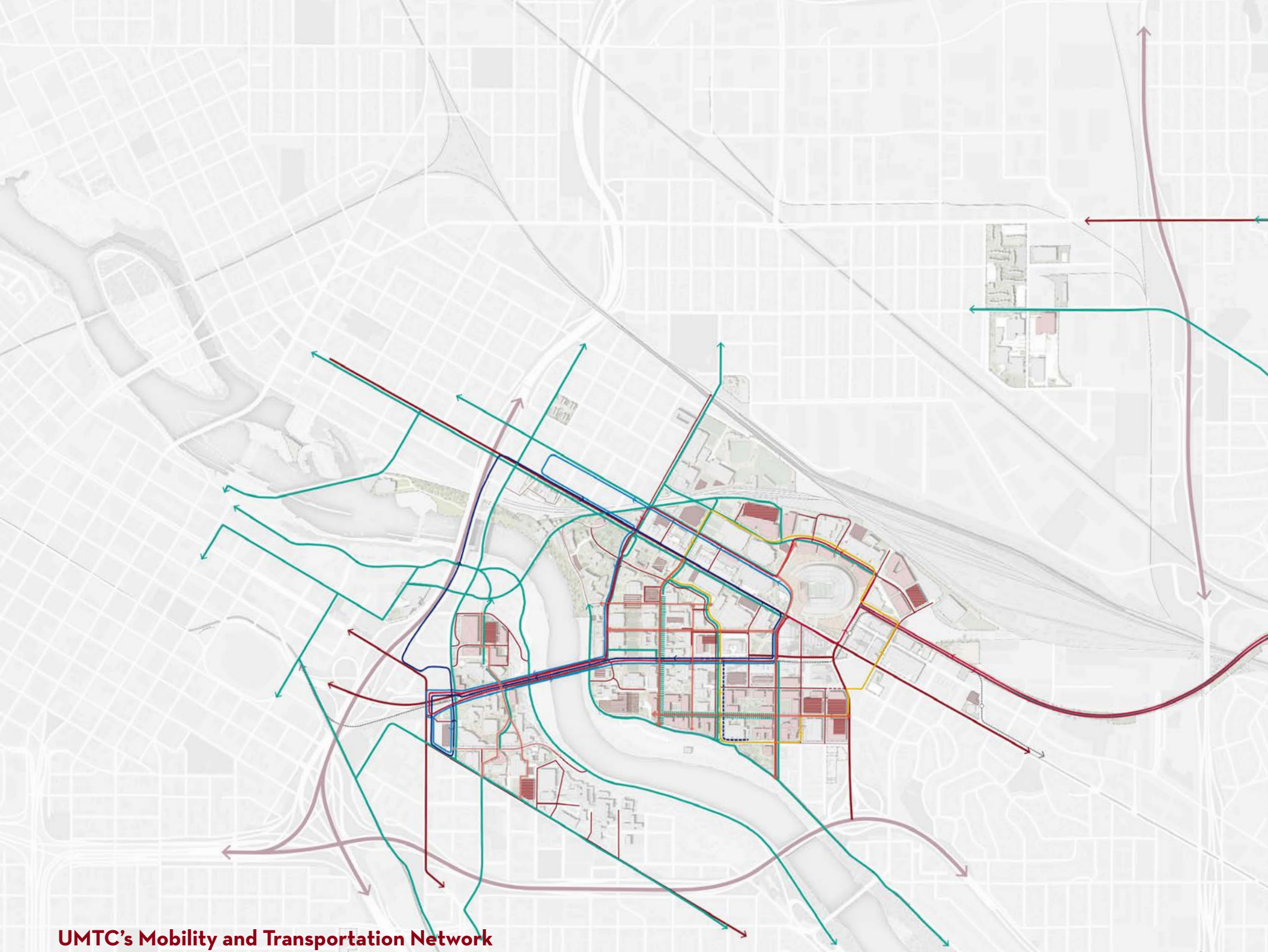
St. Paul

The public realm of the St. Paul campus consists of a series of landscape and circulation spines that build upon the generous open space structure of the campus, which includes three, north-south corridors:

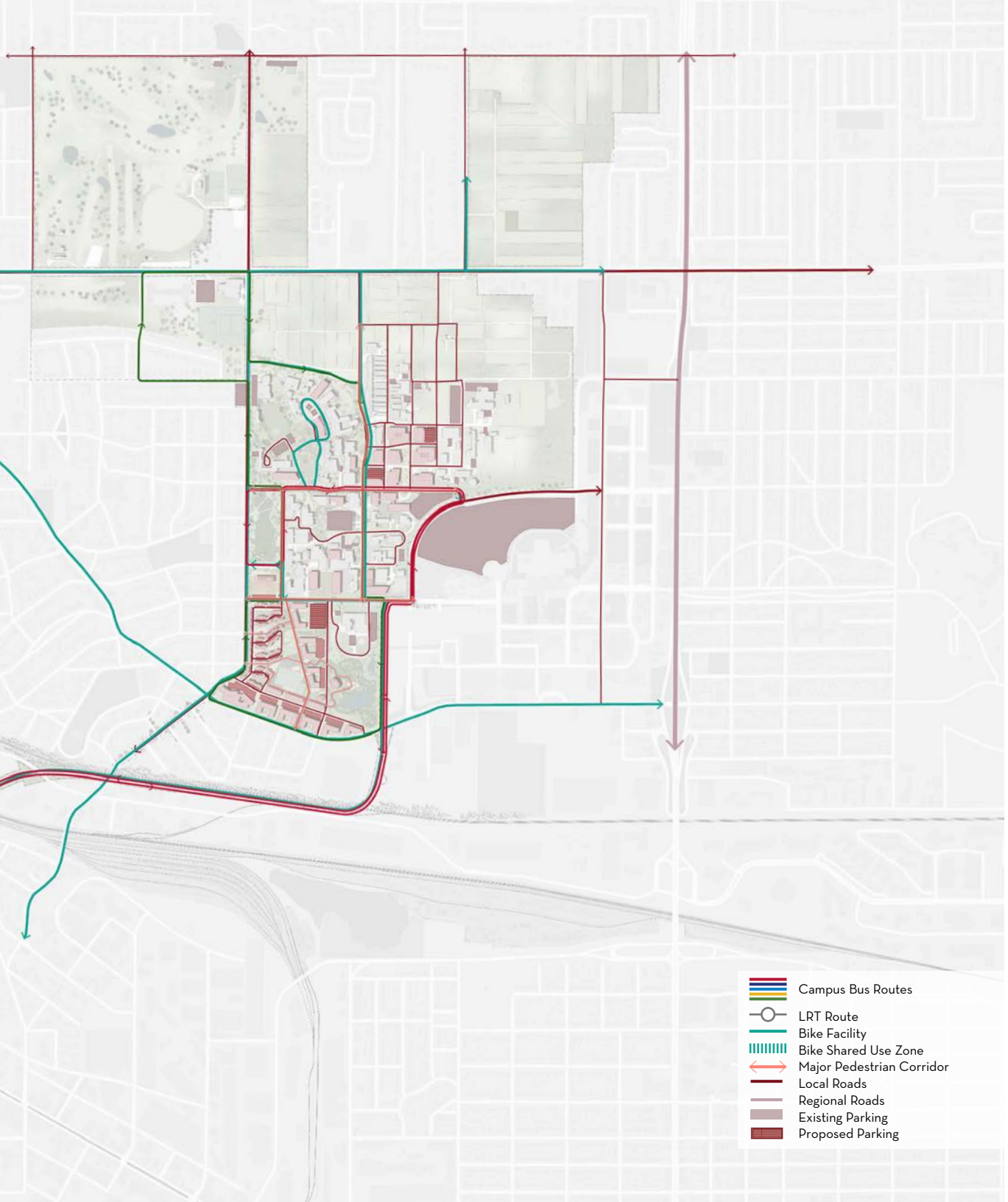
- The Cleveland Avenue **community spine** links the Bell Museum to The Lawn, and a potential community outreach pavilion located at the northeast corner of Cleveland Ave and Commonwealth Ave.
- The **research spine** follows Gortner Avenue extending from Larpenteur to Commonwealth. New gateway features and an enhanced streetscape are imagined along this corridor.
- The central **academic spine** consists of two, parallel pedestrian routes to provide north-south connectivity between the Veterinary Medicine Complex towards the south and research areas north of Buford Avenue. The idea is to enliven the central spine as an arts walk by including sculpture and amenities related to the mission of the St. Paul campus.

St. Paul Public Realm Framework – These snapshots highlight potential public realm changes at the Buford Avenue Civic Spine and Buford Circle (right) and The Lawn and Commonwealth Terrace Cooperative (left).

- The eastern pathway of the central spine alignment connects the Veterinary Medicine Complex with McNeal Hall. It follows existing pedestrian routes and, where needed, moves through buildings to facilitate north-to-south and exterior-to-interior movement. It includes concepts for moving north to south through the Veterinary Medicine Complex and through the Magrath Library. In both instances, interior reconfiguration of the buildings will accommodate circulation and introduce new spaces in response to objectives related to academic, research, and collaboration.
- The western pathway of the academic spine connects the Bell Museum and the St. Paul Gymnasium to Como Avenue. It is primarily an exterior route with one internal segment passing through the Animal Science/Veterinary Medicine Building.
- Buford Avenue, the main east-west route at the midpoint of the campus, is reimagined as a main street or civic spine of the campus featuring new development and streetscape improvements. The Buford Avenue civic spine will support vehicle, transit, bicycle, and pedestrian traffic. Its location at the midpoint of campus, when combined with a different physical character, will enhance the pedestrian experience and unify the campus. It connects the Cleveland Avenue gateway to the Bio-Tech District on the east side of campus, and will remain as the key transit corridor through the campus. An enhanced transit node near the central spine (Magrath Library/McNeal Hall area) will provide passenger waiting and student amenity spaces.



UMTC's Mobility and Transportation Network



Mobility Framework

The Mobility Framework integrates and coordinates all modes of movement on the Twin Cities campus including accessible pathways, pedestrian routes, and bicycle, transit, and vehicular networks. While some areas of the Twin Cities campus are well served by transportation choices, other areas are negatively affected by inconvenient streets and paths, depending on how people choose to navigate the campus.

The primary mobility challenges affecting the campus include: high vehicle use and congestion in specific locations; competition for street space and time of day for travel; managing for safe facilities and operations for all modes of travel; and the need for continued investment in the reconstruction and regular upkeep of connecting segments in the Gopher Way network, pathways, and campus streets.

The Mobility Framework promotes multi-modal connectivity and features mobility and transit hubs. At the campus level, continued enhancement of pathway and bicycle networks is critical to improving the overall transit experience. Since access to information is an important feature of a predictable travel experience, transit schedules and other real-time technologies are essential for ensuring better commutes in and around campus. The GopherTrip mobile app currently provides real-time information about U of M transit.

In support of the sustainability goals of the University, the overarching mobility goal is to continue decreasing greenhouse gas emissions from transportation-related uses and infrastructure. This has a direct relationship on mode of travel, with biking and pedestrian modes holding great potential. The future Southwest LRT and the ELine on University Avenue will support goals to decrease emissions. Finally, reduced use of vehicles powered by fossil fuels will contribute robustly to the campus effort to reduce its climate footprint.

Pedestrian Pathway Network

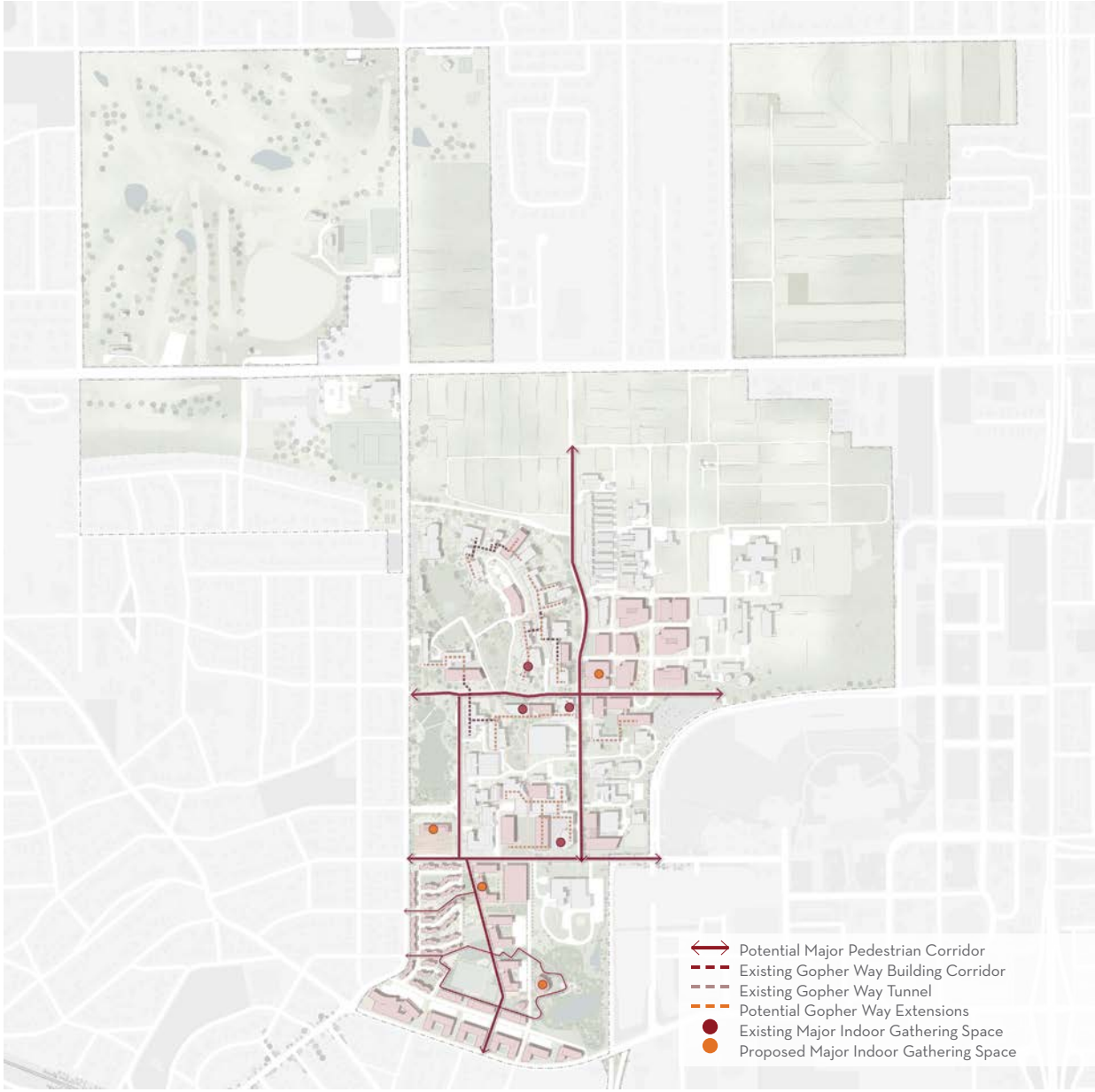
The Twin Cities campus has approximately 46 miles of pedestrian pathways (sidewalks and plazas), and 6 miles of Gopher Way tunnels and skyways. This is the campus's primary mobility network, facilitating a significant number of trips each day.

While the University's pathway system generally serves all campus destinations, some accessibility concerns exist in the form of stairs or steep slopes that can make it difficult for those with different mobility needs. The Mobility Framework plan supports the goal of establishing an accessible campus, and highlights opportunities for creating a more comprehensive pathway network over time. To ensure ease of access by a variety of users, recommendations for the improvement of the University's pathway network includes adherence to the criteria of the Americans with Disabilities Act (ADA), and the principles of universal design.

Additionally, with a campus that spans over 1,290 acres and over 40 miles of pathways, wayfinding is imperative in facilitating movement around campus for daily users, new students, and visitors alike. Improvements to the wayfinding system on campus should provide intuitive instructions between parking facilities, major campus destinations, and entrances to the Gopher Way, to name a few.

Ongoing capital improvement programs to make campus safer and easier to navigate include pavement repair and replacement, campus-wide wayfinding signage renewal, and Gopher Way extensions in coordination with major building projects. Additionally, online campus maps provide Safe Walking Resources and other information for students, faculty, staff, and visitors. The University continues to make investments in infrastructure to support safe movement around campus and also includes lighting and emergency call services (blue light kiosks)

Pathway Network and Gopher Way Connectivity – These diagrams suggest potential improvements for Gopher Way, which would require further exploration, starting with a detailed study of existing conditions and a gaps analysis.



Gopher Way Connectivity

The Gopher Way is a unique and well-utilized component of the campus mobility system that connects pedestrians to key buildings, and facilitates delivery services around the campus. This weather-protected network is especially useful in providing safe connections and an improved pedestrian experience, particularly during the winter months. However, the aging system can be difficult to navigate due to a lack of consistent wayfinding, accessibility barriers, and missing connections that, if present, would extend the Gopher Way's utility and reach.

A future Gopher Way comprehensive plan is recommended with the goal of improving the accessibility, wayfinding, and connectivity of the network. This comprehensive study of the system should include a gap analysis, and identify short- and long-term improvements to ensure the system remains viable for the next several decades. Since many Gopher Way segments span non-University roadways, an important consideration must be the jurisdiction of right-of-ways. The adjacent diagrams suggests potential Gopher Way extensions for further study.

Major extensions of new tunnels and skyways generally are associated with major capital building projects. However, some improvements, such as the addition of wayfinding signage, should be pursued in the very near term in locations where planning is already underway.

Mobility Hubs

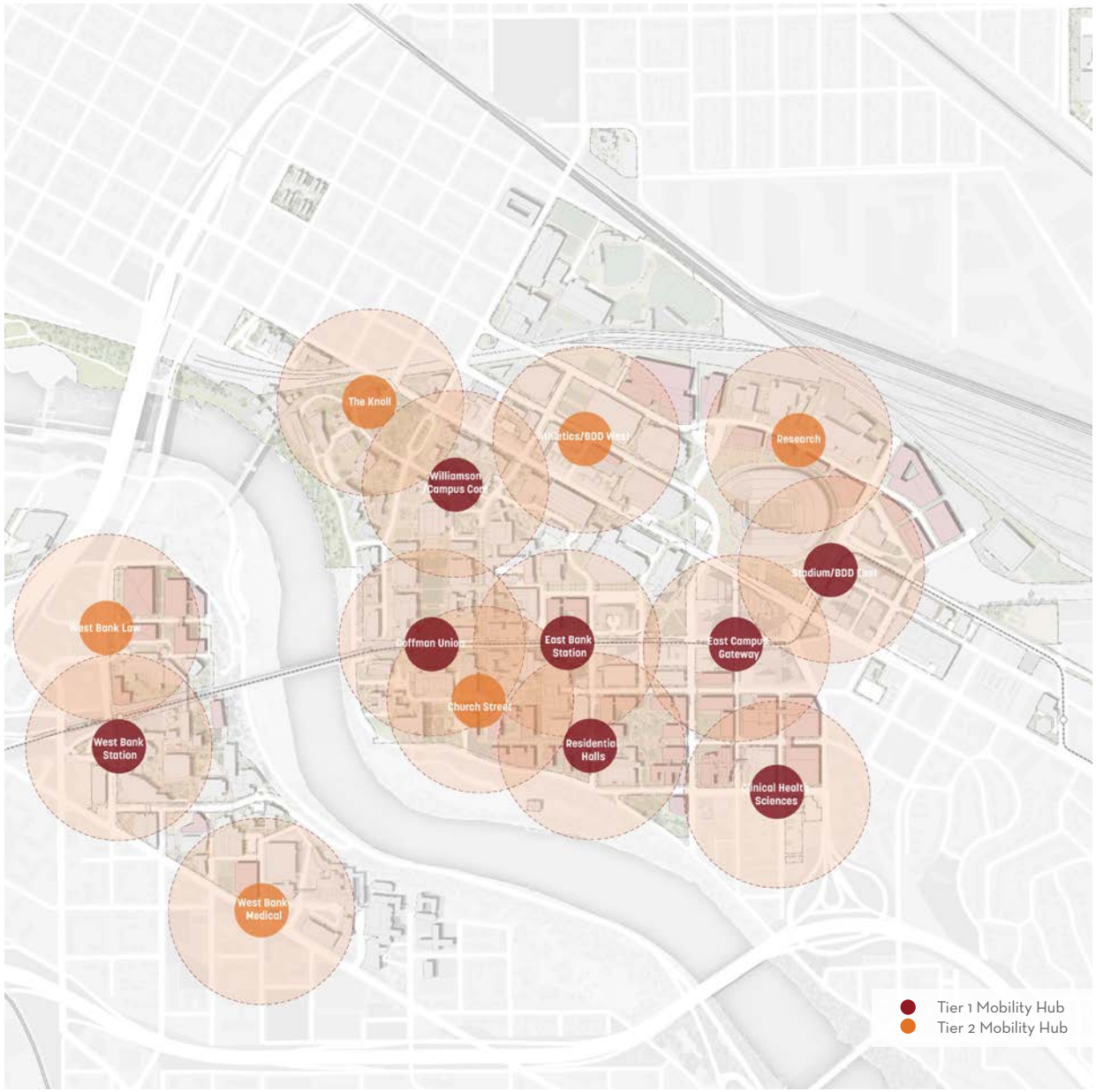
To improve the transit user experience, mobility hubs are proposed on each campus. Mobility hubs are designated locations that support transition between travel modes, facilitating safer and easier connections to main arrival point on campus. They can also serve as intermediate travel centers to and from the University and provide convenient access to key amenities offered in West Bank, East Bank, and St. Paul.

The Campus Plan promotes partnership between the University and regional transit providers and other partners to develop a system of mobility hubs that facilitate connections on campus and link to the larger regional transportation system through a "tiered" system – mobility hubs that can serve different locations with varying transportation needs.

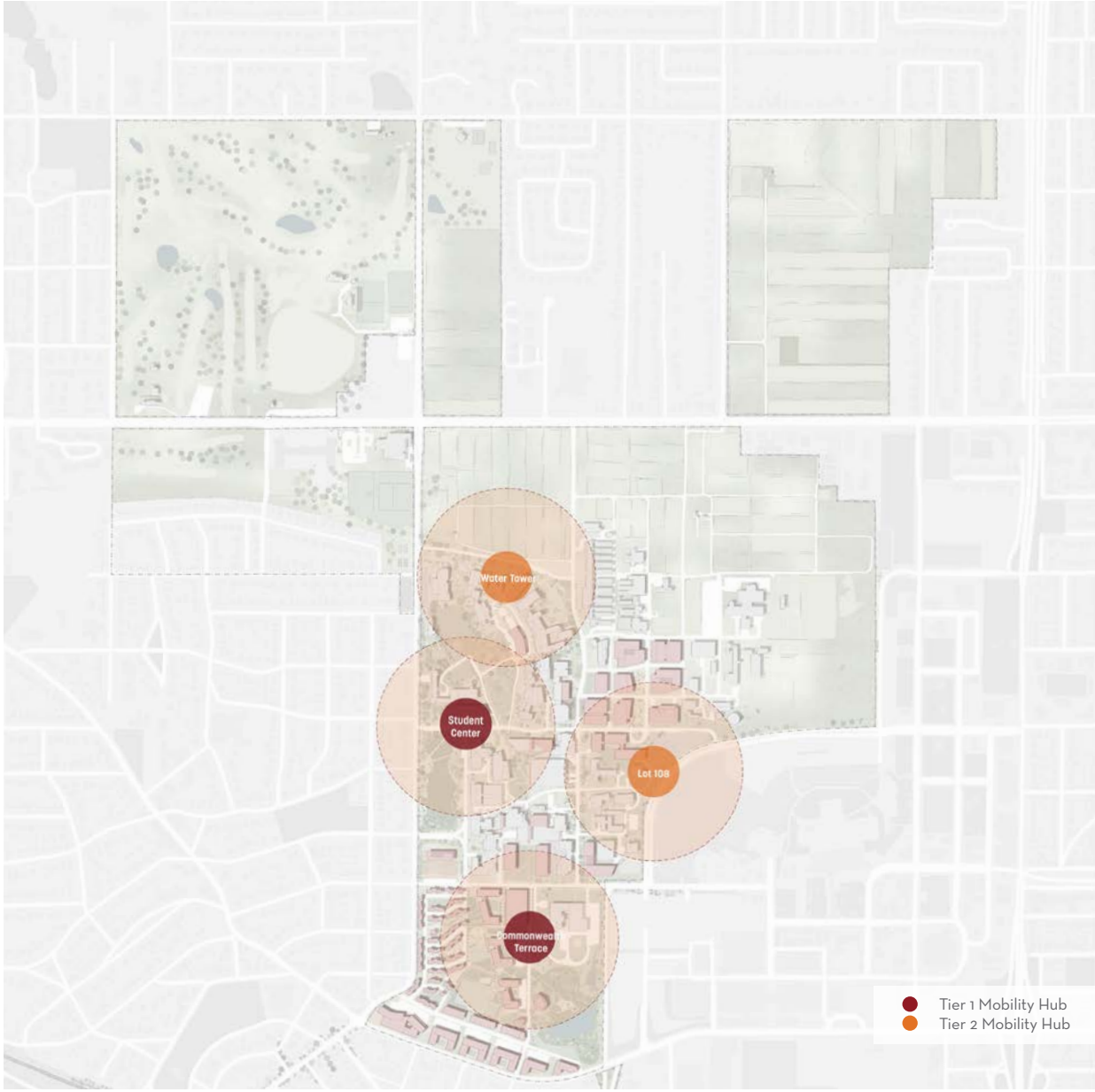
Tier 1 Hubs may provide indoor waiting areas or other placemaking opportunities to incentivize their use and promote user comfort. Tier 2 Hubs may not provide formal seating or waiting areas, but should accommodate a variety of shared mobility modes, bicycle parking, and wayfinding.

Potential mobility hubs could be explored at the following locations:

- Washington Avenue SE – a new transit lounge, waiting area, and amenity space is recommended in the underground bookstore of Coffman Memorial Union where access is directly possible.
- Anderson Hall – the redeveloped Anderson Hall includes recommendations for a transit hub at the lower plaza level with improved connections to West Bank destinations and amenities to improve the experience of transit users.
- St. Paul Commons – a transit hub is recommended in coordination with the proposed renewal of the St. Paul Student Center.



Mobility Hubs – These diagrams suggest potential locations for mobility hubs across UMTC. Further study is needed to identify the ideal locations, the appropriate mix of transportation modes and providers at each location, and the scale of potential mobility hubs.



Micromobility

Emerging transportation technologies, such as ride-hailing services (e.g. Uber and Lyft) and shared mobility systems (e.g. bike sharing and e-scooters) provide more flexible commuting options than traditional transit services and create new and different demands for curb spaces. These services can also create conflict with other vehicles, bicyclists, or pedestrians through illegal parking when loading or unloading passengers, or through sidewalk clutter, as seen by dockless shared mobility systems.

In response to emerging micromobility patterns and the conflicts created by them, mobility hubs could serve as designated locations for transportation network companies. By implementing dedicated pick-up/drop-off zones through geo-fencing, the University can better manage curbside demand and conflicts, and ensure a safe environment that accommodates users across transportation modes. Additionally, the concept of Mobility-as-a-Service (MaaS) allows users to plan, book and pay for multiple types of mobility services in a single location.

Campus staff will develop curbside management strategies and manage operations of these services, and work in coordination with adjacent municipalities to ensure consistency.

Further study of potential mobility hubs is needed to identify appropriate locations, mix of transportation modes and providers, and the scale of future facilities. Major capital building projects can be leveraged to include mobility improvements.

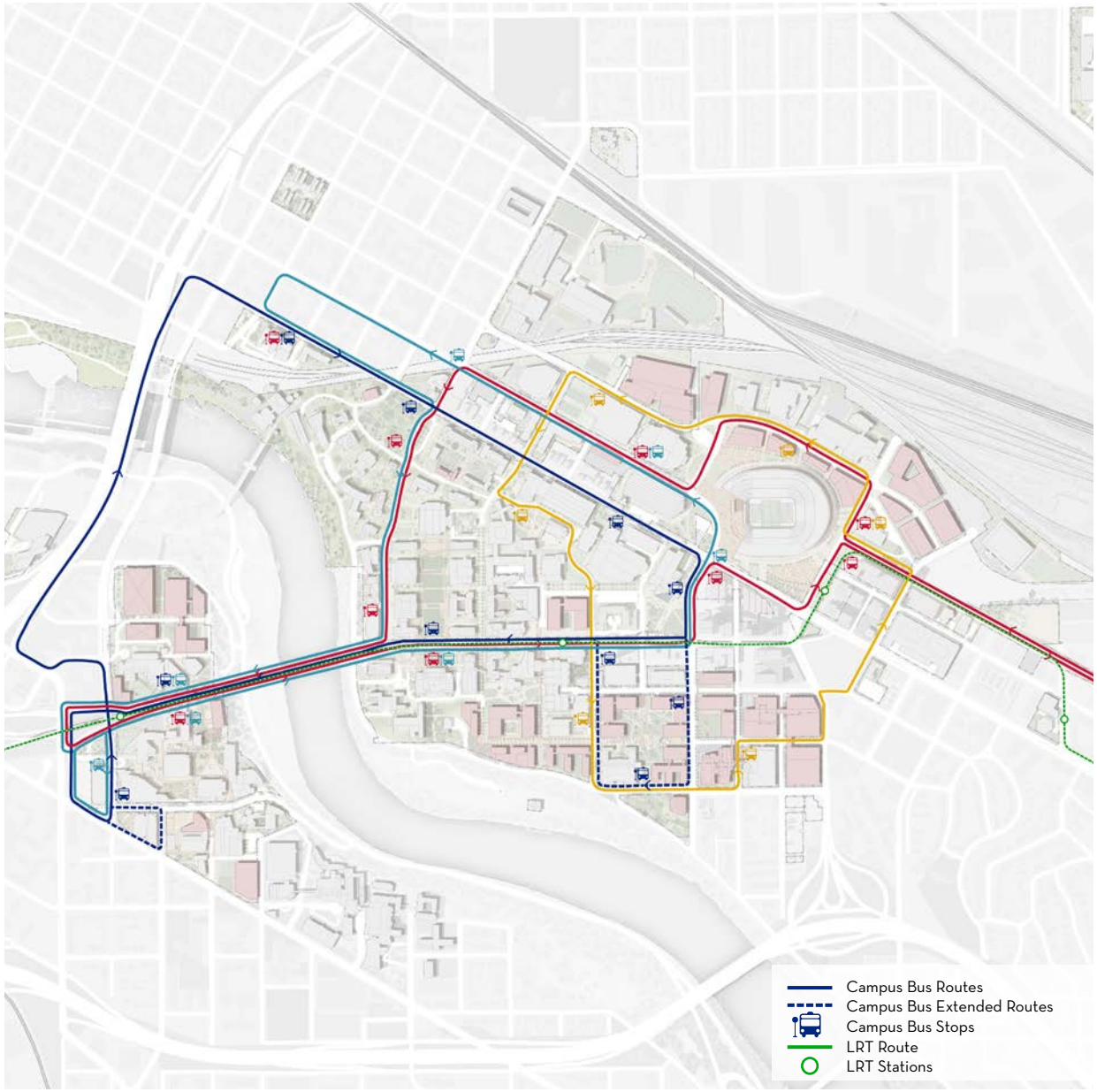
Public Transportation

The Twin Cities campus is fortunate to be served by a far-reaching and high-frequency transit service. Metro Transit is the primary operator, with smaller transit operators (SW Transit, MN Valley, etc) servicing other parts of the metropolitan area, covering limited geographies but highly valued direct express service to campus.

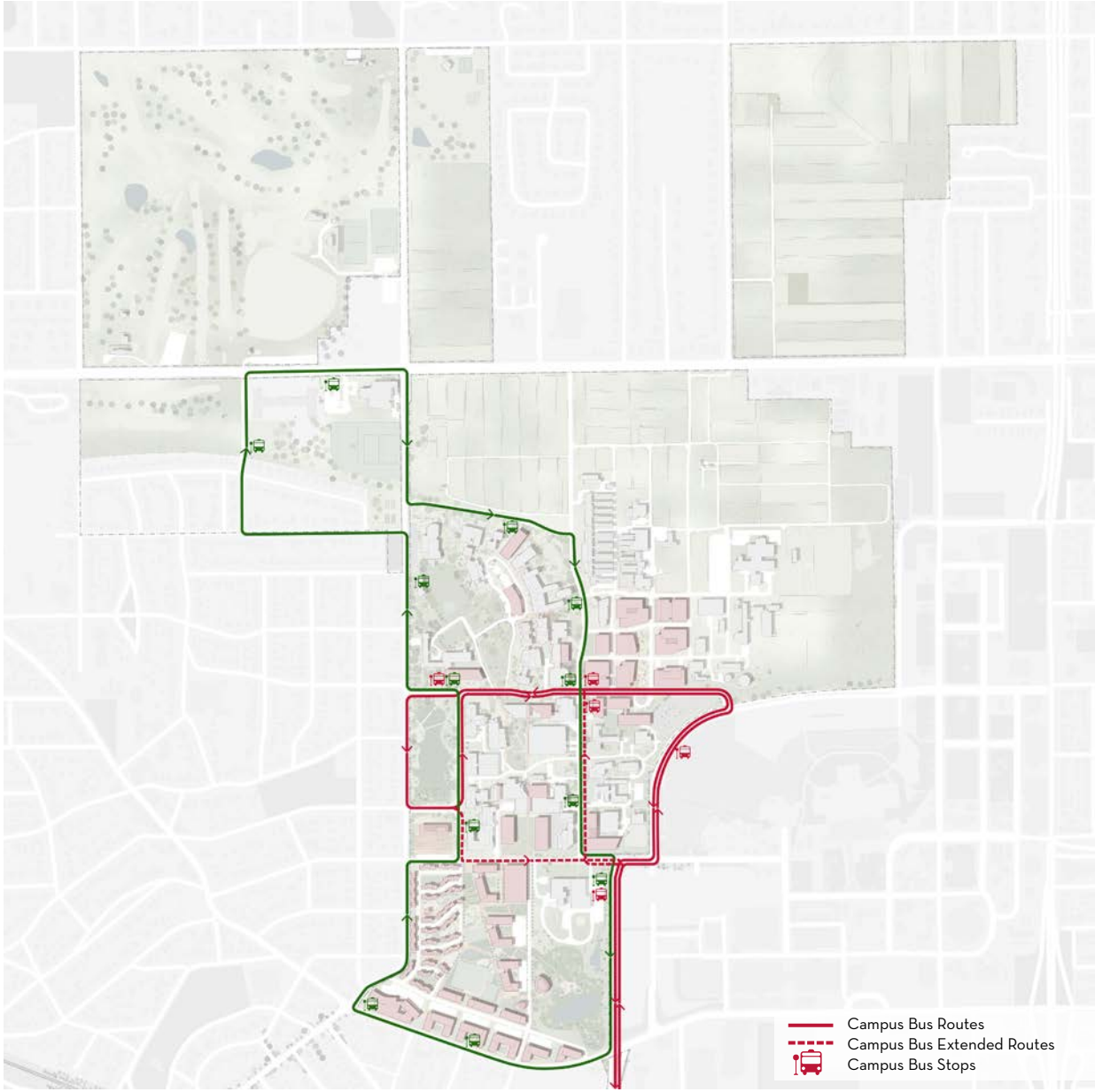
Public transit is a popular travel mode to and from campus, with approximately 40% of faculty and 23-32% of students and staff commuting via transit. Since opening in 2014, the METRO Green Line LRT has seen increased ridership every year, and its four stops on campus are the transit stations with the highest ridership. Highly subsidized transit passes for students have contributed to this trend, as well as recent development, particularly along the Washington Avenue corridor.

For those with different mobility needs, the University's Paratransit Service and Metro Transit's Metro Mobility program provide curb-to-curb transportation services around campus. In 2019 the University's Paratransit Service provided 8,500 trips with over 32,000 passenger service miles.

The University can continue to increase transit ridership through incentives – reduced passes, parking pricing adjustments, enhanced last-mile connections – and through design interventions that enhance the passenger experience, such as waiting areas that prioritize safety and comfort.



Existing U of M Transit Service & METRO Green Line LRT



Existing U of M Transit Service

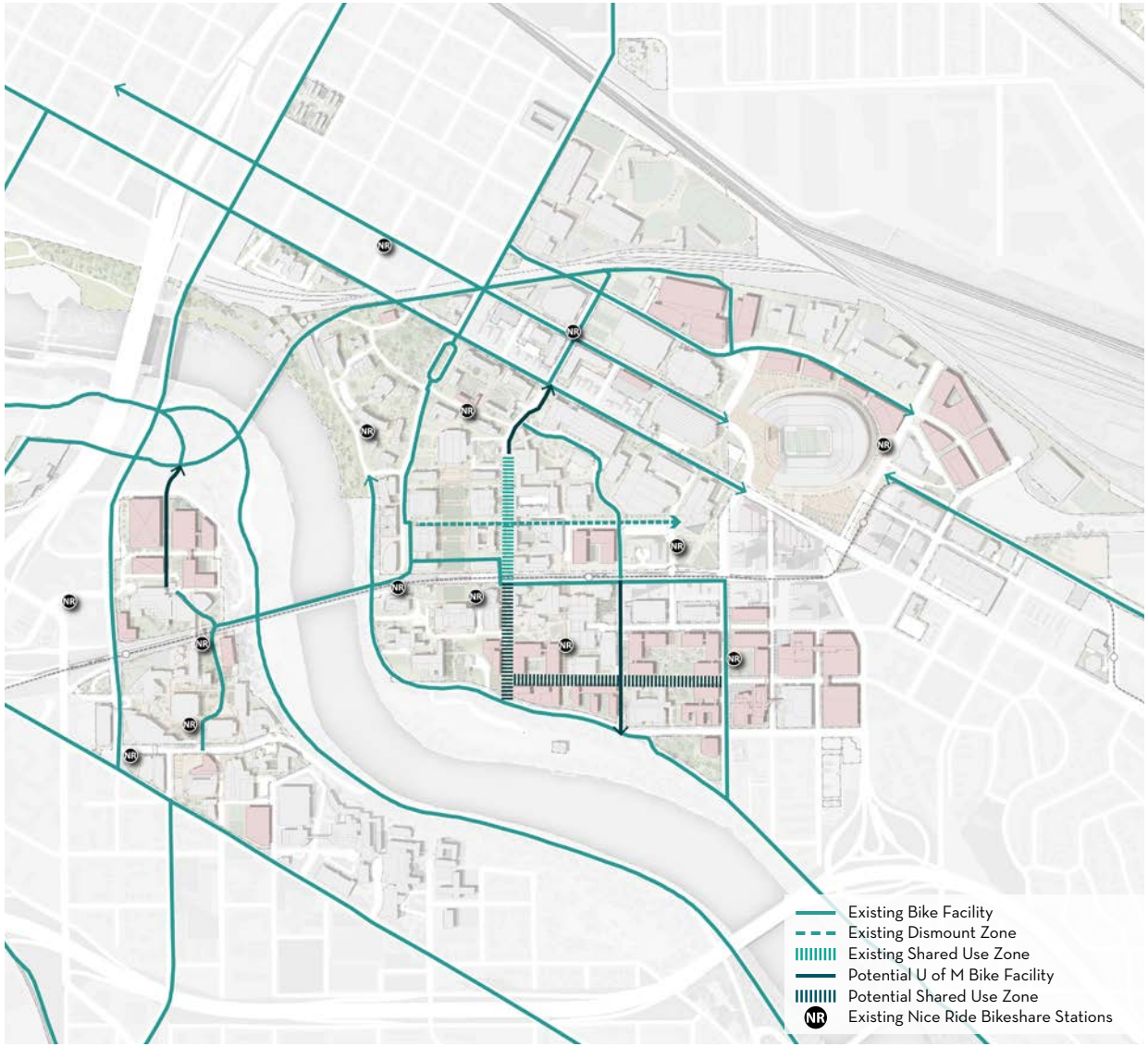
The METRO Green Line LRT on Washington Ave

Bicycle Network

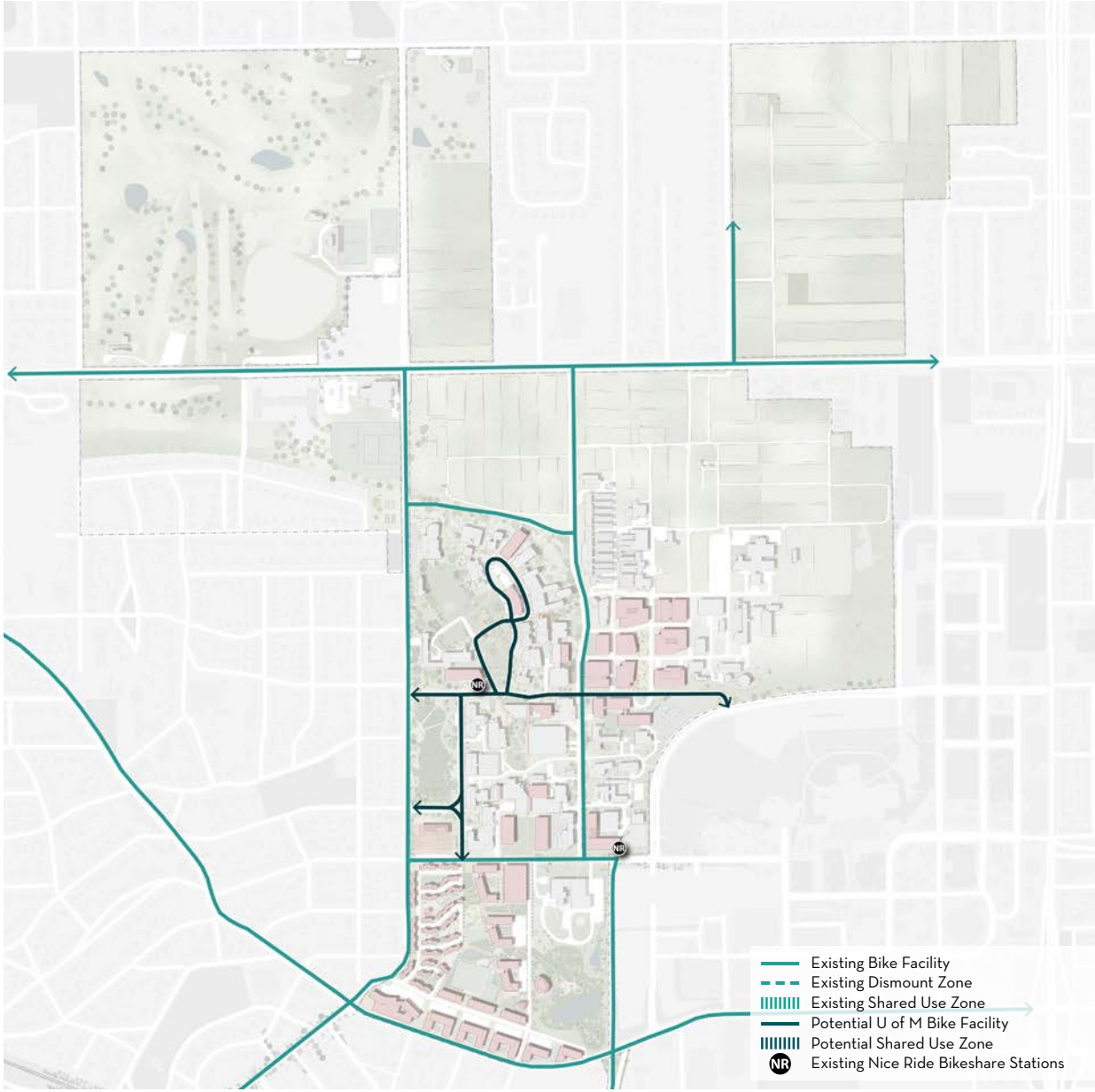
The Twin Cities campus has an extensive network of bicycle facilities, including those maintained by the University, and those maintained as part of the regional roadway network. The network comprises approximately 43 miles of dedicated bike lanes and 11 miles of connecting routes, and includes off-street and on-street paths. Some segments are among the most heavily used bicycling facilities in the state, for example 15th Avenue SE.

While approximately 25% of students, faculty, and staff use bikes to travel to and from campus, only about 10% use bikes to get around while on campus. Neighboring cities, such as Minneapolis, have committed to a concerted focus on making streets safer, part of a nationwide movement to design, build, and monitor street conditions to reduce accidents, injuries, and deaths. Over the last five years, cyclists and pedestrians coming to the Minneapolis and St. Paul locations have experienced better protected pathway and bike facility options on multiple routes. More facilities like this are planned in the near future to improve conditions for non-drivers traveling on city and county streets to get to campus. To complement these efforts, high-traffic areas on campus – where multiple modes of travel share space – will continue to be designed for the safety and convenience of all users.

As a result, the Campus Plan recommends design strategies and interventions that effectively communicate the separation of modes, or where appropriate the mixing of modes, maintain safe and comfortable connections around campus and to the surrounding neighborhoods, and provide high quality bike parking options on campus.



Bicycle Network – This diagram shows existing bicycle facilities operated by the University and by external partners, such as the City of Minneapolis, and suggests potential system improvements that require further exploration and study.



Dedicated bicycle facilities should be provided where feasible. In other areas, shared-use facilities may be appropriate.

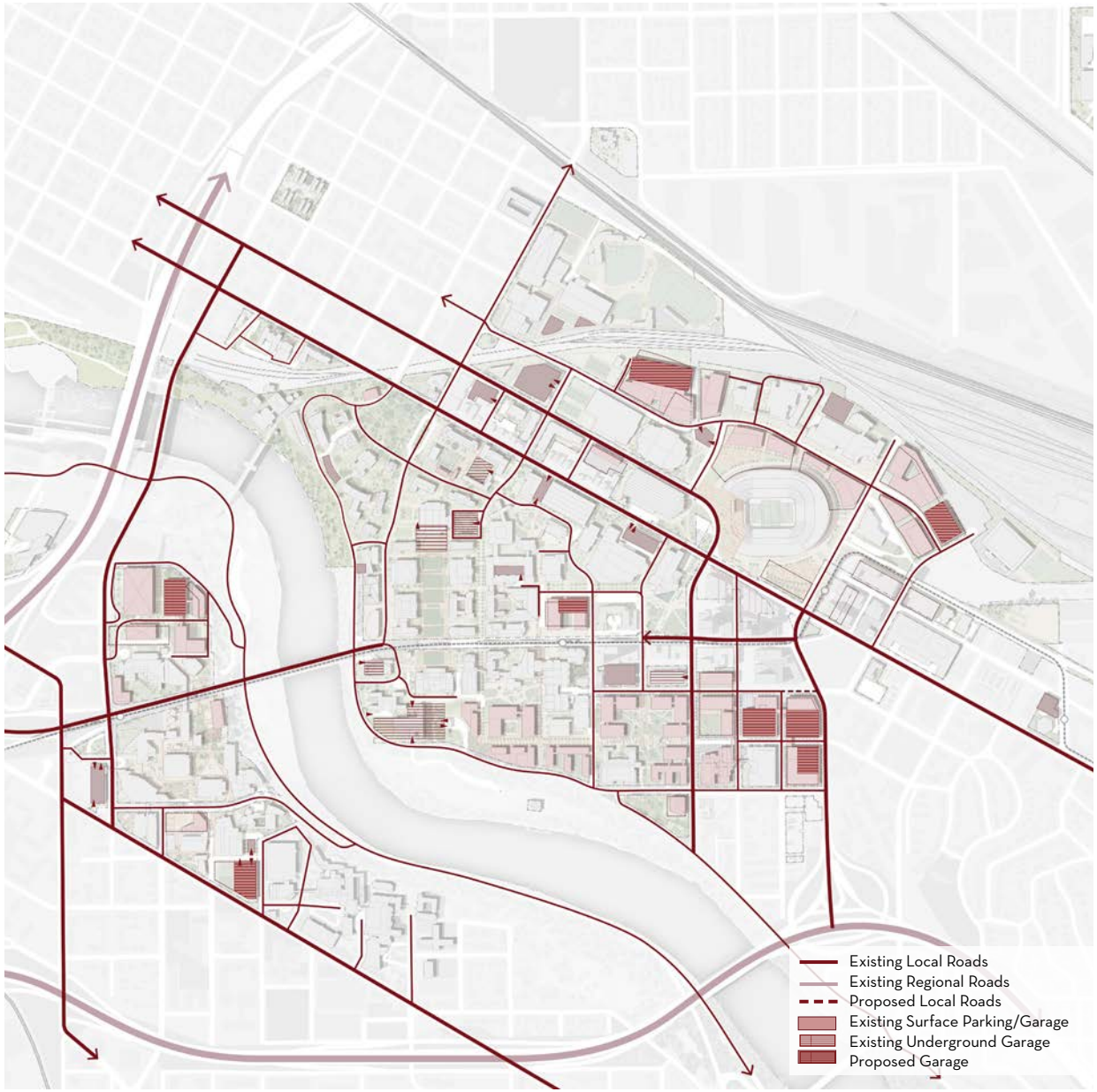
Vehicular Circulation

The Twin Cities campus is well served by a network of interstate highways that provide direct access between the campus, surrounding communities, and the region. In recent years, traffic volume around the University has declined which may, in part, be due to the introduction of the METRO Green Line on University Avenue in 2014. However, there are still key roads that currently operate near or at capacity, and witness congestion during peak hours. Future development around the campus is likely to also have an effect on traffic volumes.

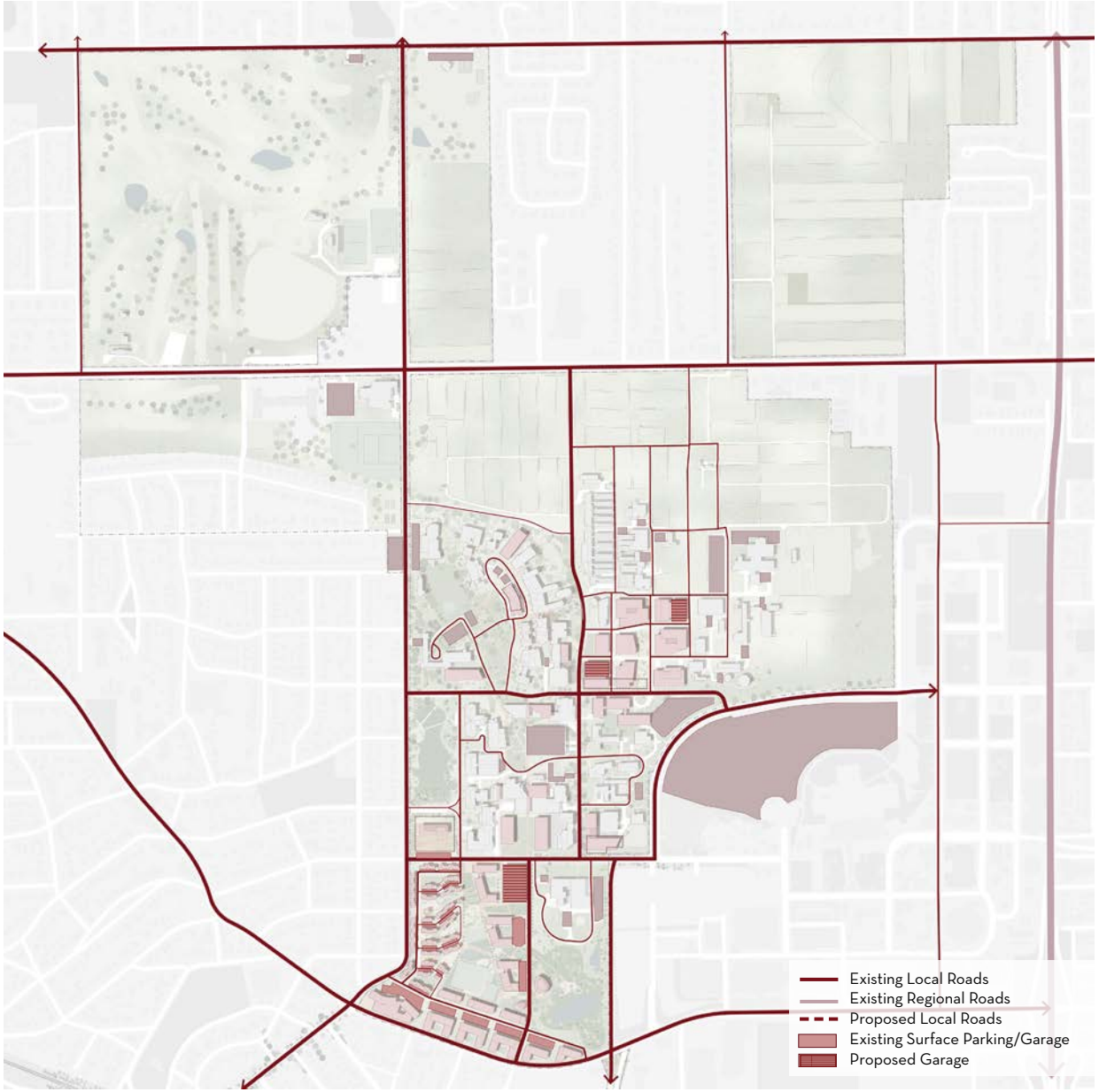
It is important to note that many of the roads within and around campus are not controlled by the University. As a result, the University must continue to cultivate good working partnerships and collaboration with local cities, counties, and the state in order to respond to the growing and dynamic transportation needs of the campus.

The Campus Plan recommends a number of strategies to address vehicular access and circulation, including the development of a street hierarchy system, reestablishing a street grid to better facilitate pedestrian, active transportation, and vehicular traffic, and traffic studies in advance of future developments on campus.

The University will continue to prioritize pedestrian and bicycle circulation over single-occupancy vehicles, and continue to provide the majority of vehicle parking outside of the campus core.



Vehicle Circulation & Parking Facilities – These diagrams highlight key roadways on and adjacent to campus, and parking facilities. The suggested future roadway connections and parking facilities – which would be integrated with major capital building projects on campus – are intended for further exploration and study to better understand needs, design contexts, and potential phasing strategies.



Parking Demand and Management

The University employs a "right-sized" approach to efficiently manage its parking supply. The Parking and Transportation Services Department manages 18 structured parking facilities and 135 surface lots across the Twin Cities campus, totaling over 20,000 parking spaces. Based on data collected during Fall '19, roughly 79% of campus parking spaces are occupied during peak occupancy on a daily basis. Notably, a percentage of the parking spaces owned by the University are also used by employees, staff, visitors, and patients of the hospital and clinics, which creates another level of demand even when the University is not in session.

Naturally, in 2020 and 2021, COVID-19 disrupted prevailing trends, patterns, and demands associated with parking. As demand slowly begins to return to pre-pandemic levels, it is likely that there will be long-term effects on pre-pandemic trends and patterns. These may include fully remote and/or hybrid learning and working, or a decrease in carpooling and increase in single-occupancy commuters.

As the University continues to grow and develop, the careful monitoring of internal and external trends will be critical in responding to parking demands in real time. These strategies should include partnership with the public and private sectors, phased parking plans, and the reduction of single-occupancy vehicles where appropriate.

Where the Campus Plan calls for demolition of existing parking structures, for example in the Health Sciences district, new building projects may include structured parking to maintain adequate supply.

Sustainability Framework

A holistic approach is required to guide the sustainable evolution of an urban campus as large as the Twin Cities campus. This approach should not only consider the buildings and energy sources on campus, but also operational practices, land areas, and the natural systems within which the campus functions. To achieve its sustainability goals, the University must continue to embrace new technologies and adapt its practices even while continuing to steward legacy systems.

Achieving net-zero carbon goals is extremely challenging for any facility in this region's cold climate, but even more so for the energy intensive research campus that is UMTC. As noted in the Regents' Sustainability and Energy Efficiency policy, the goal of carbon neutrality demands:

"...continuous effort [to integrate] environmental, social, and economic goals through design, planning, and operational organization to meet current needs without compromising the ability of future generations to meet their own needs. Sustainability requires the collective actions of the University community and shall be guided by the balanced use of all resources, withing budgetary constraints. The University is committed to incorporating sustainability into its teaching, research, and outreach, and the operations that support them." – *Board of Regents Policy: Sustainability and Energy Efficiency (July 9, 2004)*

A key strategy to accomplish this ambitious goal is to ensure that early scoping on capital projects remains open to emerging technologies, and allocates budgets to include investments in sustainability measures as essential, not optional, project components.

The Campus Plan discusses sustainability issues at a strategic, high level, and focuses primarily on how these issues apply to the physical campus. Furthermore, the plan acknowledges that additional policy tools to support sustainable thinking and actions in much greater detail are forthcoming in the anticipated update to the Twin Cities Climate Action Plan and Twin Cities Utilities Energy Master Plan. More explanation of the objectives of each planning effort is provided below.

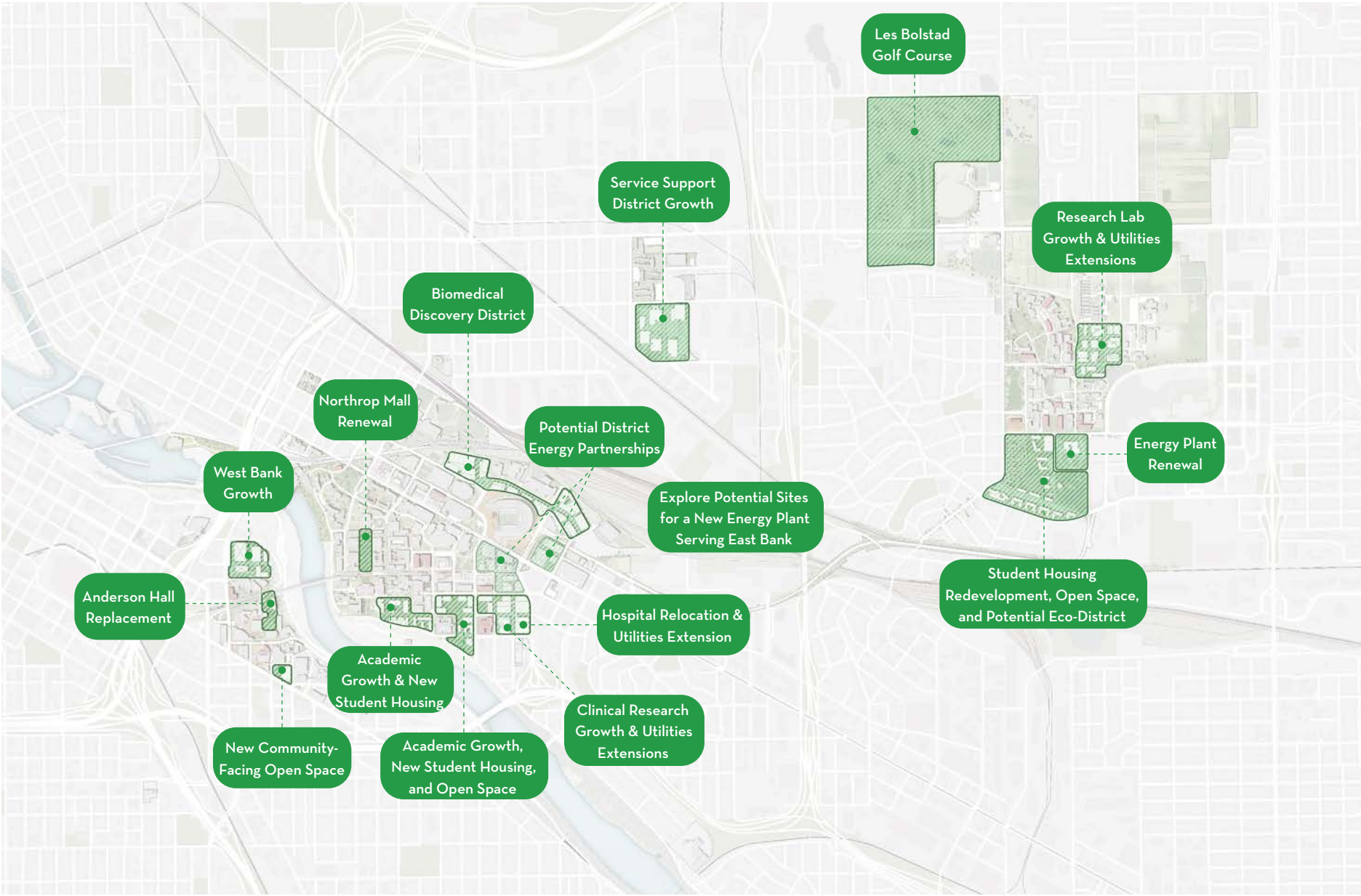
For the purpose of preliminary guidance, this sustainability framework discusses urban development and redevelopment; management of natural resources including stormwater, land cover, and air quality; and mobility through the lens of net-zero emissions goals consistent with the University's signature in 2008 of the American College and University Presidents' Second Nature Climate Commitment and with MPact 2025.

The Campus Plan, the Climate Action Plan, and the Utilities Energy Master Plan

This Campus Plan envisions both reinvestment in the existing campus and growth in new areas. It recommends types of activity and intensity of use, defines areas that will remain as open spaces and corridors, and guides decisions about managing campus design, construction, and impacts to existing resource systems.

The Climate Action Plan will affirm specific sustainability goals and identify strategies so that the University may achieve its commitment as described in the 2011 Climate Action Plan.

The Utilities Energy Master Plan will provide a detailed analysis of anticipated future energy demand compared with existing capacities and will recommend options for future infrastructure systems and energy sources to support campus operations while meeting the Climate Action Plan's commitments.



Opportunities for Sustainable Interventions – Areas of major anticipated campus growth or renewal present opportunities to implement district strategies, functional landscapes, renewable energy sources, and new generating facilities to meet campus energy demands. These will be explored in a forthcoming Utilities Energy Master Plan and a Climate Action Plan.

Climate Action Planning

The third commitment of MPact 2025, known as "MNtersections", establishes the goal of building a fully sustainable future, which has been a longstanding aim of the University. The Campus Plan supports this commitment and includes recommendations to inform the forthcoming update of the Twin Cities Climate Action Plan.

The scope of the Climate Action Plan will consider the University's comprehensive efforts – from design and operations of buildings, to energy supply and use patterns, to commuting patterns of University employees and students, to the nature and performance of the University's vehicle fleet. It will address actions at multiple scales and the result will produce two fundamental components:

1. priorities and principles for reducing greenhouse gas emissions, including specific targets based on climate science and multi-factor modeling analysis; and,
2. strategies to achieve reduced emissions goals that rely on adaptive and resilient actions (capital, operations, mission activity).

Climate action planning is grounded in stakeholder engagement, reliance on climate science, and engineering design and operations thinking. It is guided by the values and principles of the institution and will direct a multitude of investments and activities as the plan is developed and presented for approval. With the direction of MPact 2025, the established alignment between the Campus Plan and the Climate Action Plan links these future-thinking efforts of the Twin Cities campus to the University's Systemwide Strategic Plan.

Energy Planning

As awareness grows of the urgency surrounding climate change impacts, institutions of the scale and longevity of the University have a massive challenge of changing their complex energy sources and utilities systems. The traditional model of sourcing energy to optimize first capital cost savings and convenient access – typically focused on building power plants on the outskirts of primary campus activities and feeding buildings developed over time – is not viable given the climate commitments needed for a resilient future. While this is the legacy of the Twin Cities campus and will continue to be part of the future given the scale of these facilities, one of the more significant changes for the future of energy planning is to require that each building, site, and system achieve better performance targets and begin to contribute to net-zero carbon emissions goals.

To do this, capital project budgets must be defined to accommodate the full cost of such investments. This is an important addition to past practices and must be integrated in the earliest stages of project scoping.

The Utilities Energy Master Plan will use the campus growth envisioned in this Campus Plan and the commitments and targets in the updated Climate Action Plan as a basis to model future energy demand, explore potential new energy sources and generating facilities, expand utilities districts, and invest in infrastructure corridors and other distribution networks. The plan will also consider factors including life-cycle, first-cost economics, and land use impacts and aesthetics.

The Utilities Energy Master Plan will consider an adaptive and flexible approach to producing and consuming energy, including potential renewable sources such as solar PV, geothermal, thermal storage and waste heat recovery. The plan may include a series of centralized generation plants, and smaller scale sources and systems that support individual buildings or clusters of buildings. This combined approach will allow for the adaptive use of emergent technologies. Also, given the age, low adaptability, and capacity limitations of existing conditions in buildings, plants, and distribution networks -- as well as the sheer scale and complexity of this transformation – this approach can help the University achieve its performance, conservation, and financial targets.

Development and Redevelopment

The Campus Plan envisions significant reinvestment in existing buildings in the campus cores. However, when campus needs cannot be accommodated through renovation, critical decisions about growth must consider resilience and mitigation, land use impacts, and the capacities of supporting utilities and infrastructure (energy, water, waste, vegetation, etc.). Some of the University's energy and utilities systems are currently at capacity under existing conditions, so growth will require significant investment in expanded and/or new systems. As projects are implemented at the site and district scale, scoping and budgets must consider not only proposed buildings and sites, but also supporting energy and utility infrastructures. The Utilities Energy Master Plan will consider this in greater detail.

As hybrid models of campus use take root, whether for teaching and learning, research, or service, it may be possible to slow the rate of new development by shifting how and where such activities occur, and focus capital investment on demolition and redevelopment of existing land and infrastructure in the campus cores. This is reinforced on the Twin Cities campus by the land cost associated with development, which has climbed significantly in recent years, especially around East Bank.

Another consideration when planning for a sustainable future campus is to balance energy demand sources through "ceilings" – or, an institutional energy budget – for demand as decisions are made about siting and servicing campus growth through redevelopment of existing facilities. Campus buildings with high energy use intensity ratings (EUI) typically are research labs, clinical spaces, and hospitals, all of which feature prominently in the Campus Plan. Clusters of buildings with high EUIs such as these will drive acute demand and, in some cases, mandate costly energy infrastructure. Recognizing the benefits of adjacency and interactions between researchers, providers, and patients, the mix and balance of high through low energy demand uses within a proximate set of blocks may be crucial to climate resilience for the Twin Cities, particularly on the East Bank.

Natural Resources

As a large urban campus adjacent to one of the world's great river corridors, the Mississippi River, UMTC holds an equally great responsibility to steward natural resources as campus development and operations intensify.

Water

UMTC will continue to manage water resources through strategies that integrate water conservation measures in capital projects and operations, preserve surface water quality, protect groundwater from contamination or over-use, and implement water re-use systems. Domestic (potable) water is supplied to the Minneapolis campus by the City of Minneapolis, which draws from the Mississippi River, while the St. Paul campus is supplied by a University-owned groundwater well. To increase resiliency, investment is needed to build out the water distribution system in St. Paul, especially as the partnership research district is developed. The Utilities Energy Master Plan will explore water management goals and strategies in greater detail.

Stormwater

The University must build and maintain stormwater management infrastructure and vegetation on campus as a requirement of federal and state laws and regulations (e.g. the Buildings, Benchmarks, and Beyond Program (B3) and the Municipal Separate Storm Sewer System). Such investments contribute to a more resilient future as the campus is anticipated to experience appreciably warmer temperatures and more frequent heavy rainfall events.

Much of the stormwater infrastructure on Twin Cities is below ground, and includes sewer pipes and other facilities that slow, store, and re-use stormwater runoff. There are several recognizable and valued

surface stormwater features as well, particularly on East Bank and St Paul. For some locations, such as at the Sarita Wetland in St Paul, increased storm events and underserved conditions may require a remedy that would commit additional land to managing water quantity and quality at peak events.

At other locations on the Twin Cities campus, a deliberate and intentional approach to integrating design and construction with other redevelopment goals has already brought improvements to managing surface water, while also improving the quality and appeal of the campus's public realm and specific open spaces. The Twin Cities campus has developed a variety of innovative and multi-purpose landscapes that incorporate stormwater management and provide functional and aesthetic value.

Finally, the impact that campus development and operation can have on natural resource systems is further managed through capital project scopes, in adherence to the requirements of SB2030, the State of Minnesota's standard for building design and construction which addresses siting, massing, site impacts, and energy use.

Land Cover

Monitoring change to land cover across the Twin Cities campus can indicate the capacity of the campus to maintain resilience over time. Impervious (paved) surfaces contribute to heat-island effect and stormwater management challenges. Heat island can increase urban temperatures several degrees above the less developed areas around them, and can affect campus communities by increasing summertime peak energy demand, air conditioning costs, air pollution and greenhouse gas emissions, heat-related illnesses and mortality, and water quality. In recent years, capital projects have increasingly sought to minimize impervious areas by design, a strategy that will continue in areas of major campus renewal and growth such as the West Bank, the Health Sciences district on the East Bank, and the partnership Innovation District at the St. Paul campus.

Additionally, campus plantings must go beyond aesthetic appeal to function as regenerative landscapes that sequester carbon, mitigate heat island effect, and help manage stormwater runoff. The resulting maintenance of these plantings must not increase greenhouse gas emissions or create disproportionate operational costs. The Campus Plan identifies opportunities to protect and expand existing planted and natural landscapes, particularly areas of tree canopy, and continues to support resilient, regionally, and historically appropriate plantings in areas such as the Knoll, Northrop Mall, Commonwealth Terrace Cooperative, and the Les Bolstad Golf Course opportunity site.

Air Quality

Air emissions from buildings, generators, and other sources are permitted and regulated by the State of Minnesota. As campus buildings are replaced or renewed in accordance to SB2030 guidelines, and as major capital investments are made in alternative energy sources, net emissions will continue to decrease. Vehicle emissions also are a major source of air quality issues for the urban campus, so the University will continue to invest in infrastructure and programs that encourage individual decisions to use lower-impact transportation options.

Mobility

Continued investment in multi-modal transportation infrastructure will help offset transportation-related emissions. To decrease reliance on single-occupancy auto use, the recommendations of the Campus Plan recommends continued investment to expand the network of accessible pathways, safe year-round bicycle facilities, and appealing transit options.

Familiar mobility modes, such as transit (regional or campus-based), ridesharing (carpooling and vanpooling), taxicabs, and rental car fleets will remain important components of our campus's transportation systems. Additionally, emerging shared mobility services will be important as the Twin Cities campus seeks to increase local transportation options, mitigate greenhouse gas emissions, and reduce congestion. In recent years, changes in use of mobile technologies have led to a proliferation of shared mobility services that complement or compete with more traditional services. Shared mobility services most viable for Twin Cities includes shuttle services, bikesharing and scooter-sharing, carsharing, and ridesourcing (i.e. ride-hailing, e-hailing, and transportation network companies). Though shared mobility services could contribute to reduced demand for surface parking over time, they will require land area for staging and use of University roadways to serve clients. Close study of parking supply and demand, and an adaptive curb-management policy, will be important to ongoing efforts that seek to rebalance mobility-related land uses.

Mobility hubs support connections among transportation modes by creating convenient places where users can access scooters, ride-sharing services, and other modes. The Campus Plan recommends the integration of mobility hubs as campus renewal and development occurs. The mobility hub diagram in the Mobility Framework of the Campus Plan is conceptual and suggests several potential locations, scales, and mode mixes for further exploration in coordination with the City of Minneapolis, Metro Transit, and other partners.

Districts 6

Introduction

The Campus Plan establishes the planning and urban design vision for the Twin Cities campus. The vision for each site responds to existing conditions, programmatic needs, and the Big Ideas with the goal of contributing to a more inclusive, welcoming, and engaging environment for an increasingly diverse population.

This chapter describes the comprehensive vision for each geographic location.

West Bank

The West Bank is the location of the University's third Minneapolis campus expansion – following the Old Campus District and Northrop Mall – whose form and aesthetics were defined by enrollment growth and the programmatic needs of the 1960s.

Initial land acquisition began in the mid-1950s with construction on the current West Bank beginning in the early 1960's. Development continued following the construction of the current Washington Avenue SE Bridge in 1965-67. The bridge features two levels of circulation: the lower level is dedicated to vehicular and light rail, and the upper level is dedicated to bike circulation and pedestrian circulation, including an enclosed "corridor" extending the full length of the bridge. The University of Minnesota is the only major university to "bridge" the Mississippi River.

This two-level configuration informed the layout and development of the West Bank. The two halves of the West Bank divided by Washington Avenue SE are connected by an elevated plaza and a skyway. Considerable areas of occupied space are below the upper plaza connecting the buildings, which drives continued needs to repair water infiltration problems and to replace deteriorated paving materials.

Planning for the West Bank reflects the modernist planning principles and architecture of the time. The outcome is a campus defined by clustered modernist buildings, weather-protected circulation and limited vehicular access. Today, the West Bank, and many of its major structures, are a unique resource indicative of campus planning and design of the 1960s and 1970s. The initial academic programs located on West Bank include the social sciences, professional schools, liberal arts, and fine and studio arts.

The West Bank Context

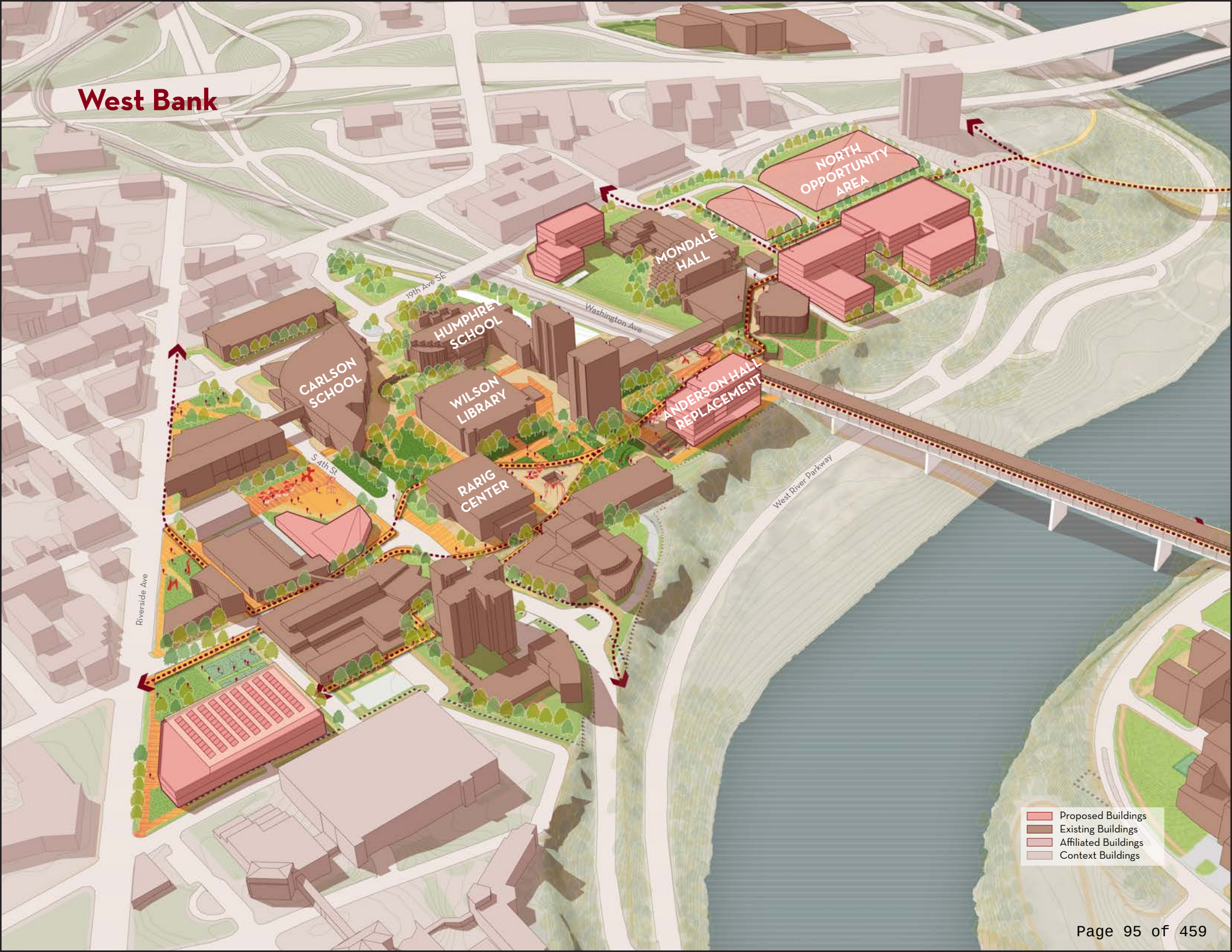
The West Bank development pattern focuses on connected buildings, integrated hardscape and landscaped open spaces, and paths oriented towards the Washington Avenue Bridge, the Cedar-Riverside neighborhood along 19th Avenue South on the West, and Riverside Avenue on the south. Adjacent land uses include the Cedar-Riverside high-rise housing complex to the west, Augsburg University to the south, and University of Minnesota Medical Center - West Bank Campus to the east (affiliated with but not owned by the University).

Vision

The Campus Plan calls for the renewal of select West Bank buildings and the public realm while respecting the modernist planning and design principles that define its character and image. The intent is to renew and enhance the West Bank in support of the campus experience and to support the needs of the academic and research programs in the social sciences, the professional schools and the arts. This includes introducing elements of the arts throughout the West Bank. With top ranked professional programs and arts, the vision is to create an environment that puts more of the activities on display making a center for Law, Management and Public Affairs to assemble for cross-disciplinary events and activities.

The Rarig Center, West Bank

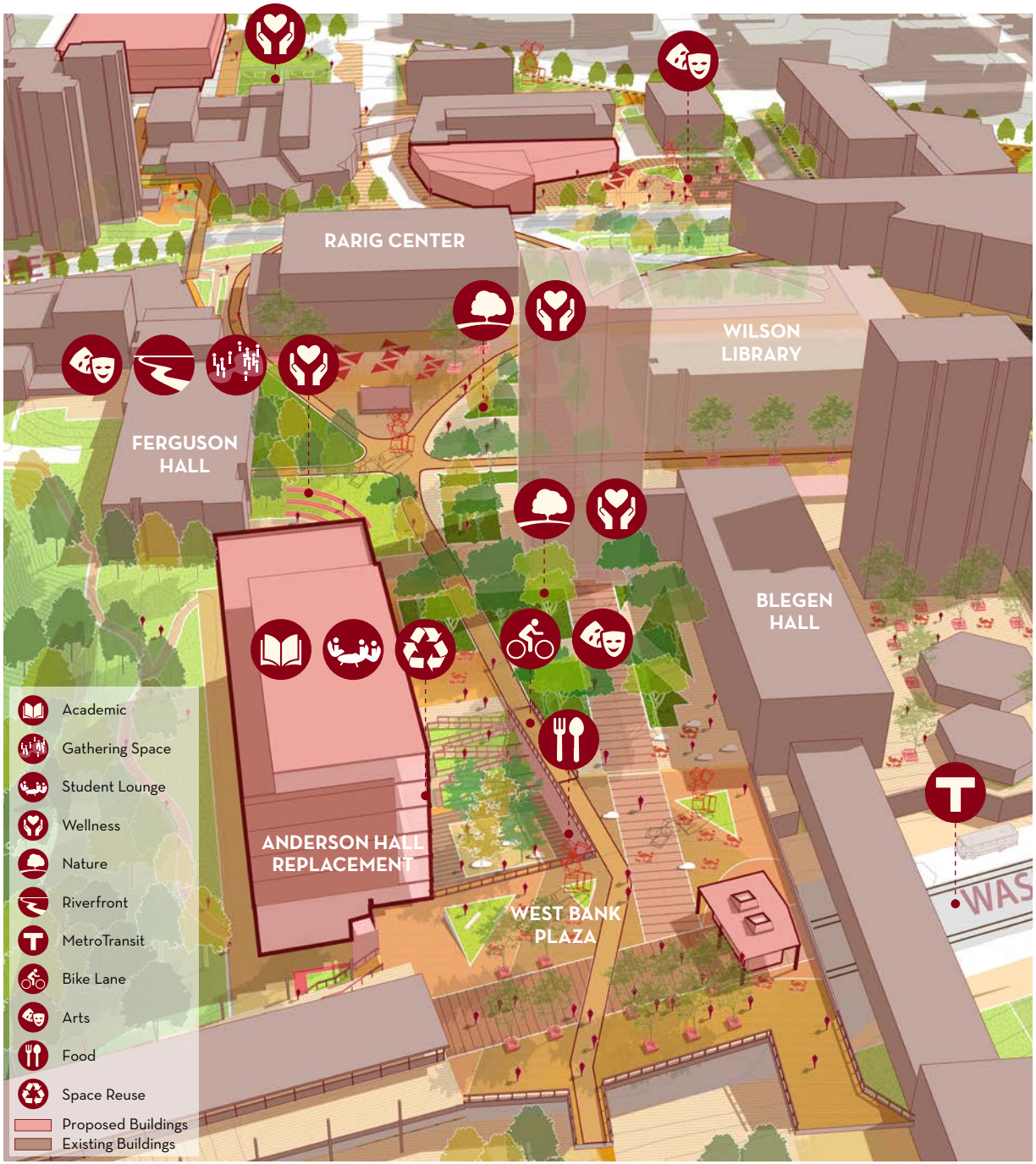
West Bank


NORTH OPPORTUNITY AREA
MONDALE HALL
19th Ave SE
Washington Ave
HUMPHREY SCHOOL
CARLSON SCHOOL
WILSON LIBRARY
ANDERSON HALL REPLACEMENT
S 4th St
RARIG CENTER
West River Parkway
Riverside Ave
Proposed Buildings
Existing Buildings
Affiliated Buildings
Context Buildings

Buildings and Renovation

The Campus Plan calls for the renewal of major buildings on the West Bank with a focus on improving the overall campus experience, with a special emphasis on accessibility, accommodating existing and emerging programmatic needs, and improving energy efficiency. Of the earliest buildings, the following are the focus of renovation and renewal:

- **Wilson Library (1967) –** Plans to introduce transparency along the plaza-level facades can reveal proposed collaboration, study, and lounge spaces. The idea is to reinforce this facility as a new center of for study, collaboration, gathering, and scholarship, while looking for opportunities to renew the library in line with contemporary needs.
- **Anderson Hall (1967) –** This building has been identified for demolition and replacement given its condition and inflexible classroom layout. The vision is to replace Anderson Hall with a new hub for classrooms and campus life, designed to respond to the opportunities of this prominent gateway site. It is analogous to Bruininks Hall on East Bank. Located at the head of the Washington Avenue Bridge, the vision is to construct a new building that integrates the plaza and ground levels and creates a new social and amenity hub. At the ground level, a lower plaza is proposed at the transit stop on Washington Avenue SE. The idea is to bring light, sun, and air into the amenity spaces of the "transit hub" at the lower level where students wait for transit services, and to bring light into the lower levels of the new Anderson Hall. As proposed by the Minneapolis Park and Recreation Board, a stairway or ramp connection leading down the slope to West River Parkway may be considered.

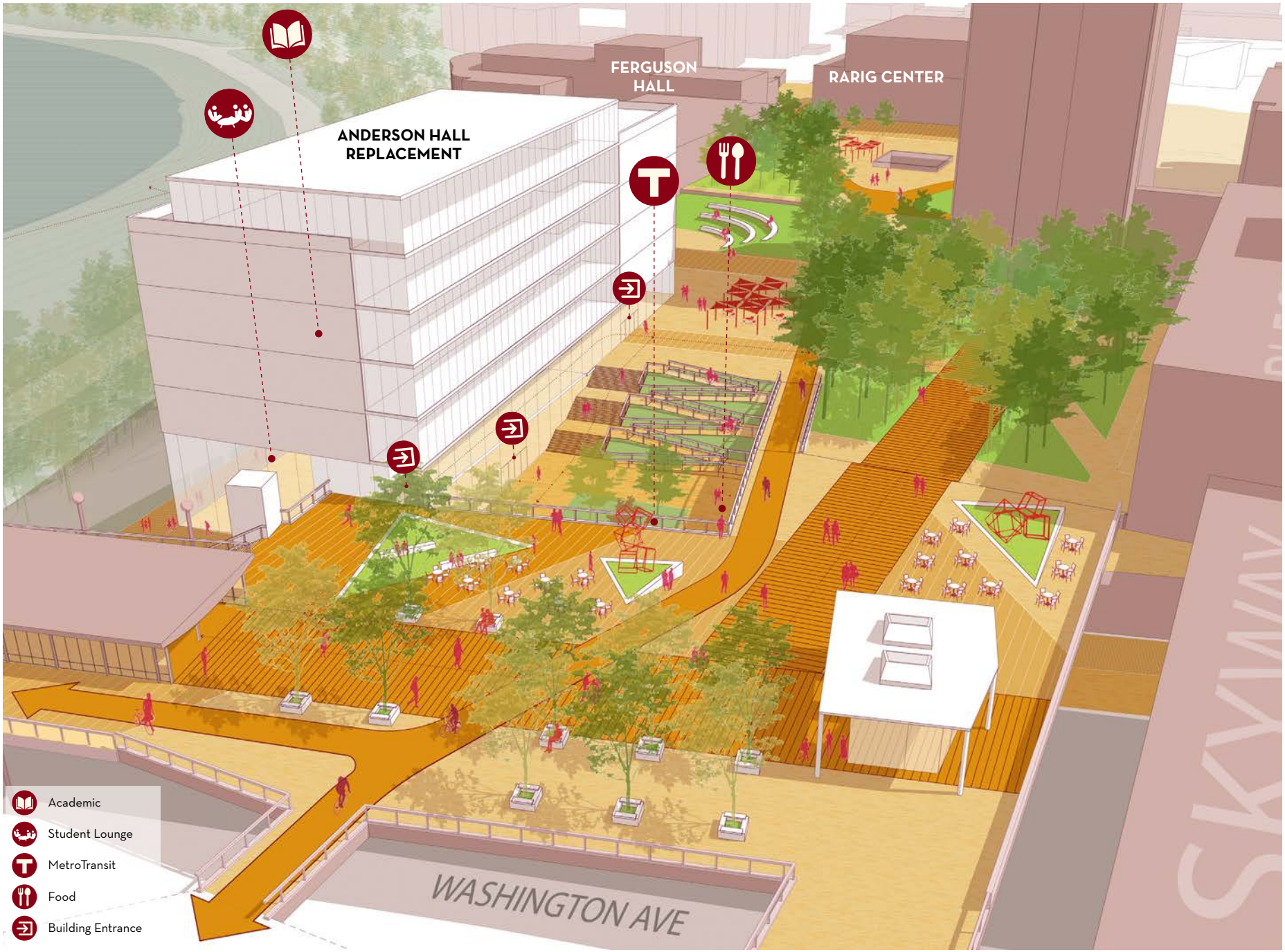


West Bank – Aerial view of renewed West Bank Plaza and Anderson Hall, looking south towards the Rarig Center.

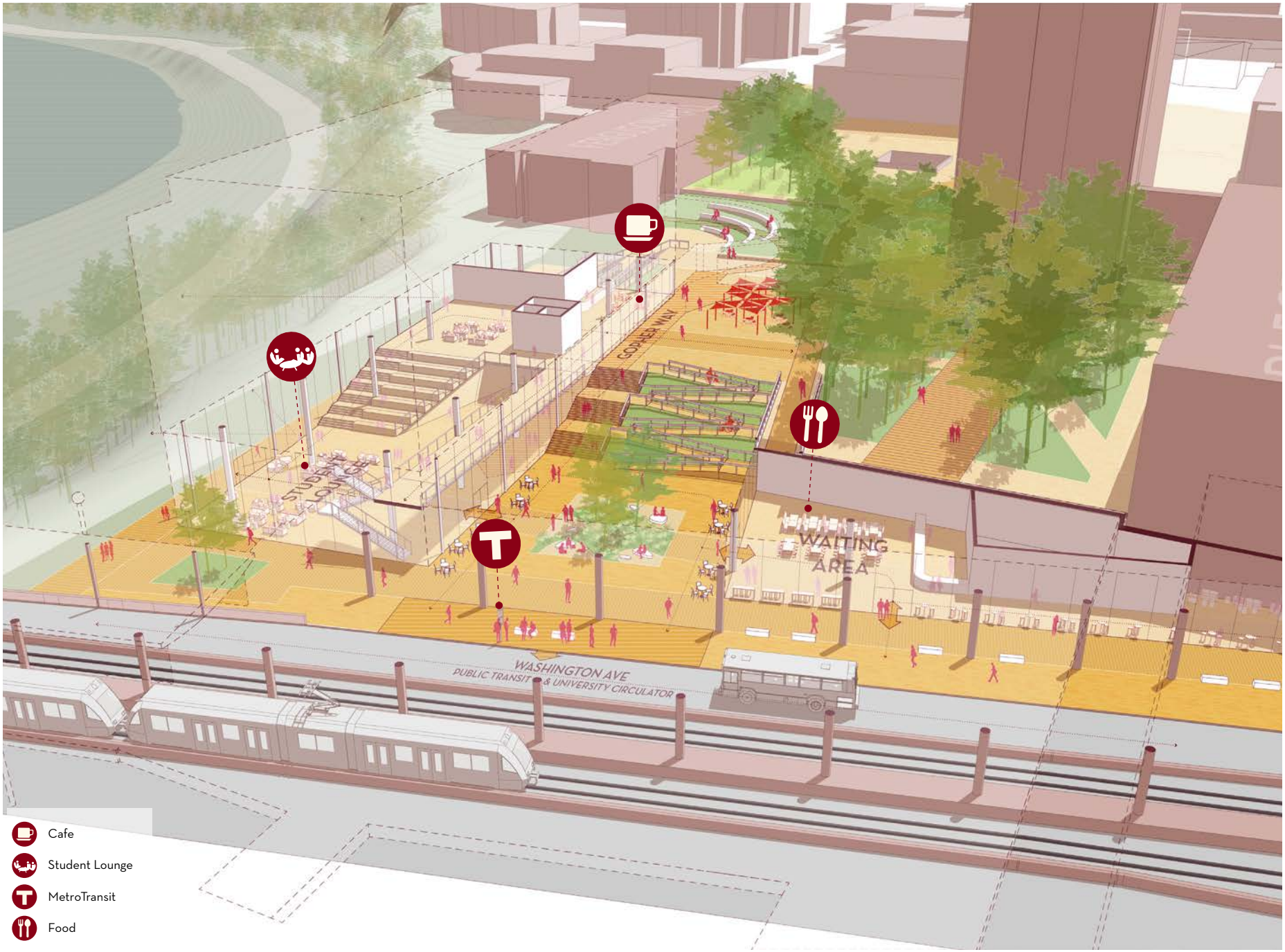
Proposed features of a new Anderson Hall include:

- Ground level plaza that permits sunlight and air to reach the ground level transit hub on Washington Avenue SE;
- A reduction in the amount of space provided under the plaza level with the goal of limiting the total level of plaza and the waterproofing issues with plaza construction;
- A double height ground floor social, collaboration and amenity spaces linking to associated spaces at the plaza level – a new commons for West Bank potentially including elements of a winter garden;
- A transit hub coordinated with the social, collaboration an amenity commons with the goal of enhancing and improving the transit experience by providing indoor waiting areas, amenity and a reception/departure point for students;
- An accessible external ramping system and landscape gathering space to connect the ground and plaza levels;
- Limit the amount of plaza area in favor of more ground level outdoor space that can be landscaped, notably with trees;
- Meeting space on the top floor of the building offering views of East Bank, the river and downtown Minneapolis; and,
- State-of-the-art classrooms and meeting spaces permitting flexible room configurations and flexible use of technology.

West Bank – A key diagram of proposed and potential locations for renewal or renovation.



West Bank - Plaza Level



West Bank - Lower Level


UNIVERSITY OF MINNESOTA

Existing Conditions

Potential Anderson Hall Replacement and Plaza Improvements

Public Realm and Landscape

The West Bank public realm and landscape occurs at the plaza level with extensive areas of occupied space beneath the plaza. To identify ideal ways of moving through West Bank, and to provide connections to Riverside Ave and the adjacent M Health Fairview University of Minnesota Medical Center - West Bank, plaza accessibility, pedestrian and bike routes, and service/emergency routes will require a rejuvenation plan to coordinate landscape and circulation improvements.

Connections to future development opportunities north of the Law School are also needed. The Campus Plan recommends an implementation effort to detail a plan and strategy to restore the ground-floor levels of West Bank Plaza. The ongoing effort to renew the plaza should identify ways to improve the campus experience and create a more welcoming and inclusive campus for the University community and adjacent communities. The recommendation for a detailed study is based on the architectural approach required to coordinate facility needs and to redesign the public realm.

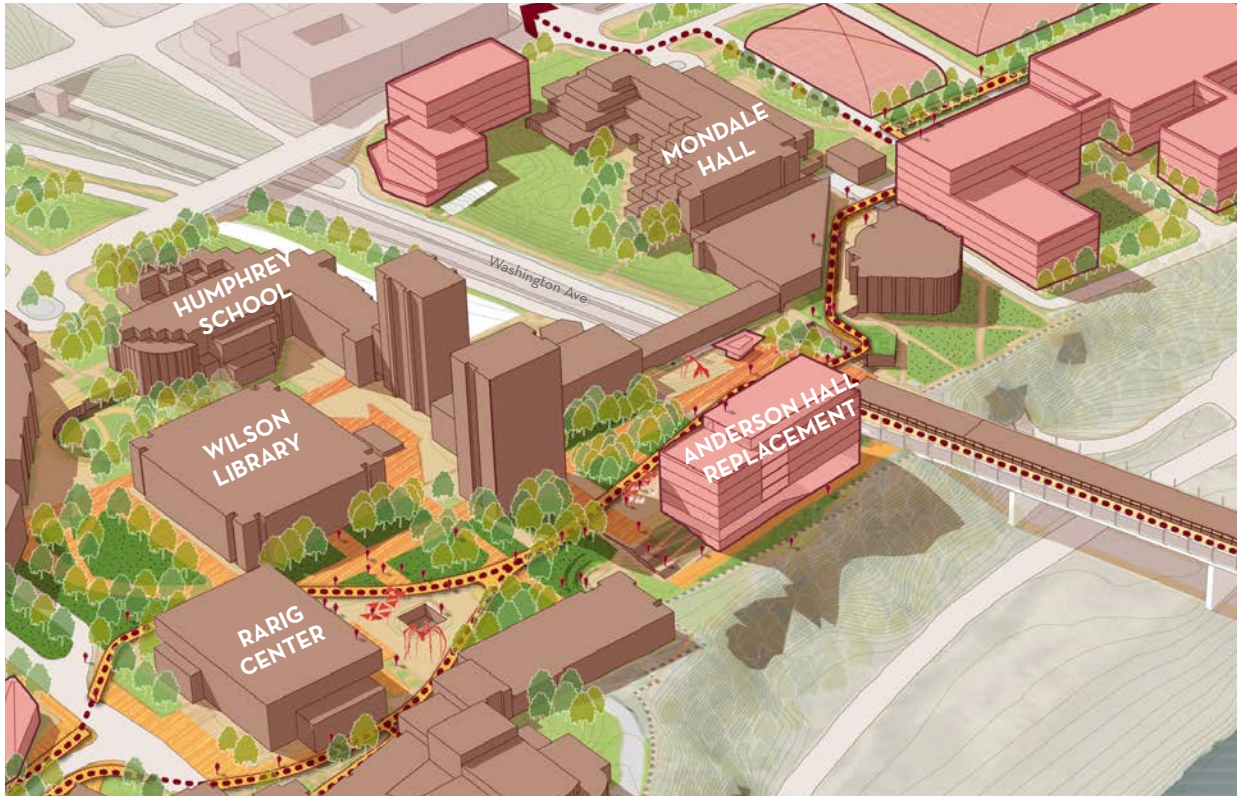
West Bank Plaza Principles

- Minimize the amount of hardscape by introducing sunken plazas/light wells and sunken landscapes where possible.
- Introduce light wells to improve conditions on the ground level and to provide visual and physical connections between the plaza and ground level.
- Programming space and visual interest on the plaza.
- Design for winter conditions taking into consideration wind, solar access, etc.
- Utilize universal design principles to ensure equitable access and connectivity.
- Respect the structural grid of the plaza.
- Plan for emergency access, circulation and accessibility.
- Introduce sculpture, public art and other elements that contribute to the Arts Quarter character and image.

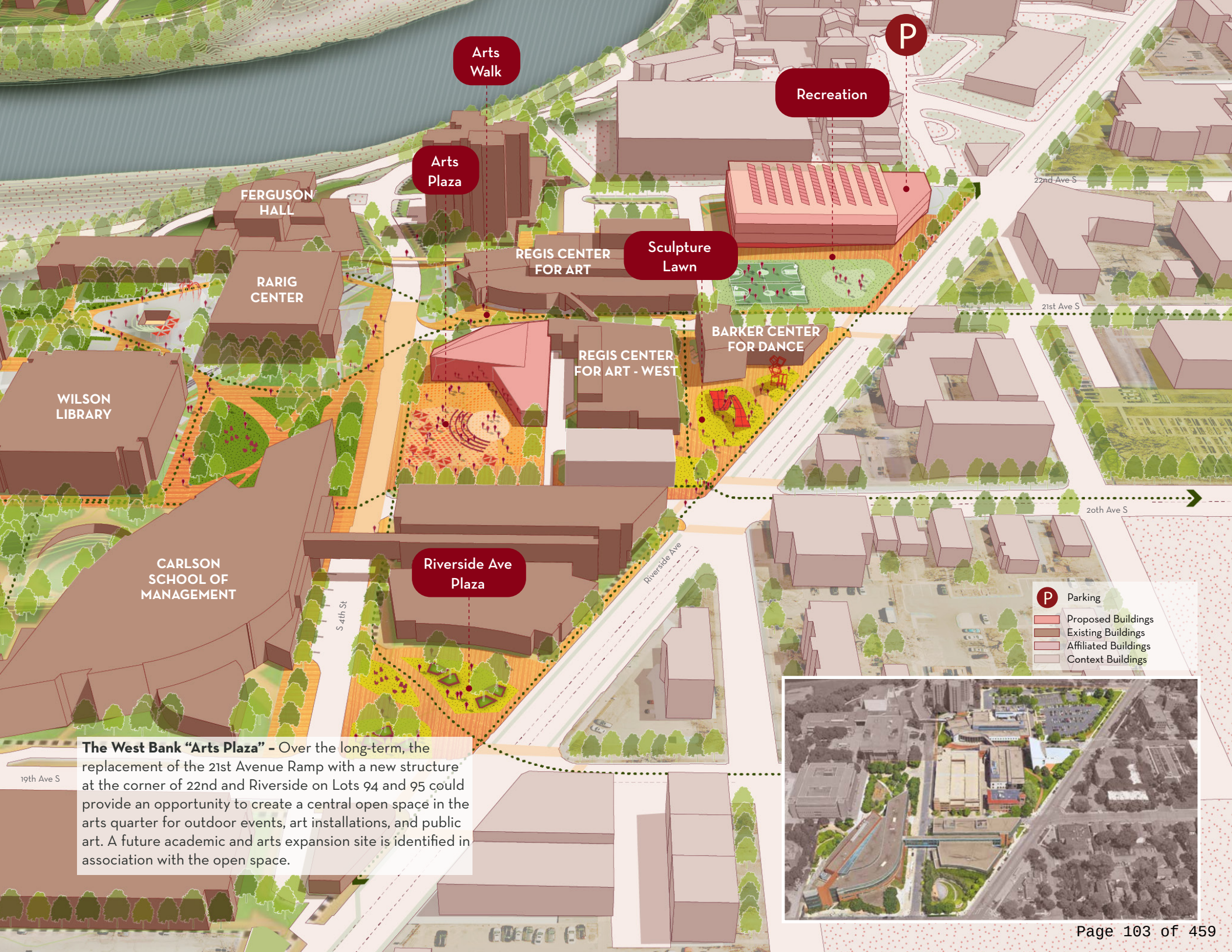
Future Development Opportunities

While no current programmatic needs justify an expansion, a site for future growth is identified north of the Law School (Walter F. Mondale Hall). Expansion here should advance the public realm connectivity goals set out in the plan, including an accessible connection from the plaza level at Mondale Hall to the ground level and onward to connect with the existing east-west pathway and bike route on Bridge 9. To that end, extension of the pathways and bike lanes is recommended. Future uses could include recreation fields and "bubbles", future academic buildings and parking garages.

In the near future, recreational uses, the existing solar panels, and ongoing remediation of geotechnical conditions will continue.



West Bank – Public Realm



The West Bank "Arts Plaza" – Over the long-term, the replacement of the 21st Avenue Ramp with a new structure at the corner of 22nd and Riverside on Lots 94 and 95 could provide an opportunity to create a central open space in the arts quarter for outdoor events, art installations, and public art. A future academic and arts expansion site is identified in association with the open space.

The Washington Ave Bridge – A 2018 design study explored improvements to the railing and enclosure of the bridge as a response to safety concerns. The bridge itself is not owned by the University, thus the implementation of approved improvements will require partnership and coordination with Hennepin County, and other agencies.


MINNESOTA

East Bank

The vision for East Bank builds upon the iconic and memorable assembly of buildings and landscapes that shape the Knoll and Northrop Mall. It calls for the renewal and reinvestment in these historic areas to create a more inclusive campus, enhance the student experience, engage the Mississippi River and improve mobility while addressing a range of deferred maintenance and operational issues. The vision also provides guidance for the most significant renewal of the Twin Cities campus in over 50 years. Restoration of the city grid in the southeast corner of the campus establishes the context for the renewal of the Health Sciences, a new Hospital and undergraduate housing. It also aligns plans for the campus with private sector and partnership developments emerging adjacent to campus.


University Ave.
Pleasant St. SE
Washington Ave.
Delaware Street
Fulton St.
East River Pkwy.
Proposed Buildings
Existing Buildings
Affiliated Buildings
Context Buildings

East Bank – A key diagram of proposed and potential locations for renewal or renovation.

The Knoll

The origins of the East Bank can be traced to the Knoll, a picturesque area defined by curving paths, high canopy trees and a range of historic buildings. Planned in 1892 by H.W.S. Cleveland, collectively the Knoll landscape and historic buildings form the Old Campus Historic District. Warren H. Manning's later plan reoriented the campus by linking the Knoll to the Mississippi River via the East River Road.

The Knoll is the namesake of the central open space framed by several buildings on the National Register of Historic Places (NHRP) or buildings eligible for NHRP listing. Together, the Knoll landscape and the contributing buildings define the Old Campus Historic District, the original campus for the University of Minnesota.

NHRP Listed Buildings in the Knoll include:

- Eddy Hall, 1886
- Pillsbury Hall, 1889
- Pattee Hall, 1889
- Nicholson Hall, 1890
- Wulling Hall, 1892
- Burton Hall, 1894
- Armory, 1896
- Jones Hall, 1901
- Child Development, 1903
- Shevlin Hall, 1906
- Folwell Hall, 1907

Vision

The vision for the Knoll protects and enhances the public realm in ways that contribute to the character and quality of this most historic of campus districts. The goal is to maintain and improve upon the positive qualities of the landscape while stewarding the relationship between character-defining landscape and NRHP listed buildings as important cultural resources.

Given the historic significance and beauty of the Knoll landscape, the Campus Plan calls for the enhancement of the existing character, building upon the recent investments in Pillsbury Drive and East River Road streetscapes.

The existing historic buildings of the Knoll are maintained and enhanced in the Campus Plan. Demolition is proposed for three non-contributing buildings, Peik Hall, Peik Gym and Williamson Hall. Each building is newer than the buildings that form the heart of the Old Campus Historic District. For that reason, combined with their general condition and character, they are proposed for demolition.

Following the proposed demolition of Peik Gym, a mobility hub could take its place, facilitating entry and exit of the campus from this location.

Jones-Folwell Quad

The demolition of Williamson Hall allows for the renewal of the existing quadrangle defined by contributing historic buildings including 10 Church Street, Folwell, Jones and the Nolte Center. The idea is to enhance the quadrangle with additional landscape and to introduce a new pavilion designed as a mobility hub to accept deliveries and connect with the Gopher Way system currently accessed through Williamson Hall. The pavilion will include elevators for both passenger and freight access to the Gopher Way and could serve as a mobility hub featuring a bike share location and pick-up and drop-off zones for transportation network companies.

More study is needed to understand the need, scale and mix of modes at this potential mobility hub. It will be a design challenge to balance among multiple concerns: access for multiple modes, the safety and comfort of all users, and the historic character of this part of campus. Existing uses in Williamson Hall that would be displaced by demolition include Admissions and significant temporary swing space that supports building renovations across campus. New space must be identified for these critical uses.

Jones-Folwell Quad - Existing Conditions

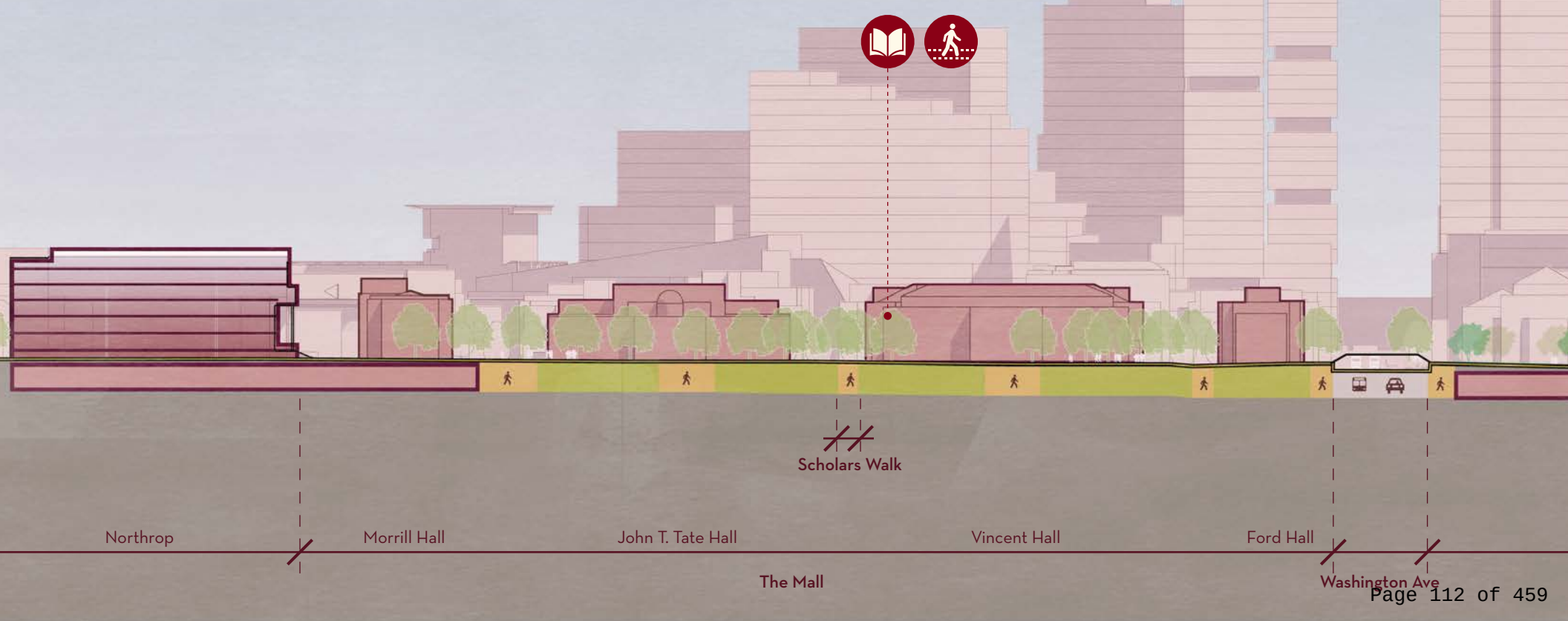
Jones-Folwell Quad

When Williamson Hall is demolished, connections to the Gopher Way should be maintained to support continued public access and service uses.

Northrop Mall

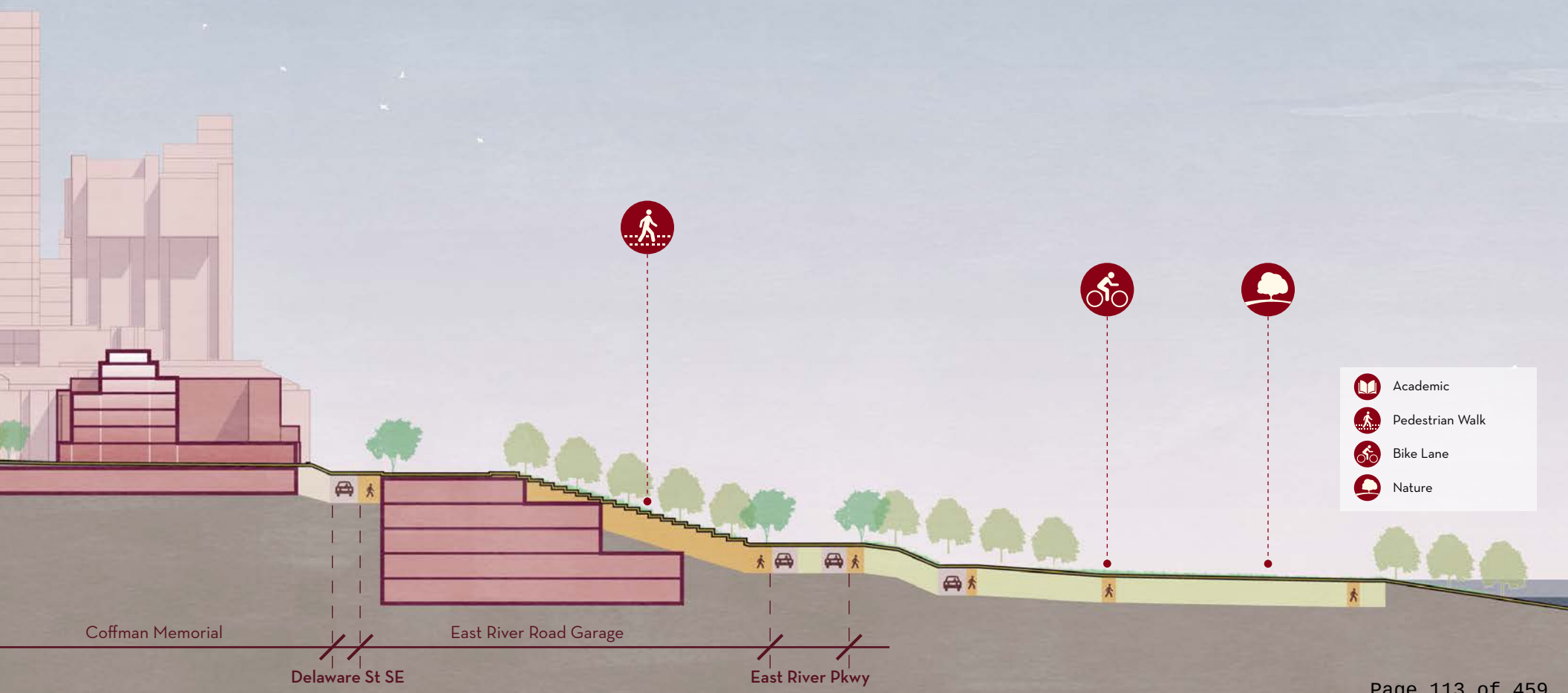
Northrop Mall is the iconic and memorable open space of the East Bank and the symbolic center of the Twin Cities campus. It is the center of the campus experience for many students, staff and faculty. The Mall and the surrounding district are also the center of academic and research activities in the College of Science and Engineering, the College of Liberal Arts, and the College of Design. The campus and student life experience are supported by the Coffman Memorial Union, cultural facilities such as the Weisman Art Museum and Northrop Auditorium, student affairs services in Bruininks and Appleby Halls, and student housing in Comstock and Yudoff Halls.

Section through Northrop Mall



Vision

Northrop Mall is reinforced as the iconic heart of the East Bank in the Campus Plan. Emphasis is placed on stewardship and renewal of the existing historic buildings and landscape. By reinvesting in the core, the goal is to address major deferred maintenance issues while renewing the iconic landscape and structures, and addressing existing and future programmatic needs. Strategies for renewal of the Mall focus on the strategic commitment to creating a more inclusive and welcoming campus, enhancing the student experience and on equitable access.



Historic Buildings and Districts

Northrop Mall extends from Northrop Auditorium on the north to Coffman Memorial Union and the grand stairs leading to East River Road Parkway on the south. Imagined in the Beaux-Arts, or "City Beautiful" tradition, by Cass Gilbert, the vision for the Mall has guided campus development for over 100 years. Realization of the Mall began in 1910 with the construction of Smith Hall, designed by Clarence Johnston Sr., the Minnesota State Architect from 1901-1931. Johnston subsequently designed several other buildings, establishing the architectural and design character that define the Mall today.

Johnston's buildings in Northrop Mall include:

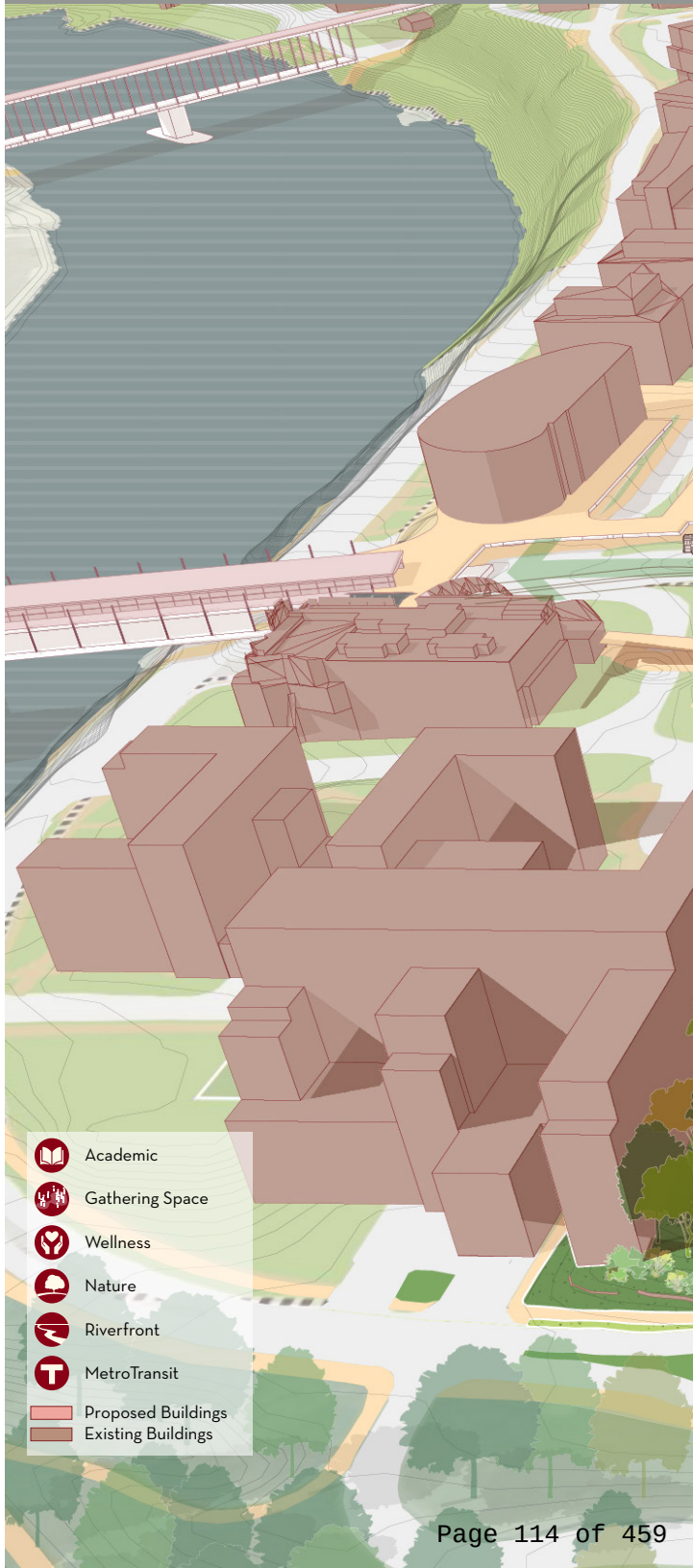
- Northrop Auditorium
- Morrill Hall
- Johnston Hall
- Tate Hall *(renovated 2019)*
- Walter Library *(renovated 2002)*
- Smith Hall
- Vincent Hall
- Lind Hall
- Mines Experiment Station (Education Sciences Building)
- U of M Field House - Williams
- Folwell Hall *(renovated 2010-2011)*
- Appleby Hall

Today, the Mall and surrounding context is designated as the Northrop Mall Historic District and includes the buildings that define the Mall itself as well as buildings along Pleasant Street to the west and Church Street to the east. Designation of the Historic District occurred in 2006.

The NHRP Buildings in the Northrop Mall District include:

- Northrop Auditorium
- Morrill Hall
- Johnston Hall
- Walter Library
- Smith Hall
- Ford Hall
- Appleby Hall
- Fraser Hall
- Tate Hall
- Vincent / Murphy Hall
- Lind Hall
- Kolthoff Hall
- Lind Hall
- Mechanical Engineering
- Keller Hall
- Akerman Hall

The plan does not fully address campus development issues related to cultural resources. As projects are considered that would impact historic buildings or districts, consideration must be given to maintaining the integrity of such resources while also meeting current and future needs for pedagogy, operations, accessibility and other factors.




NORTHROP
FRASER HALL
WALTER LIBRARY
MORRILL HALL
TATE HALL
SMITH HALL
SCHOLARS WALK
VINCENT HALL & MURPHY HALL
KOLTHOFF HALL
FORD HALL
WASHINGTON AVENUE
COFFMAN MEMORIAL UNION
HASSELMO HALL
CHURCH STREET

Building Renewal and Construction

In support of the Big Ideas to "Reinvest in the Core", continued renewal and renovation for the buildings in the Northrop Mall District will address the critical deferred maintenance issues in the core while renewing iconic and historic buildings.

While continued investment is proposed for all core buildings, the following facilities are identified for transformative change:

- **Fraser Hall –** renovation to provide undergraduate chemistry teaching labs.
- **Smith Hall –** renovation to address the deferred maintenance issues of the building while updating the labs and learning environments for contemporary needs.
- **Morrill Hall –** given the central location of this administrative building, the Campus Plan calls for the renovation of the building to accommodate student-facing services, amenities and collaboration environments. Specific uses will be the subject of future programming tasks.
- **Appleby Hall –** renovation to support student services and affinity group activities.
- **Coffman Memorial Union –** the Coffman Memorial Union is the focus of a future renovation designed to update the building to meet the needs of today and emerging needs of tomorrow. The goal is to respect the architectural character and integrity of the building while creating a more inclusive and welcoming center for an increasingly diverse population. Recommendations include a new ramp on the east side of the building designed to connect the front lawn level of the building with Delaware Street located south of the building. This requires a plaza extension and a new accessible ramping system over the existing loading dock of the building. This new accessible route is part of the Twin Cities campus strategy to create an equitable access to all areas of campus.

Other changes to the building include the idea of connecting the lower space bookstore directly with the transit stop on Washington Avenue SE thereby providing a more direct connection to transit services and improving the user experience.

- **Washington Avenue Ramp –** over the long-term, the Washington Avenue Ramp is identified as a redevelopment site for academic and research renewal. The proximity of this site to the academic and research core of the Northrop Mall District make it a valuable location for core mission uses rather than parking. In the interim, the ramp site is designed a one of several potential mobility hubs across the East Bank.

Public Realm and Landscape

Public realm and landscape improvements are proposed throughout the Northrop Mall area to renew the historic landscapes and create new landscape corridors and open spaces that enrich the campus experience.

The public realm framework coordinates the recommendations of the previous Northrop Mall Renewal Plan 2017 with broader winter design and equitable accessibility strategies. The renewal plan included revisions to the Northrop plaza steps and accessibility ramps, and focused on restoring the landscape – in keeping with the original design intent – paving patterns, planting, and other details.

Specific recommendations are as follows:

Northrop Plaza

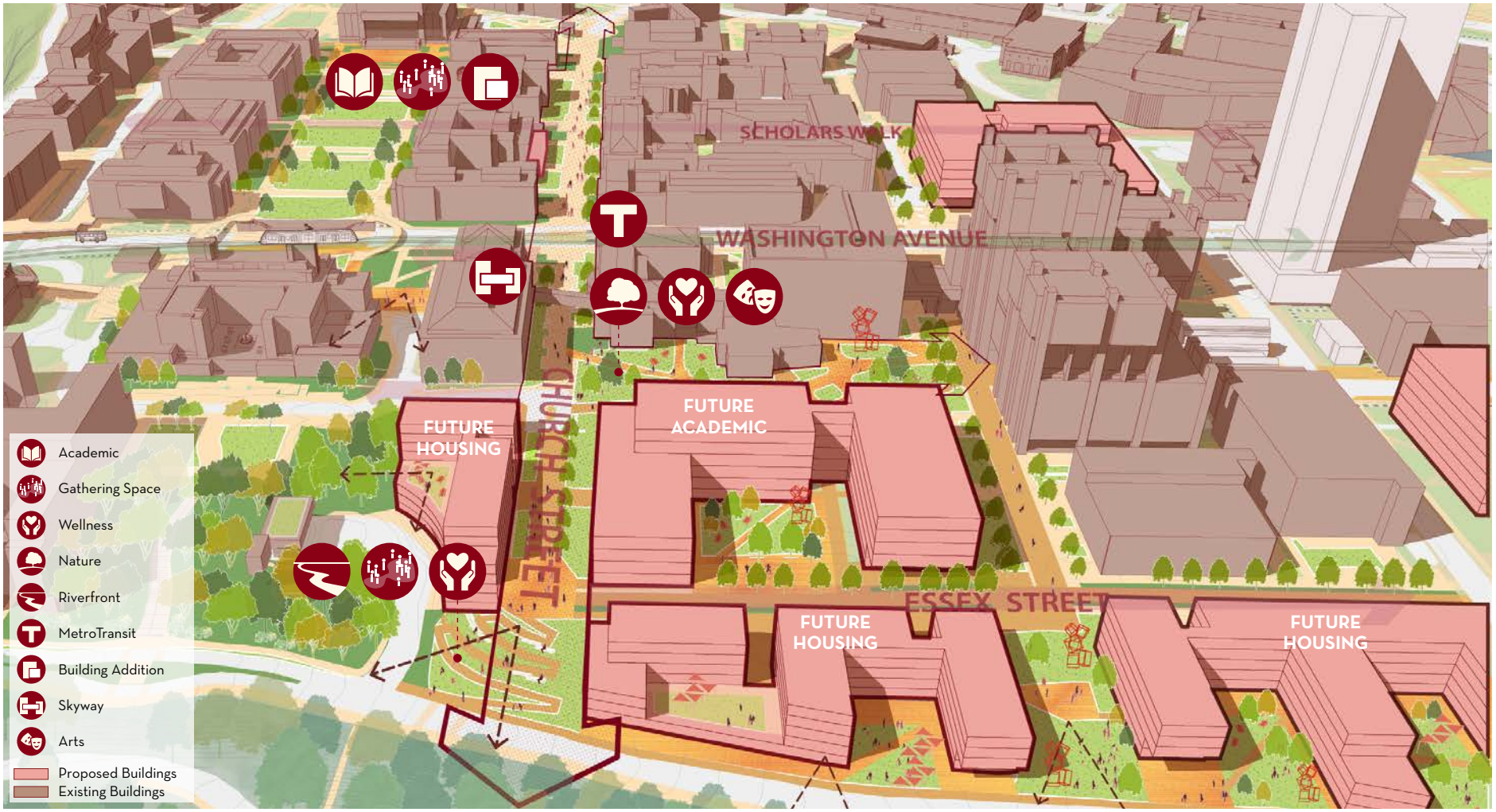
The plaza serves as the "platform" for many campus activities and events and serves as the foreground to the iconic Northrop Auditorium. The elevated nature of the plaza, however, presents a barrier to north-south accessibility from the Old Campus District to the Mall. In response, new accessible ramps are proposed on the west and south sides of the plaza. The south ramp is consistent with the concept proposed in the Northrop Mall renewal plan. The west ramp is recommended to provide consistent and equitable access to the plaza and to facilitate accessible north-south connectivity.

Scholars Walk

Scholars Walk, a four-block long corridor extending from the McNamara Alumni Center to Appleby Hall, celebrates the intellectual accomplishments of award-winning faculty, alumni, and students. The proposed renovation of Appleby Hall provides the opportunity to connect Scholars Walk to views of the river through internal reconfigurations within the building, coupled with changes to the river-facing courtyard.

South Mall Pathway

The existing east-west pathway and bike route located between Ford and Vincent-Murphy on the east and Smith-Kolthoff on the west side of the Mall is reimagined in the public realm framework with the goal of enhancing accessibility, pedestrian and bicycle movement. The idea is to realign and widen the pathway while respecting the landscape recommendations of the Northrop Mall renewal plan. Widening the pathway and clearly designating the bicycle route is a key objective.



Church Street Corridor

This north-south corridor is expanded in the Campus Plan to connect University Avenue to East River Parkway. The recommendations build on the recent hardscape and accessibility improvements made north of Washington Avenue SE. The Campus Plan extends these improvements to the south side of Washington Avenue SE where major redevelopment is proposed.

In line with the universal design goal of the Campus Plan, where possible, new accessible entrances are proposed for the buildings along the corridor, especially the historic buildings facing the Mall – Morrill, Vincent, and Ford – which feature stairways to elevated first floors.

Future redevelopment around the Variety Club Research Center and the Children's Rehabilitation Center facilitates construction of an accessible ramp connecting Church and Essex Street with East River Parkway. The ramp descends to East River Parkway at a slope of 5% and coordinates with a hillside landscape strategy offering views of the river. The ramp will feature seating and river viewing areas, and a land acknowledgment opportunity.

Pleasant Street Corridor

The Pleasant Street corridor is an important north-south route linking University Avenue to Washington Avenue SE. A heavy bicycle, transit and vehicular corridor, several improvements are recommended to resolve pedestrian and bike conflicts especially in the area between Kolthoff and Bruinicks Hall. South of Arlington Street, Pleasant Street is a City roadway so coordination and partnership will be required.

Connection to the River

In support of the "Engaging the River" Big Idea, several overlooks are proposed west and south of Northrop Mall to provide visual connections to the river and, where possible, physical access to the East River Flats, including the following opportunities:

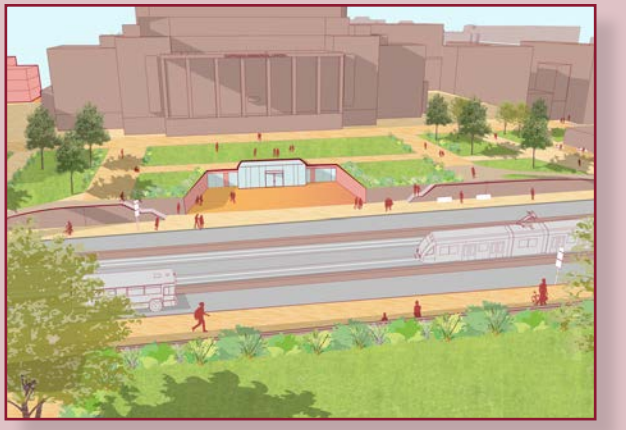
- **Appleby and Fraser Halls –** Visual connections are proposed at Appleby Hall which lies at the western terminus of Scholars Walk. Future renovation of Appleby provides opportunities to open up views of the river from the building and the river-facing courtyard of the building. Similarly, opportunities exist for the river-facing landscape at Fraser Hall.
- **East River Flats –** The proposed ramp system and landscape strategy at the intersection of Church and Essex Streets, provides an accessible connection to the East River Parkway and visual connections to the river. An accessible connection from East River Parkway to the East River Flats will require collaboration and coordination with the Minneapolis Park & Recreation Board.

Accessibility Strategies

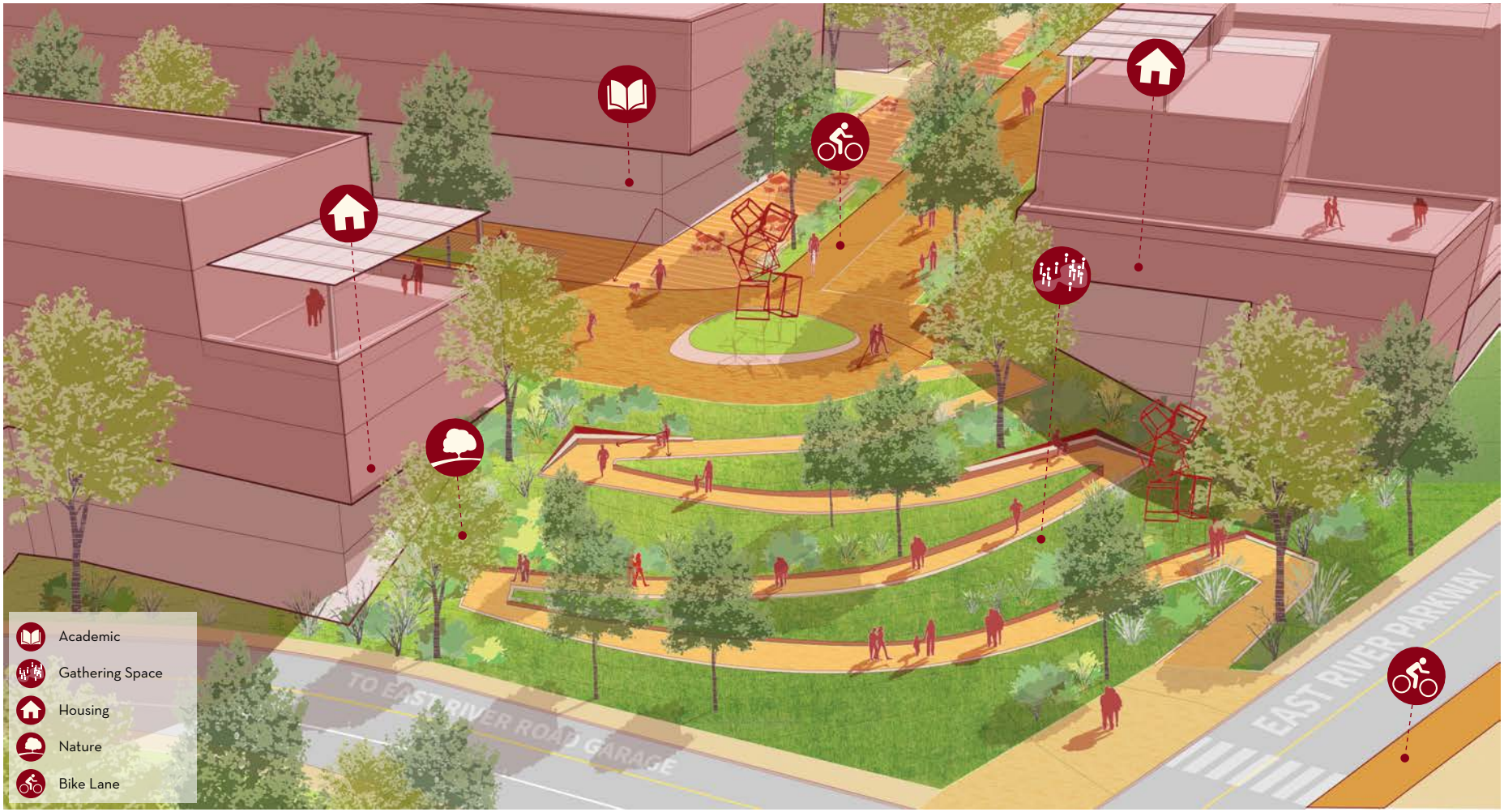
The recommendations of the Campus Plan promote equitable, universal access across the Twin Cities campus, and provide conceptual recommendations for locations where major challenges exist.. The following illustrations identify opportunities for accessibility improvements for building renovations and public realm projects:

The elevated Northrop Plaza creates an accessibility challenge for north-south movement from the Knoll to Northrop Mall. A ramp along the west side of Northrop would provide plaza-level access. At the south edge of the plaza, changes to improve accessibility and views are envisioned in the 2017 Northrop Mall Improvement Plan, which also proposed underground storage of stormwater for reuse in the district.

The east facade of Murphy Hall, facing Church Street, can be an example of how building additions can provide accessible entries and opportunities for ground-floor collaborative spaces. Accessibility strategies of this nature could be required for other historic buildings along Northrop Mall.



A new, lower level access point would provide direct access to the book store at Coffman Memorial Union from the bus stop on Washington Avenue. This should be studied in the context of the historic district, circulation needs, and other considerations.



This concept diagram demonstrates one way in which a new vertical connection can become a signature amenity and gathering place. Design options will be explored when a capital project is initiated at this location.

River Overlook

The demolition of the Variety Club, Research Center and other buildings and the development of new buildings for student housing and academic uses will provide the opportunity to create a river overlook and accessible route down the bluff from the elevation of Church and Essex to East River Parkway. The overlook is envisioned as a landscaped area feature accessible paths with slopes of less than five percent and seating areas and viewing areas of the river. This is envisioned as not merely an accessible pathway but a gathering place with seating and plantings. The vision for this area potentially offers the opportunity to integrate land acknowledgment markers and monuments with views of the river, symbolically, linking to the river, an important cultural and historical area for the indigenous population. East River Parkway in this area currently is administered by the Minneapolis Park & Recreation Board. Future connections will be explored in partnership with other entities, including landowners, and community members.

Riverfront Housing District

Riverfront Housing District

A reimagined university housing neighborhood is proposed along East River Parkway – from the Comstock–Yudoff Hall area to Oak Street – creating major opportunities for housing renewal. Redevelopment in this area will be possible once the programs in the Mayo building, Masonic Cancer Center, University Hospital, and other medical-related facilities relocate to the proposed Health Sciences district along Huron Boulevard.

Vision

The long-term vision is to transform the student residential experience on East Bank by concentrating new housing along East River Parkway and the Essex Street Corridor, which offers views of the river and close proximity to the Coffman Memorial Union. Since on-campus living is one of the most intensive student experiences, the vision proposes providing a neighborhood of close to 2,000 students a chance to look out over the Mississippi River, which would be a unique opportunity for the Twin Cities campus to distinguish itself among its higher education peers. The proposed housing replaces 1,400 beds or more of housing in the aging facilities of the superblock which includes Centennial, Territorial, and Frontier Halls. The recently renovated Pioneer Hall is maintained in the Campus Plan and its expanded dining area will serve all proposed housing.

Buildings

The Campus Plan includes four new residential halls along the Church and Essex corridors, which will be planned over the long-term. The pace of development and the cost of capital improvements currently needed must be balanced with the impact to cost of attendance that comes from building new facilities. Redevelopment on this scale enhances the residential experience and allows for a range of amenities and services in support of a more inclusive and enriching campus. Design opportunities for the East River Parkway sites include sweeping views of the river and south-facing courtyards and terraces. The Church Street site offers connectivity to Riverbend Plaza and the adjacent Coffman Memorial Union.

Public Realm and Landscape

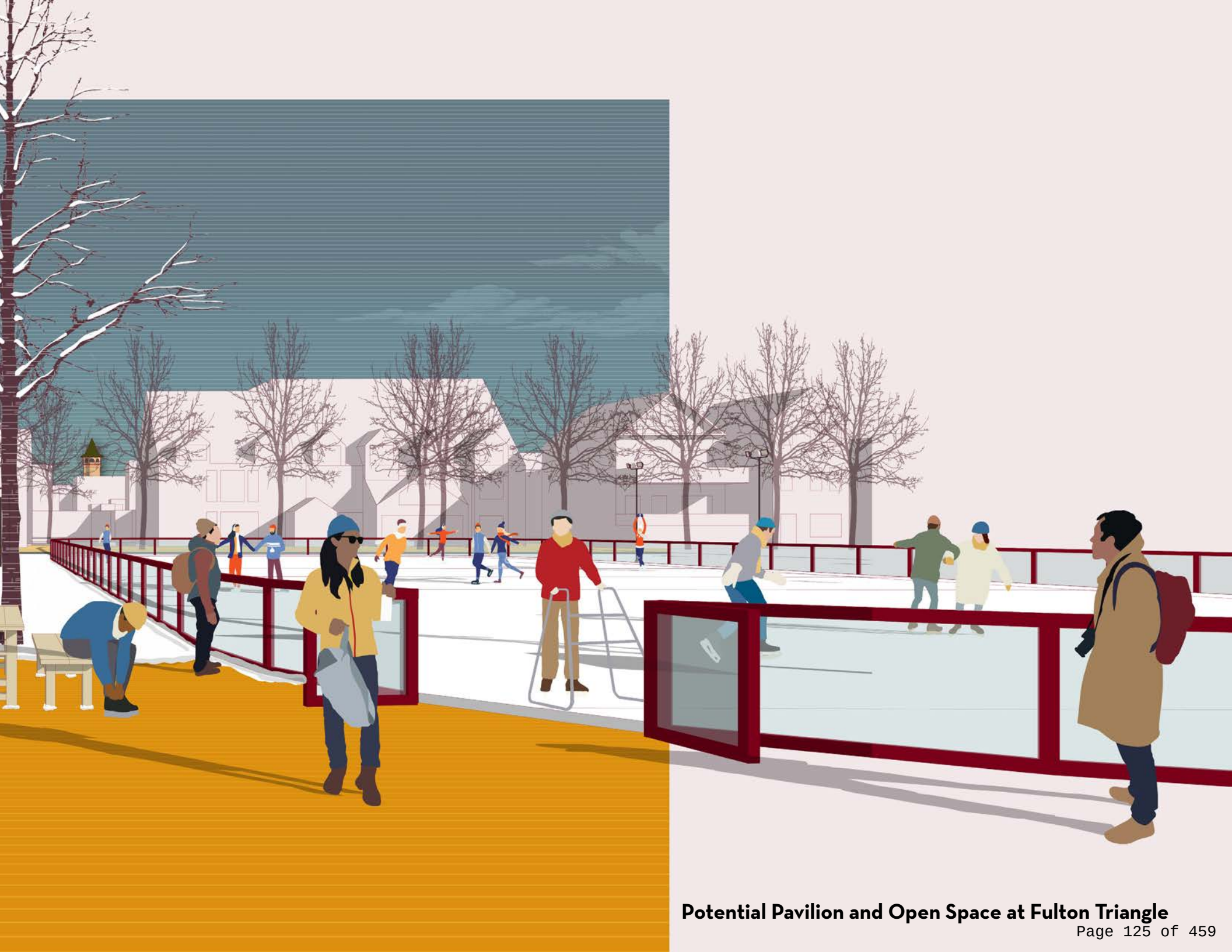
Essex St and Church St are envisioned as the accessible, pedestrian corridors linking the housing district to the Coffman Memorial Union and the Northrop Mall. A vibrant student residential area is planned along Essex St, with ground floor active uses – lounges, recreation rooms, and collaborative space – coupled with exterior gathering and social spaces. The corridor is unique in that it is defined by residential uses on the south and new academic facilities on the north. Though Church and Essex are envisioned as non-motorized streets in this area, service and emergency access will be maintained.

The proposed layout of new housing restores the city grid at Church, Union, Harvard, and Walnut streets, connecting Essex to East River Parkway. Access to East River Parkway provides connections to the regional bike network and offers the potential of linking to recreation opportunities on MPRB land at East River Flats. At Church and Essex, an accessible connection to East River Parkway offers views of the river, seating areas, and overlooks designed to connect the housing to the amenities of East River Parkway and the River Flats.

The Campus Plan proposes continued use of the triangle bounded by Fulton, Oak, and the East River Road for passive recreation, and envisions a new pavilion to support extended use through the seasons, which would provide social and meeting spaces, restrooms, and storage facilities.

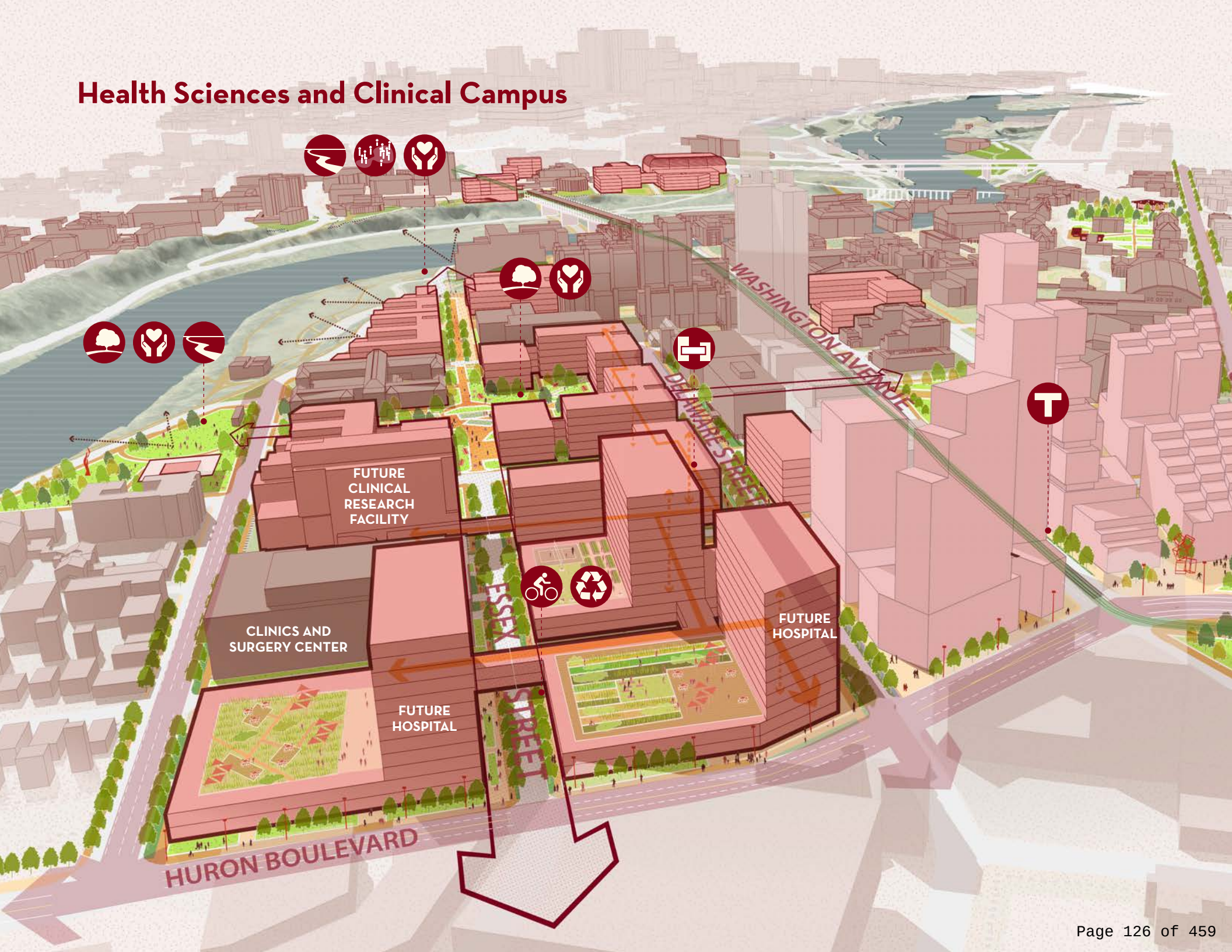

University of Minnesota
Driven to Discover

Potential Essex Street Corridor



Potential Pavilion and Open Space at Fulton Triangle

Health Sciences and Clinical Campus



Health Sciences and Clinical Campus

The Health Sciences and Clinical campus area is organized around a vision for the renewal of medical education, research, and clinical care facilities. It extends from west-east from Harvard St to Huron Boulevard, and north-south from Delaware St to Fulton St. It proposes to create opportunity for campus growth and renewal, reserves new corridors and open space features and restores the City street grid to ensure patient and provider access.

Vision

The Campus Plan sets out a vision for the next 50 years of Health Sciences at the University with an emphasis on creating a medical education, research, and clinical care district focused on the patient experience and innovation. This requires critical and transformative investments in a new University Hospital, and a new Clinical Research facility, building upon the recent investment in the Clinics and Surgery Center on Erie Street. Future academic and research development planned for this area further supports the research activities in the Biomedical Discovery District (BDD).

The vision also calls for the continued investment in existing health science related buildings that will maintain a strong presence in the core of campus: Jackson Hall, Molecular and Cellular Biology, Mayo Memorial Auditorium, Weaver-Densford Hall, Malcolm Moos Health Sciences Tower, Deihl Hall, and the Masonic Memorial Building.

Proposed Facilities

The plan provides a phased strategy for replacing existing facilities with new, state-of-the art facilities:

- **University Hospital –** A new, 425-bed hospital and associated clinical platform has been considered for a site on Huron St, between Fulton and Delaware, replacing the existing M Health Fairview Hospital and Masonic Cancer Center on East River Parkway. It is recommended that the bed towers be oriented on an east-west axis for optimal solar orientation, and that biophilic design principles inform the design of the building, potentially incorporating a central atrium and winter garden.
- **Clinical Research Facility –** A new Clinical Research Facility is planned for the block defined by Fulton, Ontario, Oak, and Essex, which would provide state-of-the-art research facilities to support the University's innovation goals. It is located directly west of the Clinics and Surgery Center.
- **Clinical Related Renewal –** Two sites are identified for potential additional clinical related renewal: the block north of the existing M Health Clinics and Surgery Center, and the block located at the corner of Delaware and Oak (currently occupied by the north end of the Oak Street ramp).
- **Academic Renewal –** In addition to proposed clinical and research facilities, additional sites are identified for future Health Science needs – the Mayo Building site at Church and Essex, and two sites in the Superblock on Delaware Street between Harvard St. and Oak St., the current sites of the Centennial and Territorial Residence Halls. These sites are reserved for future programmatic needs, and other needs that may emerge that may require the demolition and replacement of other existing facilities in the area.
- **Parking –** A level of parking is proposed under all future development in the Health Science district to distribute parking throughout. Access is proposed primarily off Delaware Street.

Transformative redevelopment requires the

Demolition

demolition and replacement of several significant facilities. To that end, the Campus Plan sets out a flexible approach for new facilities that will support academic, research, and patient care goals while replacing aging facilities that do not warrant continued investment:

- Masonic Cancer Research Building
- Variety Club Research Center
- Mayo Building & additions
- Centennial Hall
- Territorial Hall
- Oak Street Ramp
- Frontier Hall
- Stadium Village Apartments

Public Realm and Landscape

To guide the most significant redevelopment on campus, the plan restores the city grid with the goal of establishing a public realm that supports accessibility and connectivity within the Health Science district and beyond. It also defines development sites for incremental urban design interventions are informed by the principles of biophilic urban design – a concept that promotes connectivity to the natural environment as part of the healing process.

Delaware Street – Reimagined as the Health Sciences corridor, this street would connect existing facilities in the Moos Tower vicinity to the proposed University Hospital on Huron Boulevard, which would be made possible by the eventual demolition of the Oak Street Ramp after the right supply of new parking is built at other nearby locations. Delaware is planned as a complete street – a street with accessible routes, bike lanes, and carefully designed vehicular circulation replete with tree plantings, wayfinding, and stormwater management features designed to introduce nature into the urban context.

Essex Street – The Campus Plan restores Essex Street as an east-west circulation route from Church Street to Huron Boulevard. Between Church and Oak, the corridor includes accessible routes, bike lanes, and vehicular traffic limited to service and emergency access only. East of Oak Street, Essex is imagined as a complete street accommodating accessible pedestrian paths and vehicular traffic along landscape design elements similar to proposed for Delaware. The segment from Oak to Huron provides access to existing and proposed clinical care facilities.

Fulton Street – This street would form the southern boundary of the Health Science district, providing access to future parking, and pick-up/drop-off zones for proposed buildings.

Oak Street – A complete street to connect Fulton Avenue northward to University Avenue and beyond to the Biomedical Discovery District. North-south bike lanes and improved pathways are recommended.

Ontario Street – Ontario St connects the Health Science district and clinical facilities to the East Gateway District where future mixed-use, partnership and innovation development is proposed. Subject to future design and coordination initiatives, an open space providing visual and physical connectivity between the Health Science district, the East Gateway and the stadium area is possible.

Moos/Jackson Open Space – The demolition of the Mayo Buildings provides the opportunity to connect Delaware, south of the Coffman Memorial Union, to the existing segment east of the Moos Tower through the Mayo Circle open space. A new landscape corridor is proposed from Church St to Harvard St enabling a pedestrian and bike connection extending from the Coffman Memorial Union to the proposed University Hospital.

Courtyards – In support of biophilic and winter design principles, new south-facing courtyards are proposed along the Essex Street corridor. The academic renewal buildings proposed between Harvard and Oak Streets on the existing Centennial and Territorial Hall sites define the courtyards. The south-facing courtyards capture sun and block north-northwesterly winds during the winter months. A similar south-facing courtyard is proposed for the Mayo replacement academic renewal building at the corner of Church and Essex.

Public Plaza – Parklet – A small park, defined by a future clinical-related renewal site, is proposed at the northeast corner of Essex and Oak. This south-facing park defines the gateway to the Health Science district along the Essex corridor, providing opportunities for promoting biophilic design.

Health Sciences District

East Gateway

The East Gateway area is a new high-density, mixed-use development on the land parcels generally defined by University on the north, Huron on the east, and Oak on the west. The University of Minnesota Foundation is leading the effort to develop land it has acquired at this strategic location in support of the innovation and partnership objectives of the University. East Gateway is one of several locations identified along the Innovation Corridor which connects West Bank, East Bank, and St. Paul.

The Innovation Corridor links the University's teaching, research, and outreach missions with private companies and other partners. For the East Gateway, companies with a health sciences, med-tech, neuroscience, or early childhood development focus are desired partners. The goal of the Innovation Corridor is to enhance the University's state and regional leadership in multiple areas including bio-based manufacturing, healthcare (bio-tech, med-tech and clinical), and attract world-class talent, drive innovation, and create dynamic startup companies and employment opportunities.

Vision

The Campus Plan embraces the vision for the East Gateway developed by the UM Foundation through a separate planning and design process, the outcome of which is a bold vision for a major mixed-use complex including a combination of office, lab, retail and residential uses. Envisioned as a vibrant urban center, the East Gateway models innovation environments found in other cities with major research universities.

The land use, public realm, mobility, and sustainability frameworks of the Campus Plan are coordinated with the vision set out for the East Gateway District.

The proposed development may include approximately 3 million square feet of space to be developed in three phases. The noted benefits of the East Gateway Vision include:

1. Center of Gravity: East Gateway will deliver the first dense, mixed-use district since the recession in the Twin Cities, strengthening the brand of the region and unlocking potential for economic growth.
2. Innovation Ecosystem: East Gateway will plant the seeds required to foster an innovation ecosystem that supports institutional and regional growth, and is positioned to build upon Minnesota's history of regional innovation and research and talent at the university.
3. Competitiveness: East Gateway will curb market trends to create development that supports collaboration between academia and related industries that will attract and retain talent in the region.
4. Vibrant District: The mix of uses will support East Gateway in emerging as a vibrant district that will fundamentally shift the Twin Cities away from the dispersed residential, office, and commercial geographies that exist today, towards a district that attracts young, entrepreneurial talent and innovative businesses of all sizes to the Twin Cities.
5. Economic Opportunity: East Gateway's central location and accessibility via public transit will create an integrated place for a diverse set of populations. The district will add jobs that create pathways to the middle class and offer affordable housing to serve low- and middle-income Minnesotans.

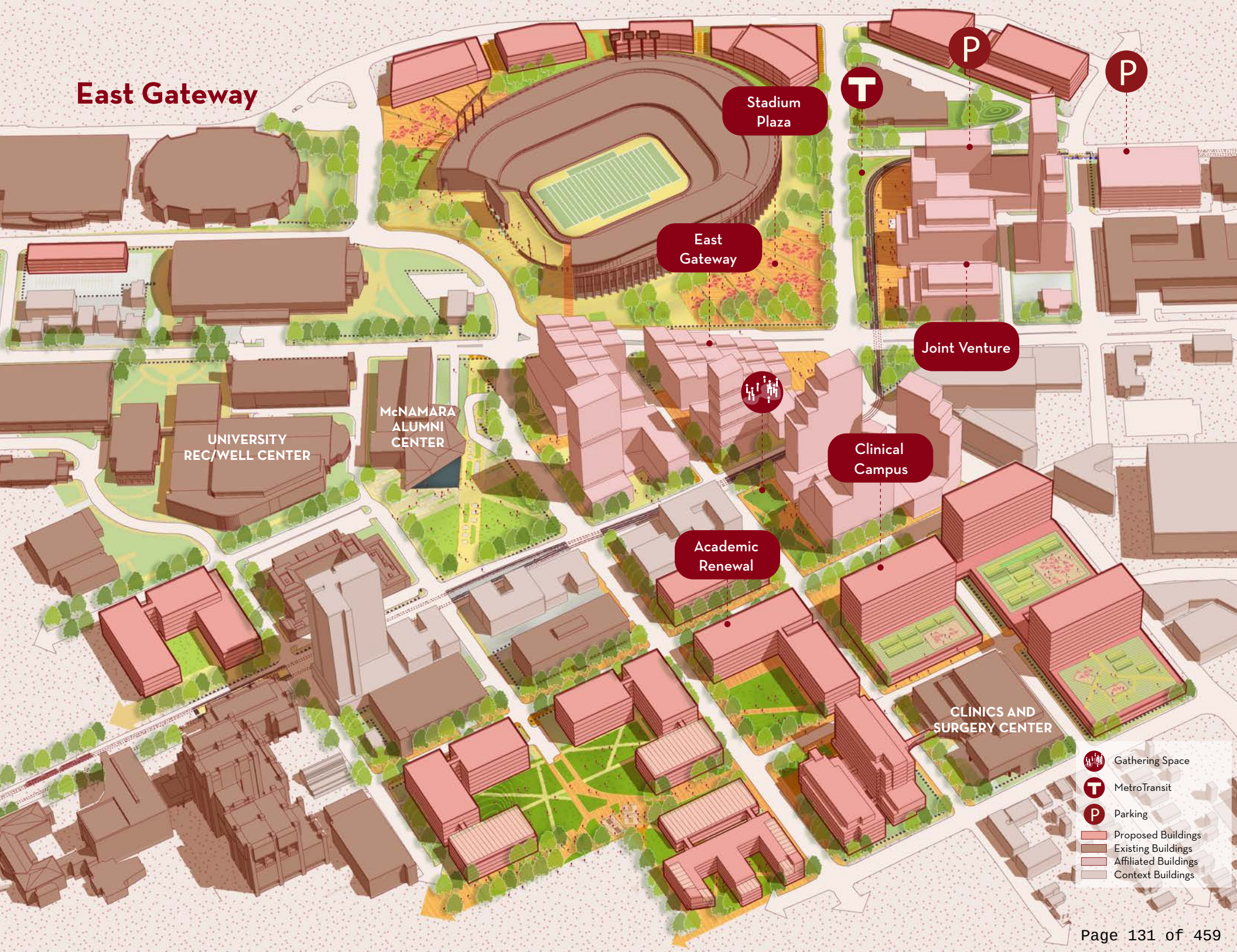
Joint Venture Site

The Joint Venture site includes the land directly east of the Stadium Village light rail station on SE 23rd. Defined by 23rd on the west, the University Transitway on the north, SE 25th on the east and University Avenue on the south, the site will be developed through a joint venture partnership between the University of Minnesota and a private sector partner. It is envisioned as a mixed-use development encompassing in the range of 700,000 gsf of office, hotel and residential uses, including structured parking.

The public realm and development recommendations of the Campus Plan are coordinated with the design vision set out in the plans for the Joint Venture site.

Existing Conditions

East Gateway



Biomedical Discovery District

The Biomedical Discovery District (BDD) is the outcome of a financial investment approved by the Minnesota State Legislature in 2008, which will focus on collaborative research initiatives in the health sciences. Today, the BDD is a key driver of scientific discovery and plays a significant role in maintaining Minnesota's lead in the bioscience industry.

Existing facilities include:

- the Lions Research Building (LRB) (1992), which focuses on hearing, vision, and neuroscience;
- the McGuire Translational Research Facility (MTRF) (2005), which houses the Stem Cell Institute and infectious disease and pharmacy research;
- the Center for Magnetic Resonance Research (CMRR), which houses the world's largest imaging magnet and also provides patient care;
- the Winston and Maxine Wallin Medical Biosciences Building (WMBB), which supports research focuses on brain diseases, like Alzheimer's, and new immunology-based treatments for cancer and infectious diseases; and,
- the Cancer and Cardiovascular Research Building (2013), which focuses on heart disease and cures for cancer.

Vision

The Campus Plan sets out a strategy for expanding the established collaborative research mission of the BDD and links the district to activities in the proposed Health Sciences district, and the East Gateway District. Collectively, these districts are central to the outreach mission of the University and emphasize research collaboration, corporate partnerships and clinical care and research. These goals are central to the discovery, innovations and impact commitment of the University's Systemwide Strategic Plan, MPact 2025.

Proposed Facilities

The Campus Plan identifies opportunities for expansion within the BDD including two sites on the north side of 6th Street: East of the MTRF on 5th Street (site of Lots 33 and 37), and east of the Cancer and Cardiovascular Research Building at the northeast corner of 6th Street and SE 23rd Avenue (Ski-U-Mah Lot). Each site would include a parking ramp to support the demand resulting from site and context development.

Expansion opportunities are also identified south of 6th Street and north of the stadium, with the intent of defining both sides of the street with development and activity. Ground-floor spaces for collaboration, meetings, and amenities are proposed for future buildings with the goal of contributing to the vitality of the district.

Public Realm

The public realm recommendations for the BDD build on the positive aspects of the north side of 6th Street – well-defined pathways and bike lanes integrated with a landscape and stormwater strategy.

Streetscape improvements are proposed for Oak Street, the corridor linking the BDD to the proposed partnership, clinical, and research uses planned for the East Gateway and the Health Science district.

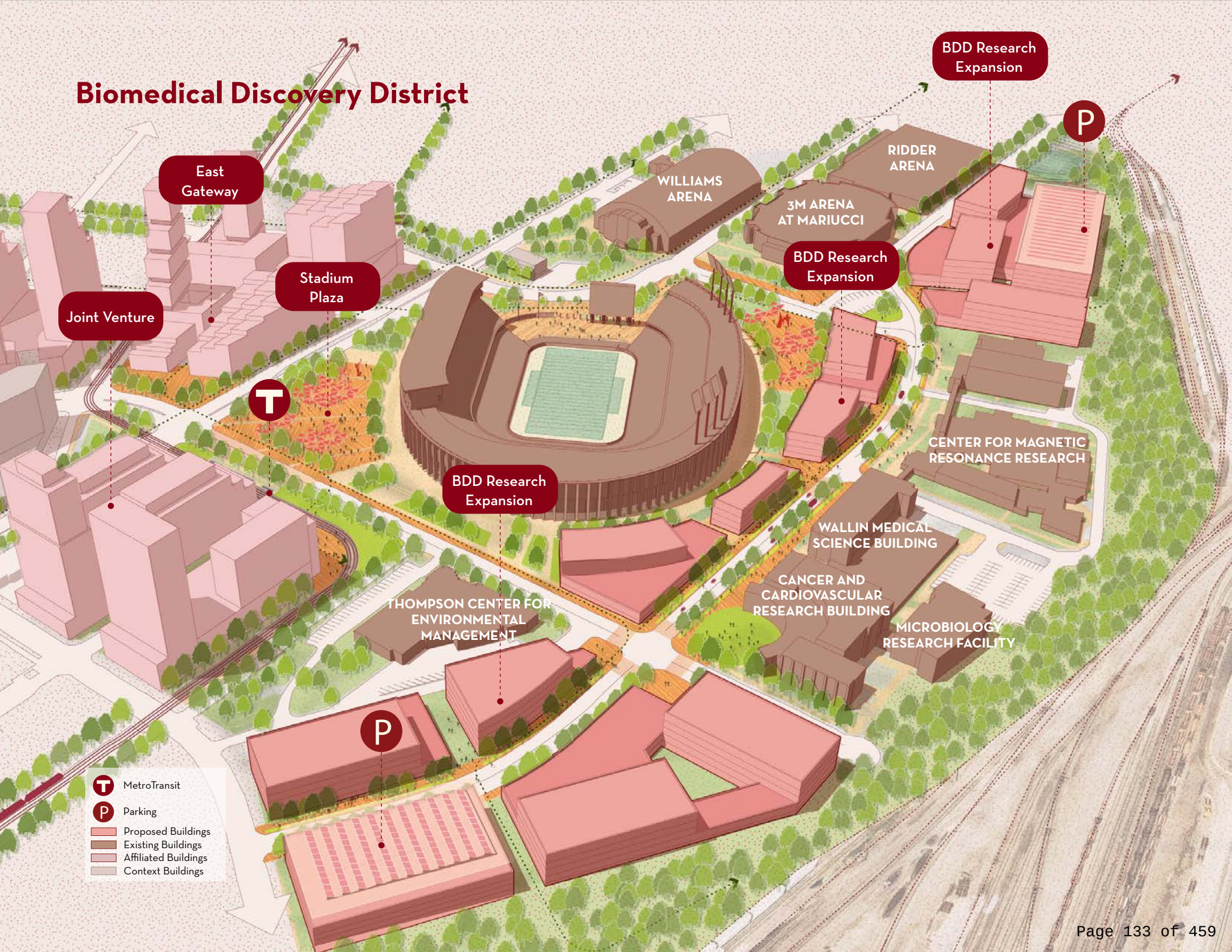
23rd Avenue serves as an important street connecting the BDD to public transit and to the regional road network, and is an important pedestrian and bikeway leading to Huron Boulevard. Proposed streetscape improvements along 23rd Ave connect the transit stop to the BDD and the Joint Venture and East Gateway developments.

Athletics and Recreation

The Athletics and Recreation area primarily lies north of University Avenue and includes significant facilities and public venues, such as Williams Arena, 3M Arena at Mariucci, and Ridder Arena. Since considerable investment has occurred in the district over the past decade, no major facilities or additional improvements are detailed in the Campus Plan for the athletic and recreation district, with the exception of a site for the potential expansion of University-owned residence halls.

Existing Conditions

Biomedical Discovery District



View of 6th Street SE in the Biomedical Discovery District illustrating potential development on the southside of the street.

St. Paul Campus

Located four miles northeast of the East Bank, the St. Paul Campus is home to programs in agriculture and natural resources, biological sciences, extension services, veterinary medicine, and design. For over one hundred years, it has served as an educational campus and an agricultural experiment station defined by research fields, greenhouses and laboratories. The campus encompasses several natural features including bluffs, wooded ravines, Bourlag Woods, and the restored Sarita Wetland. Combined with a generous open space network, the natural features and agricultural land result in a campus noted for its bucolic, verdant landscape.

The campus also features formal open spaces known as the Lawn and the Bowl, which date from the original plans prepared in 1874 by Horace W.S. Cleveland. The University acquired the land defined by the Lawn and the Bowl in 1881. The development of formal open spaces at the Bowl and the Lawn reflects the aesthetic of campus development initially defined in 1910, and increasingly refined through the 1930s. The contrast between the carefully cultivated Lawn and Bowl and the beaux-arts architecture of surrounding buildings, including the St. Paul Gymnasium, Coffey Hall, Bio-systems and Agricultural Engineering, and Haecker Hall, creates a memorable architectural and landscape experience. The rolling topography of the campus heavily influenced the first arrangements of buildings, which were located on a ridge facing the area known today as the Lawn. Later 19th century buildings sit on a ridge to the north and oriented towards the Bowl. These iconic open spaces provide a grounding for all of the principal purposes of the University.

Vision

The vision for the St. Paul Campus draws from the 2019 Strategic Facilities Plan, which defined objectives and principles for guiding the evolution of specific zones, and the campus as a whole. These include:

- Create a discovery district focused on food, water, and the environment.
- Promote regenerative campus design.
- Reuse existing buildings in support of the academic and research mission.
- Maintain an ecosystem of buildings—a system where activities in one building contribute to collaboration and innovation in adjacent buildings.
- Support interdisciplinary research and innovation
- Create experiential learning and public engagement environments.
- Locate collaboration and social hubs to serve a variety of population groups.
- Establish a destination for University of Minnesota students and the broader community.
- Construct catalyst projects and quick wins.
- Maintain and enhance the agricultural land of the campus.

The vision of the Campus Plan aligns the programs, research activities, facilities, research land, and character of the campus with the overarching sustainability initiatives of the University. The natural features of the campus, combined with the agricultural fields and research land, are critical to those initiatives. To that end, the Campus Plan provides guidance on land use, the public realm, mobility, renovation, and new development in St. Paul.


Larpenteur Ave
Cleveland Ave
Buford Ave
Commonwealth Ave
Como Ave

Land and Facility Use

The Campus Plan maintains existing land use patterns in support of current and future activities. However, it illustrates potential changes and provides facility recommendations across the campus, with the most significant proposed in the following areas:

- Bio-Tech District;
- the Commonwealth Terrace Area; and,
- potentially the Les Bolstad Golf Course.

Academic Core

The proposed changes in the Academic Core calls for building renewal and new construction as part of a coordinated approach to solving complex and complementary space needs:

Magrath Library – Magrath is located at the heart of campus, yet the interior design and façade do not contribute to a welcoming and inclusive place for gathering. The plan suggests renovating the library to create a largescale common space at the center of the building to increase the transparency of the building, and create a new entry to facilitate north-south movement across the campus. Such a space would serve as a collaboration and knowledge hub at the heart of the academic core and create a more accessible and welcoming entrance from the north and south.

St. Paul Commons – The plan supports the idea of reinventing the St. Paul Student Center as a vibrant student destination, facilitated by the Buford Avenue Civic Spine. This would require at least two components: first, defining the right mix and scale of activities, functions, and needed space; and, second, determining the appropriate location and physical connections required to serve resident students, commuters, staff, faculty, and visitors.

Bailey Hall – Bailey Hall is a unique and important housing facility for approximately 500 undergraduate students, centrally located on the St. Paul Campus. In the long term, there is potential to renew Bailey Hall as a residence hall destination with unique food service options and amenities.

Outreach Facility – A potential outreach facility is identified on the surface parking lot bounded by Eckles, Commonwealth, Cleveland, and Carter Avenues. The site offers access from the community spine along Cleveland Avenue and is located between the established core of the campus and the redevelopment imagined for the Commonwealth Terrace Cooperative site. The outreach facility would provide a destination on the St. Paul campus for the surrounding community, region, and state. The facility could be constructed as a farmer's market or seasonal use facility to support events and programming, or to offer cheese, meat, and ice cream products made on the St. Paul campus, and additional community events.

Academic and Research Facilities

New Academic and Research Facility – A new, centrally-located facility is proposed in Upper Buford Circle to provide an academic and research building, allowing for the demolition of obsolete and under-performing space in existing facilities.

Christensen Lab

The Christensen Lab building occupies a prominent site in the upper Buford Circle area. The building lacks the mechanical systems and structure appropriate for contemporary research. Due to its existing conditions, limited adaptability, and prominent site among other active research buildings, the plan recommends demolition and replacement of the building following a detailed study.

Hodson Hall Replacement

The Plan recommends the demolition and replacement of Hodson given its inefficient floor plan and the poor condition of the building. In addition, the building makes poor use of a strategic site that, if redeveloped, could connect the research lands to the buildings located on Upper Buford Circle.

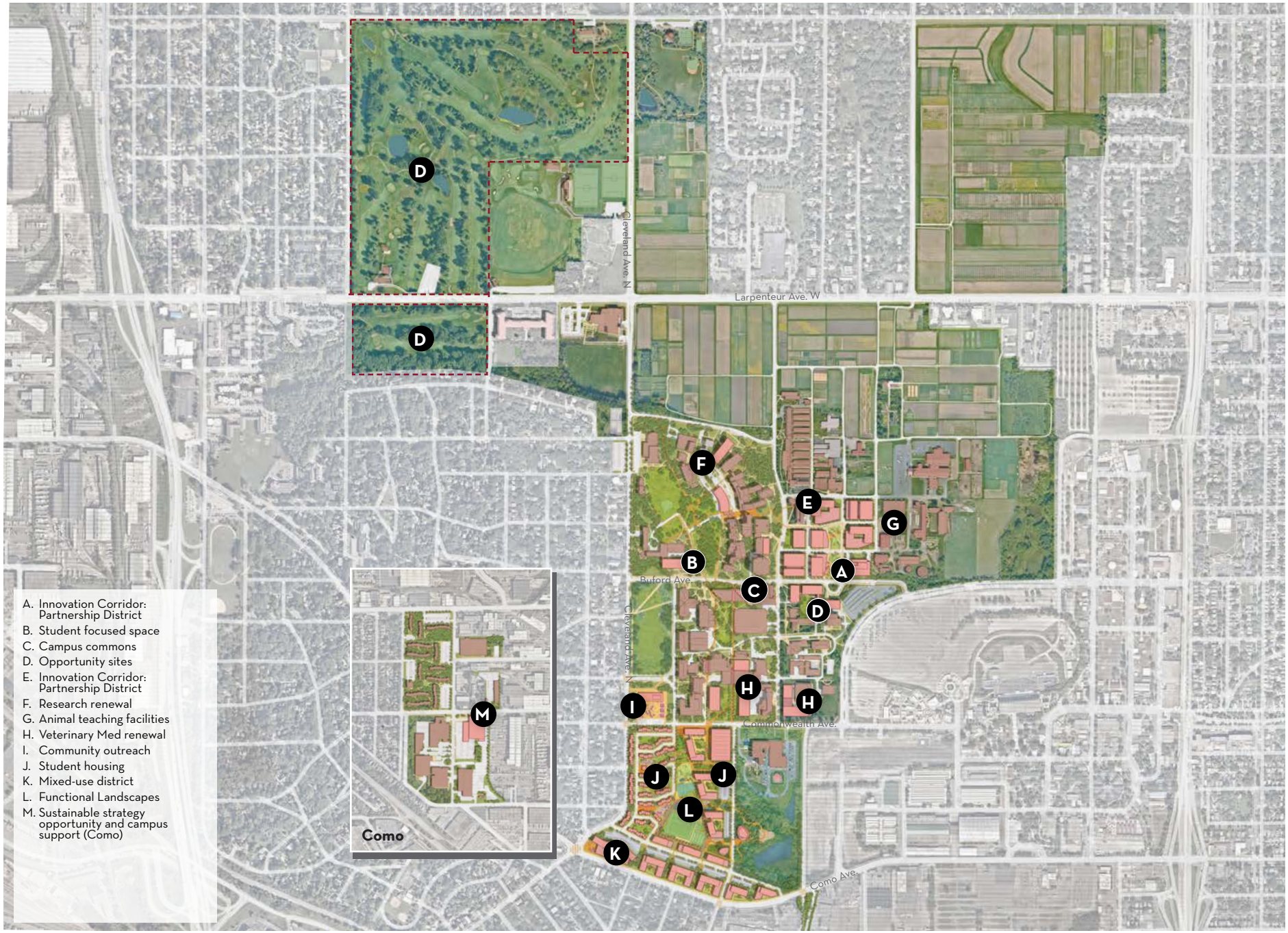
College of Veterinary Medicine (CVM) Facility Renewal

Three potential facilities are proposed as part of a long-term strategy to address deferred maintenance issues, and support evolving programmatic needs in the College of Veterinary Medicine. A new research building to replace the existing Veterinary Science building is the first priority, followed by the demolition and replacement of the Veterinary Medical Center. Independent of these investments but a high priority for student experience is relocation of the Veterinary Medicine Library currently housed in the Veterinary Science building, with a student commons, close to the present day Animal Science/ Veterinary Medicine building. The following summarizes the proposals:

New Veterinary Research Facility – The proposed Veterinary Research Facility replaces labs currently located in the Veterinary Science Building and provides space for future faculty and programmatic needs. Located at the northeast corner of Gortner and Commonwealth Avenues, adjacent to the BSL2 / BSL3 building, the new facility will address critical research needs for CVM.

Animal Science/Veterinary Medicine Addition – To provide needed student learning space, an addition is proposed to the east side of the Animal Science and Veterinary Medicine buildings. The addition accommodates labs on the upper floors and a new library and student commons on the ground floor. The outcome is a new entrance to Veterinary Medicine from the north along the proposed central academic spine of the campus. It includes flexible classroom space and specialized research space that is not possible in the existing building.

New Animal Hospital – A new animal hospital to replace Veterinary Medicine South is recommended over the long-term on the site of the existing Veterinary Science Building. This site provides a new front door to the College of Veterinary Medicine and offers good connectivity and options for parking. This prominent site allows for the renewal and replacement of key portions of the Veterinary Medical Center. Following the construction of a new animal hospital, the Veterinary Science building could be demolished and replaced. The Veterinary Science Building houses research labs, teaching labs, the Veterinary Medical Library, and administrative offices for the College of Veterinary Medicine. It is an essential component of the College's space portfolio, yet it is in poor condition and is not well suited to its current uses.

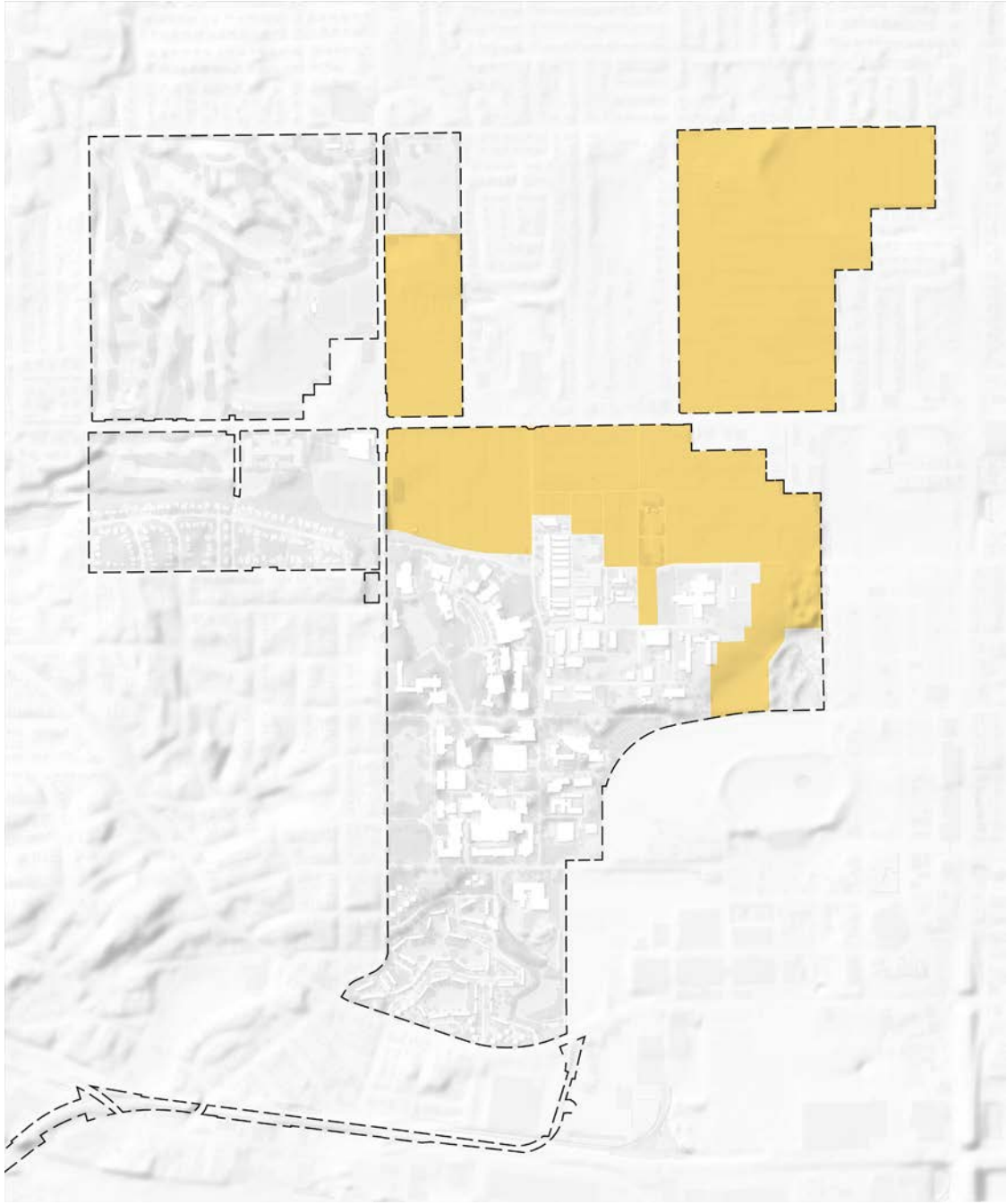


St. Paul – A key diagram of proposed and potential locations for renewal or renovation.

Research Land

The quality of the arable agricultural land on the St Paul Campus is a remarkable asset, especially given its location within the Twin Cities. The land is critical for advancing the land-grant mission of the University and the mission of CFANS and CVM. The proximity of these lands to the research labs and research support facilities is critical to the efficiency and delivery of ongoing academic and research programs. Based on soil condition mapping, the agricultural lands are highly productive and valuable for ongoing research. They also are important to longitudinal research given their use for research since the Agricultural Experiment Station/University Farm was established in 1882. The Campus Plan protects these lands for ongoing and future research and limits the encroachment of development. The plan also protects these lands in the interest of the University's sustainability and resiliency goals and emphasis on food, water and soil security.

Over the years, the research land has been divided into the active research parcels present on the campus today. The proximity of these parcels relative to research laboratories and the student population makes this land tremendously valuable to the mission of CFANS, CVM, and other colleges with land or horticulturally based research. The Campus Plan protects this land from future development that is not related to agricultural and veterinary uses. Today there are over 180 acres in active research over the campus, plus an additional 55 acres in support functions, such as animal housing, storage, and forage production. This land includes research plots assigned to individual research projects and colleges. The land hosts a mix of both conventional and organic production systems. Typical cultivation in the plots include traditional Minnesota crops like corn, soybean, wheat, barley, and alfalfa, as well as more specialty crops including tomatoes, peppers, and industrial hemp.



Research Lands, St. Paul Campus

CFANS Animal Teaching Facilities – Animal teaching and housing facilities are located on the east side of the St. Paul campus directly south of the Leatherdale Equine Center parking lot. The Campus Plan designates this area for existing and future animal teaching facilities with the goal of accommodating these activities in close proximity to the academic core. This proximity is critical to the efficiency and logistics of the operations and for student access.

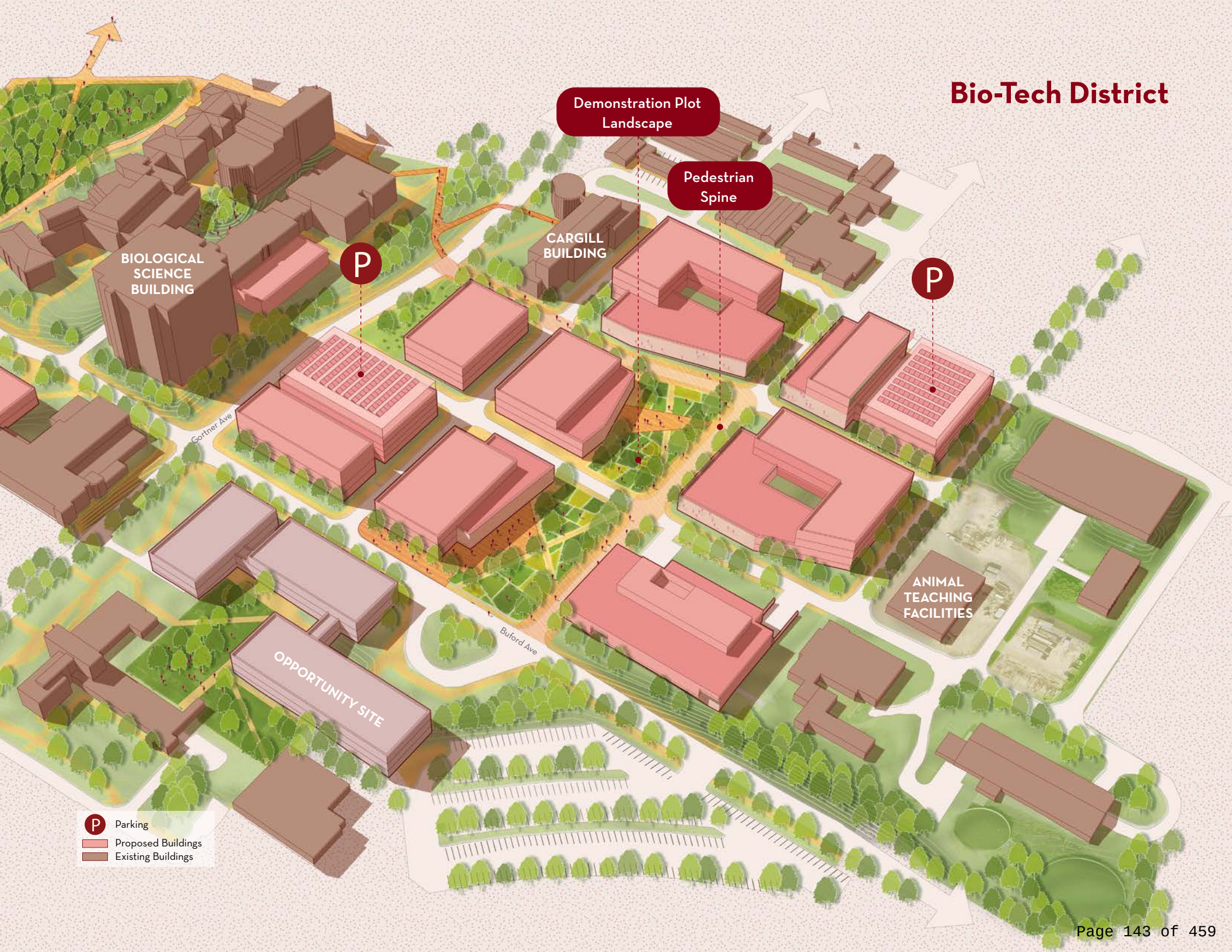
The Bio-Tech District

The Bio-Tech District, located at the northeast corner of Buford and Gortner, is intended to support bio-based manufacturing and related activities that attract world-class talent, drive innovation, and create dynamic new start-ups and jobs. The Campus Plan reserves land for future institutional and private sector partnerships focused on disciplines and activities specific to St. Paul. Facilities that support startup and research initiatives in the area of food, water, and the environment are recommended. The district plan includes several sites around a central open space or quad. The layout of the district accommodates in the range of 850,000 square feet of future development and parking. Two parking ramps serve the needs of the district, as well as the existing research and outreach facilities east of Gortner, and offer replacement for parking spaces displaced by development along Upper Buford Circle.

Animal teaching facilities displaced by this effort are relocated to the adjacent animal teaching area. Seed processing storage and field equipment storage will also require a new, consolidated seed facility to support ongoing research.

Biotech District

Bio-Tech District



Bio-Tech District

The Biotech District is intended to support bio-based manufacturing and related activities that attract world-class talent and drive innovation. Some of these facilities may be developed in partnership with other non-University entities. Physical development in this area will advance when proposals support University research priorities and talent development for University students.

Existing Conditions

Potential Central Green of the Bio-Tech District

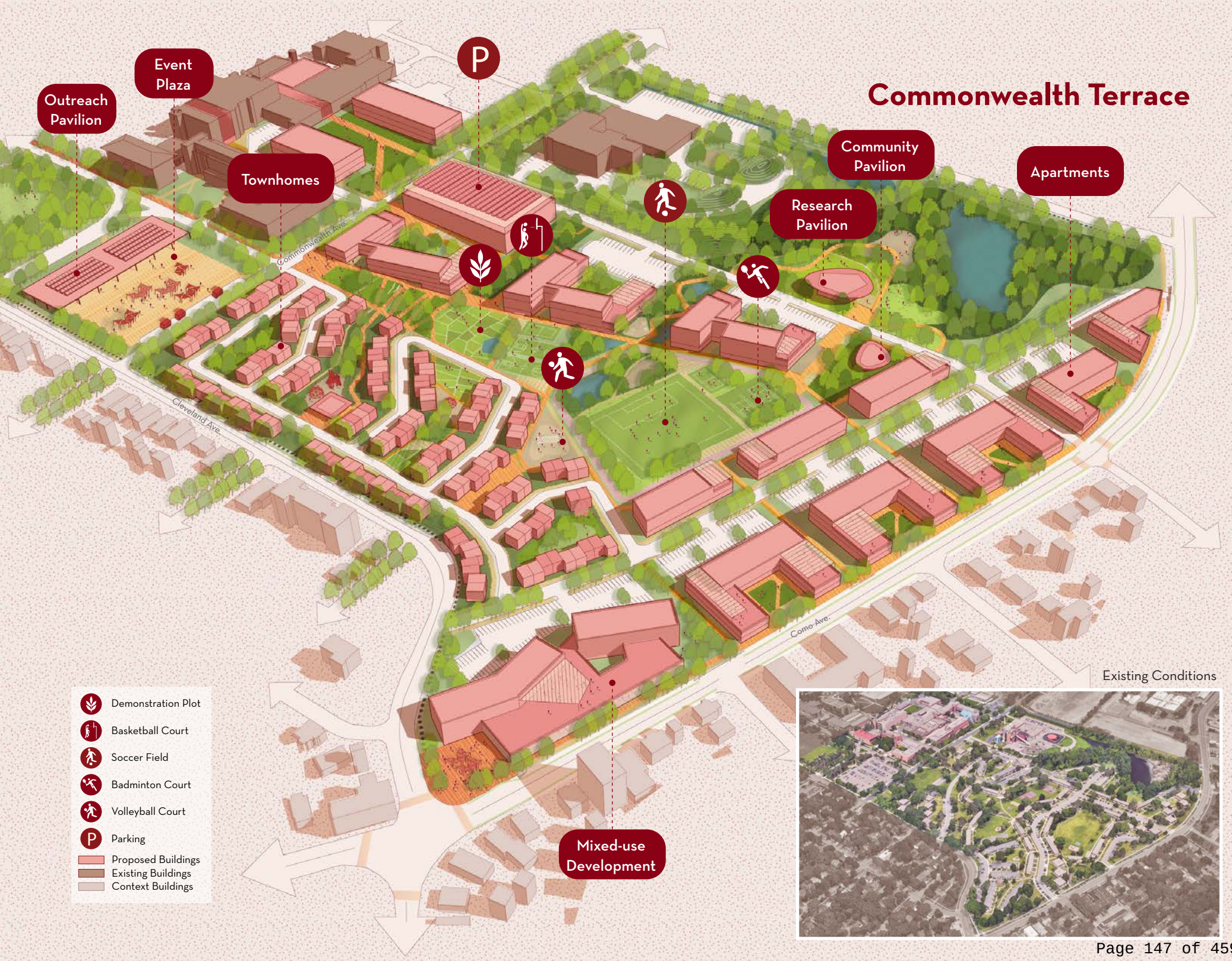
Commonwealth Terrace Cooperative

The Campus Plan identifies the Commonwealth Terrace Cooperative area for redevelopment given the current condition and configuration of the existing buildings. Redevelopment is imagined to include a range of affordable housing types and options for graduate students and families. The goal is to create a vibrant series of neighborhoods centered on the expanded Sarita Wetland and park-like spaces. As part of the greater vision, improvements to the Sarita Wetland increases accessibility and enhances its role as an amenity for the campus and broader community. It features trails, play areas, sports fields and stormwater management features.

The concept proposes a mix of housing, including townhouses along the Cleveland Avenue edge, apartment buildings on the interior and mixed-use residential buildings along Como Avenue. Plans along Como Avenue require coordination with adjacent cities, including both the City of Falcon Heights and the City of St. Paul.

The 2019 Strategic Facilities Plan proposed a public realm framework for the St. Paul campus informed by the existing land use patterns, natural systems and open space structure.

Commonwealth Terrace



Existing Conditions

Potential View of the Central Open Space of the Redeveloped Commonwealth Terrace

Public Realm and Landscape

Athletics and Recreation

Use of fields for organized recreation will continue to be part of the landscape in St. Paul given the deficits in recreational facilities that serve students across the Twin Cities campus. It will be important to maintain sports fields for use by the campus community that is oriented to the St. Paul Campus. Les Bolstad Golf Course occupies approximately 162 acres in the northwest quadrant of the St. Paul campus. In addition to hosting public play on 18 holes and a driving range, it serves as a recreational and athletics destination for cross country teams as well as golf teams.

Recreational and athletic uses are expected to continue, as the underlying soil conditions and the topography of the golf course land suggest this site is not optimal for agricultural purposes. Looking ahead, the University has identified the golf course as an opportunity area, including considering a portion of the land for possible disposition.

The proposed public realm framework is defined by a series of thematic corridors:

Buford Avenue Civic Spine

Buford Avenue, the main east-west route at the midpoint of the campus, is reimagined as the "Main Street" or civic spine of the campus featuring new development and streetscape improvements. Buford Avenue would be reconstructed to support all types of traffic (vehicle, transit, bikes, and pedestrians). Its location at midpoint of campus, when combined with a renewed physical character, will enhance the campus experience and unify the campus. It connects the Cleveland Avenue gateway to the Bio-Tech District on the east side of campus. It will remain the key transit corridor with an enhanced transit node near the central spine (Magrath Library/McNeal Hall area) to support passenger waiting and student amenity spaces.

Arts Walk and Other Programming Opportunities

Campus life can be enriched by building on the presence and iconic status of public art on campus, such as the Lawn's bull sculptures. To that end, an arts walk along the proposed academic spine, strengthens the open space network and celebrates the themes of food, water, and the environment through pieces of art or interpretive signage. The walk could also increase the visibility of academic work and research around campus.

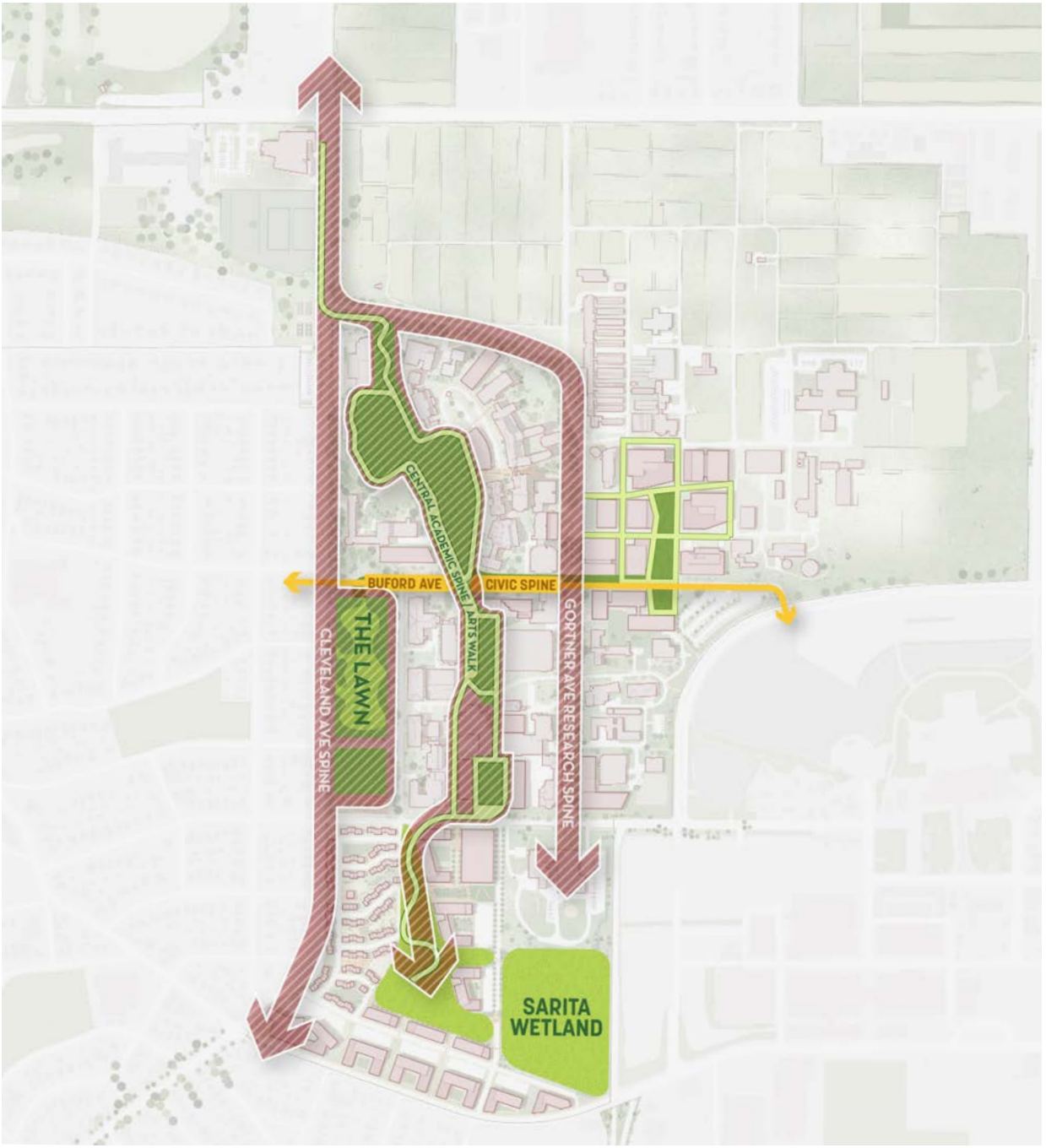
North-South Corridors

The circulation and open space structure of the St. Paul Campus consists of a series of landscape and circulation spines. Three north-south circulation themes are introduced, building upon existing street and landscape corridors present on the campus. These include the Cleveland Avenue community spine, the Gortner Avenue research spine, and a new central or academic spine, passing between the two east and west boundaries.

- The community spine connects the new Bell Museum, at the corner of Larpenteur and Cleveland Avenues, to the established core of the campus by means of improved sidewalks and the streetscape along Cleveland. It extends the positive landscape qualities of the Lawn to the south connecting with the Sarita Wetlands in the southeast corner of the Civic Spine campus with the intent of providing an organizational concept, for the potential redevelopment of the Commonwealth Terrace Cooperative site.
- The research spine follows Gortner Avenue extending from Larpenteur to Commonwealth. New gateway features and an enhanced streetscape are imagined along this corridor.

Les Bolstad Golf Course in the foreground, with the Bell Museum and St. Paul recreation fields beyond

- Various components of the central open space structure and internal roadways of the campus inform the alignment of the central academic spine. It consists of two parallel pedestrian routes and provides north-south pedestrian connectivity between the Veterinary Medicine Complex on the south and research areas north of Buford Avenue. The idea is to enliven the central spine as an arts walk by including sculpture and amenities related to the mission of the St. Paul campus.
- The eastern pathway of the central spine alignment connects the Veterinary Medicine Complex with McNeal Hall. It follows existing pedestrian routes and, where needed, moves through buildings to facilitate north-to-south and exterior-to-interior movement. It includes concepts for moving north to south through the Veterinary Medicine Complex and through the Magrath Library. In both instances, interior reconfiguration of the buildings is proposed to provide accessible routes and to introduce new spaces in response to academic, research, and collaboration needs.
- The western pathway of the academic spine connects the Bell Museum and the St. Paul Gymnasium to Como Avenue. It is primarily an exterior route with one internal segment passing through the Animal Science/Veterinary Medicine Building.

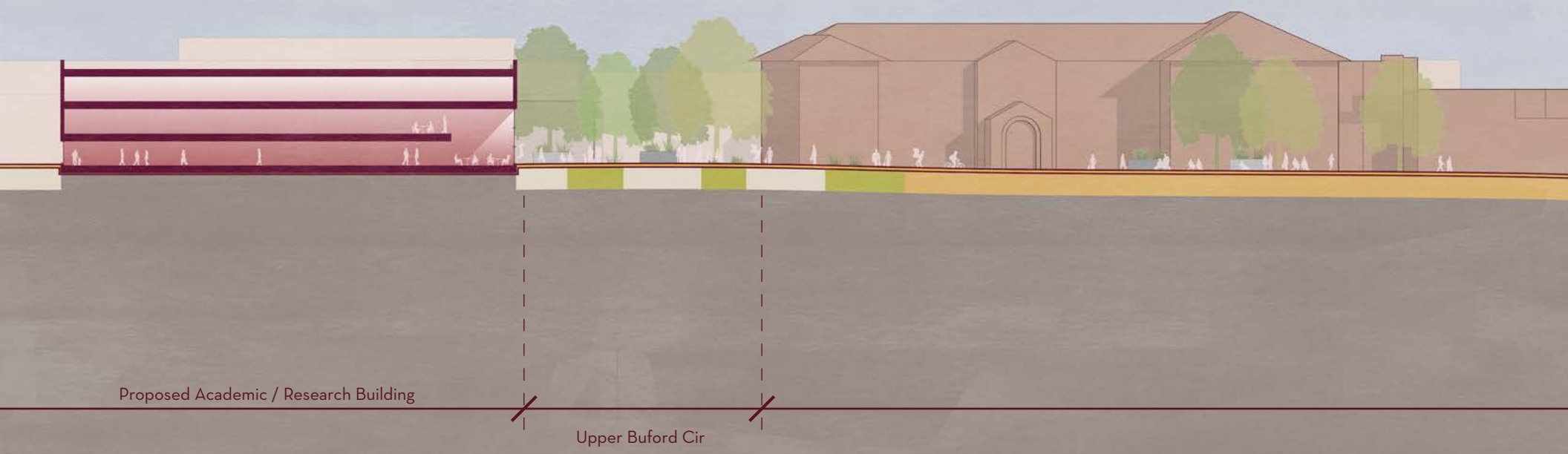


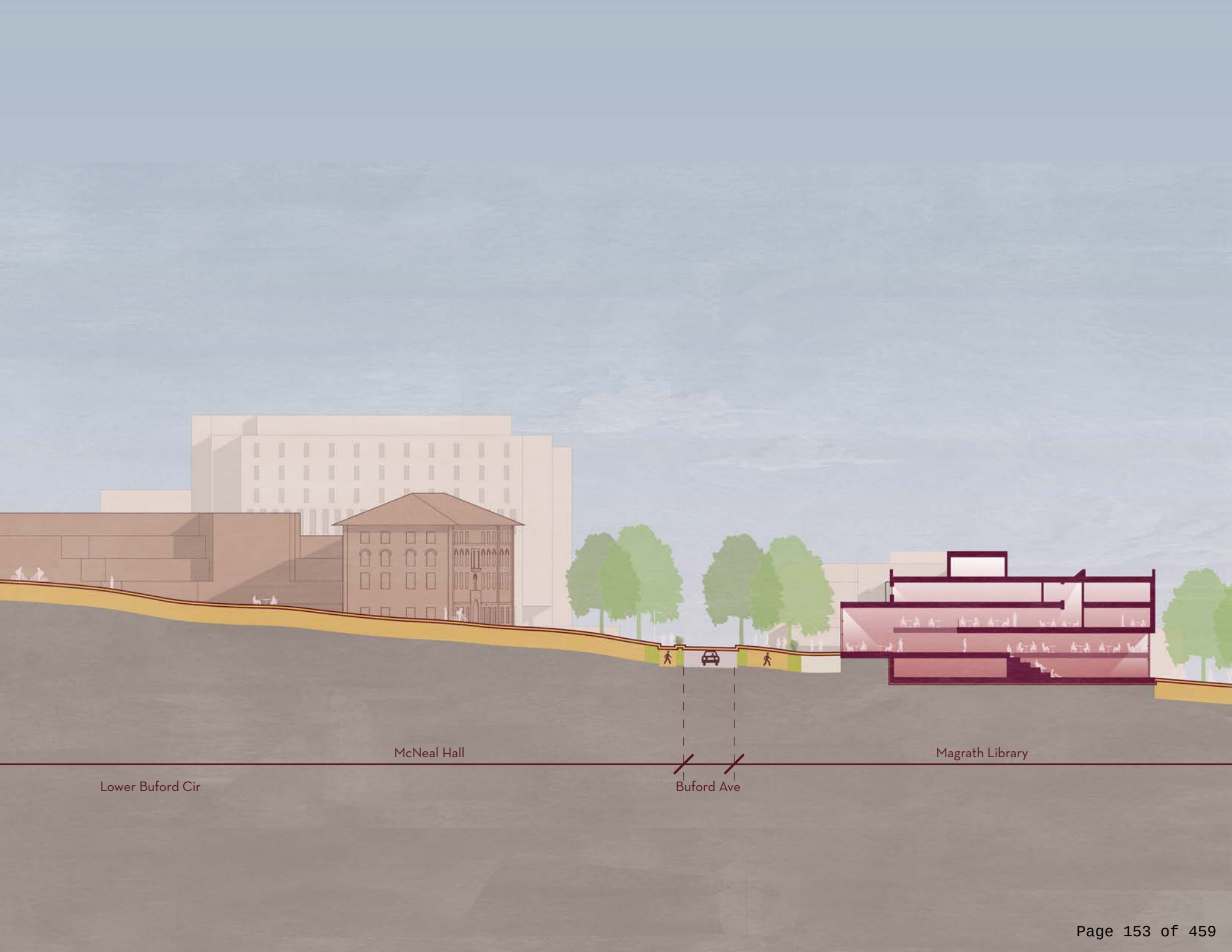
The Corridors of the St. Paul Campus

The Central Academic Spine & Arts Walk

Section through the Central Academic Spine illustrating the potential connection between a renovated Magrath Library and a new research building in Upper Buford Circle. It is themed as the Arts Walk, providing the opportunity to integrate sculpture and other elements representative of the academic, research and service programs of St. Paul. Future pathways will meander to provide an accessible route from Buford Avenue to Upper Buford Circle.

Section through the Academic Spine




McNeal Hall
Magrath Library
Lower Buford Cir
Buford Ave


HEALTH

Implementation 7

Introduction

The Campus Plan looks forward to the 10-year horizon and beyond by building upon the long history of the University, its resilience, and the guidance provided by previous plans including the 2009 Master Plan. This vision for the future of the Twin Cities campus takes into consideration key planning principles, builds on recent and ongoing studies and efforts, and aligns with the University's Systemwide Strategic Plan, MPact 2025.

It can also serve as a framework to guide incremental change, a tool to evaluate future development proposals, and inform the public of the University's aspirations to promote and foster positive relationships with neighborhoods, municipalities, and other stakeholders.

The plan, however, does not identify specific sites for development, design buildings and landscapes, or define a financial plan for the construction of buildings and development of property. The plan also does not fully address campus development issues related to cultural resources. As projects are considered that would impact historic buildings or districts, consideration must be given to maintaining the integrity of such resources while also meeting current and future needs for pedagogy, operations, accessibility, and other factors.

The implementation strategy for the Campus Plan was carefully constructed to address the financial capacity and logistical needs of the University. The implementation period is designed to take place in two time horizon periods: 1-10 years (or "near term") and 10+ years (or "long term").

Though most of the improvements envisioned in the Campus Plan will take many years to implement, there are several that could be implemented in the very near term, and others are currently ongoing:

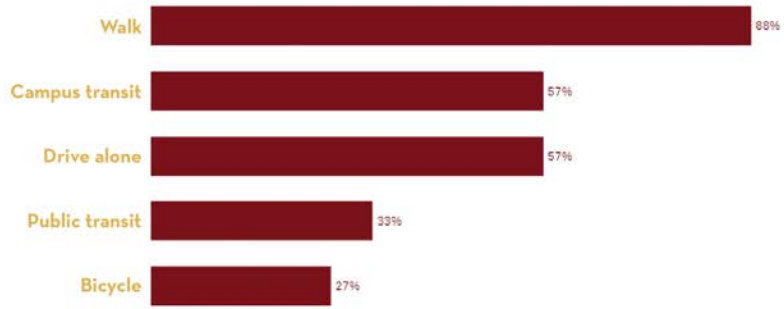
1. Gopher Way signage and wayfinding;
2. replacement of sidewalks and plazas;
3. renewal of exterior pedestrian-scale lighting;
4. accessibility improvements as part of capital building projects;
5. micromobility policy and management;
6. mobility hub pilot projects with external partners;
7. extensions to the bicycle network; and,
8. programming and informal gathering in campus open spaces, such as Northrop Mall, Gateway Plaza, and the St. Paul Lawn.

A survey conducted in February 2021 to understand priorities and opportunities for improvement received more than 2,800 responses, below are excerpts from the results.

We asked people:
What types of student life spaces are most important for creating a sense of community?

We asked people:
If you walk to or from campus, what would make walking more attractive and convenient?

We asked people:
What mode(s) of transportation do you use to travel on campus?



West Bank

1-10 Years

A. Student facing building (replacement)

B. Academic commons (Wilson Library)

C. Improved transit connections

D. Wayfinding and pedestrian signage

E. Washington Avenue SE Bridge improvements

10+ Years

F. New pedestrian, bike connection to East Bank

G. Corridor and open space development

H. Innovation Corridor: West Bank Incubator

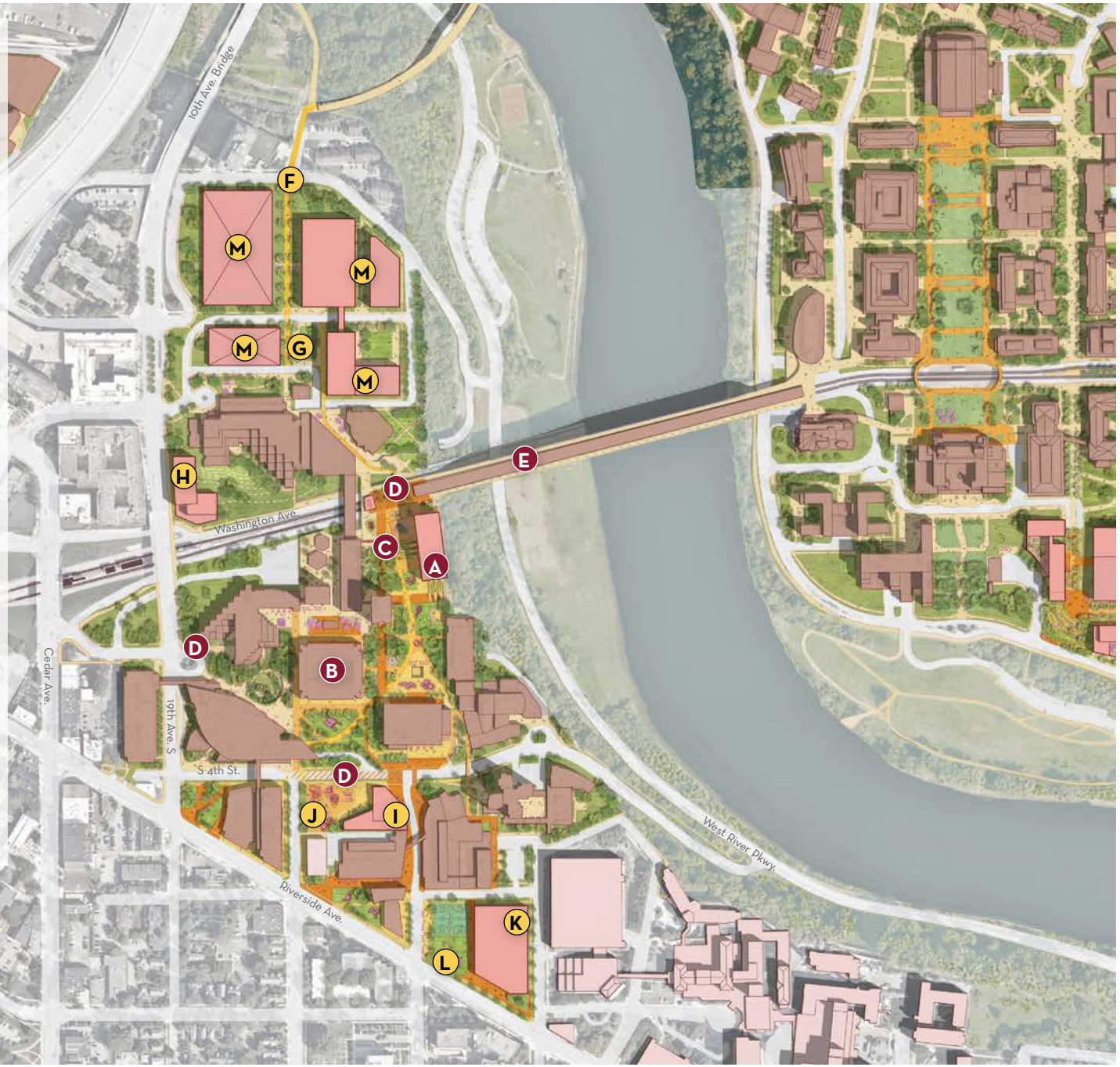
I. Academic expansion

J. Student focused new open space

K. Relocated parking (new structure)

L. Campus edge open space

M. Development opportunity



West Bank

East Bank

1-10 Years

A. Clinical campus renewal
B. Innovation Corridor: East Gateway
C. Innovation Corridor: Joint Venture
D. Stadium open space renewal
E. BDD research expansion
F. Northrop Mall renewal
G. Renovation of student-facing buildings
H. Selective demolitions

10+ Years

I. Hospital relocation
J. Delaware connection
K. Essex corridor
L. BDD research expansion
M. Academic renewal
N. Housing redevelopment
O. River Flats open space partnership
P. River focused visual connections
Q. Enhanced wayfinding throughout campus
R. Land acknowledgment opportunity

East Bank

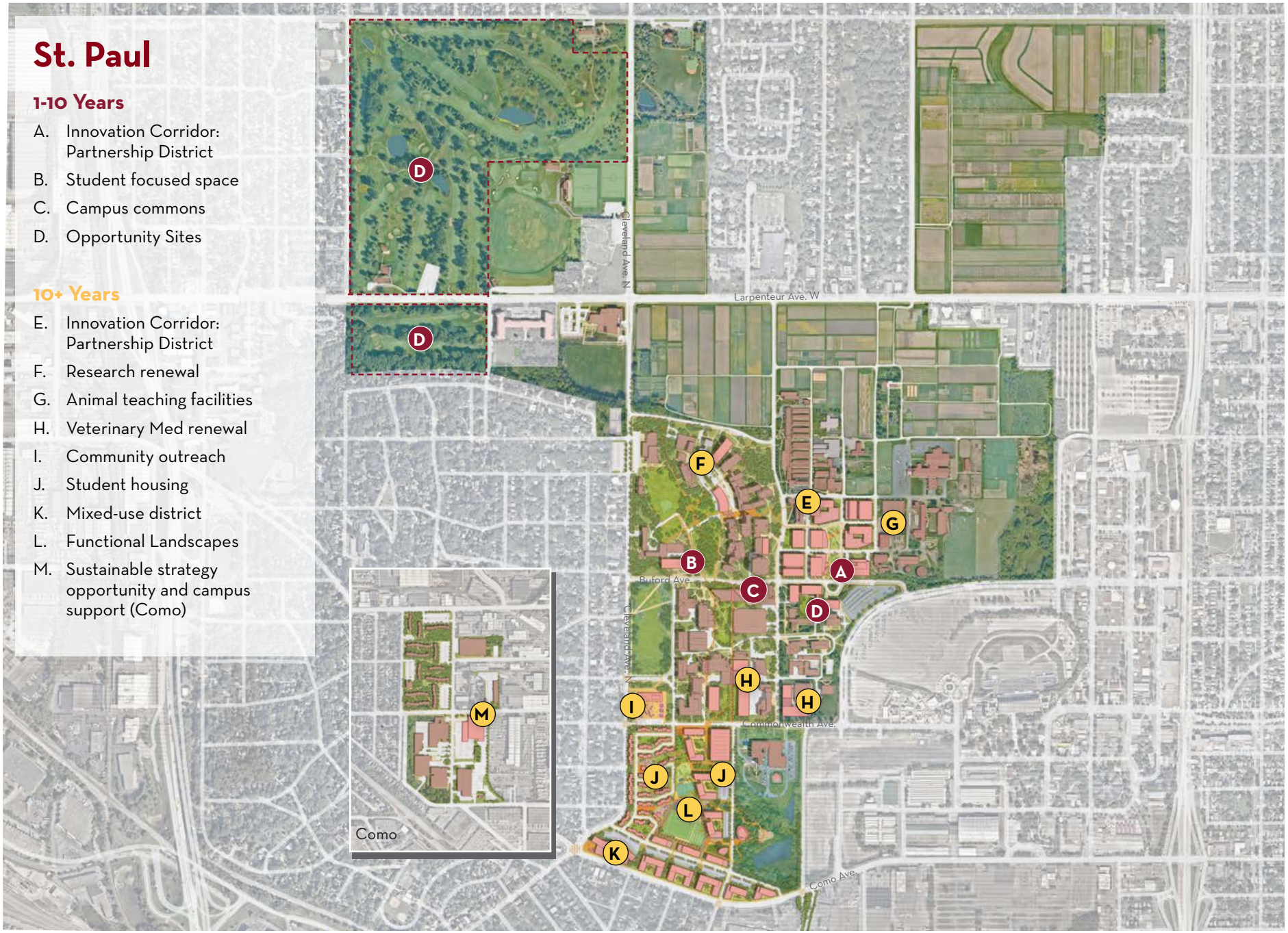
St. Paul

1-10 Years

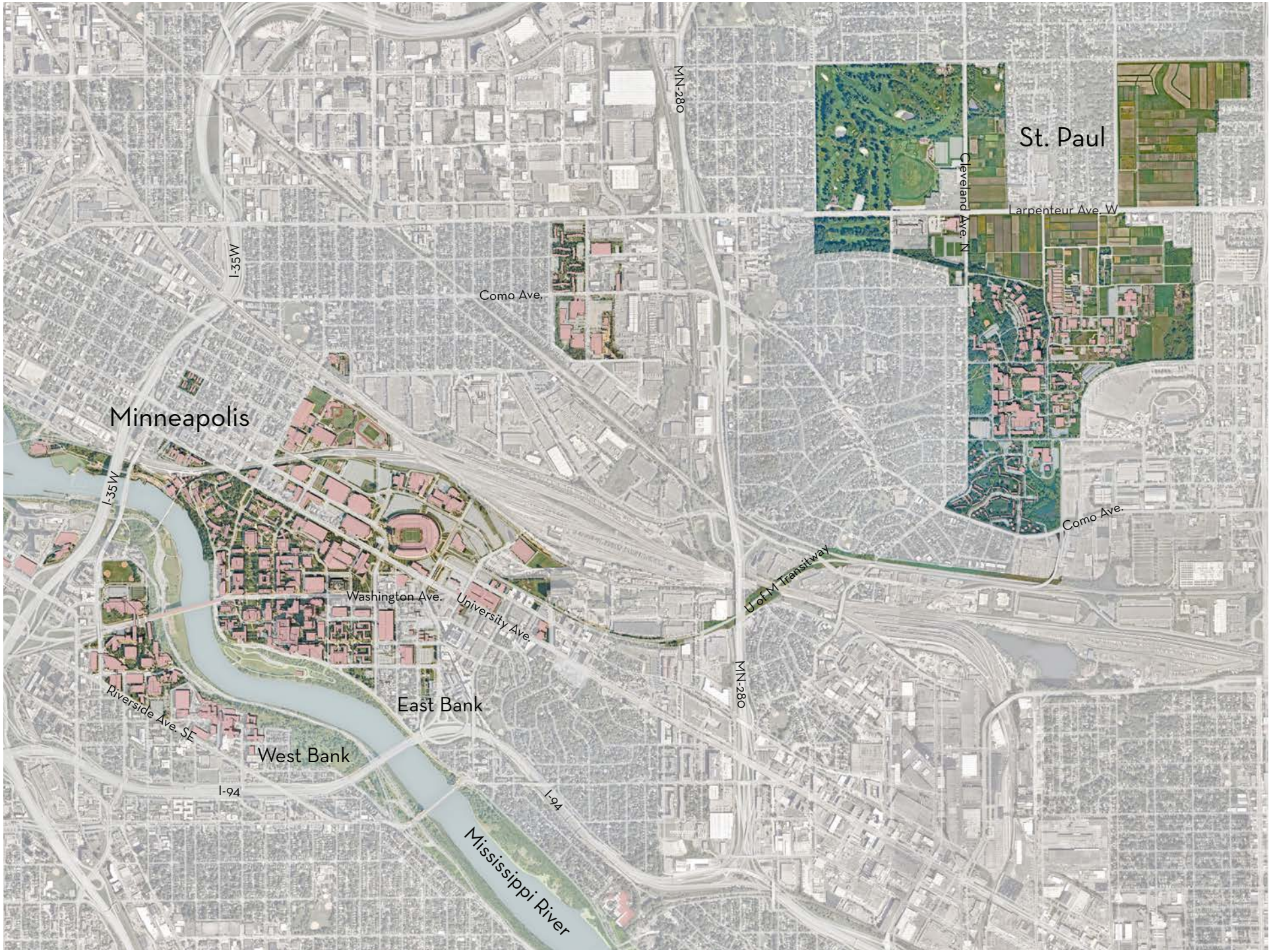
A. Innovation Corridor: Partnership District
B. Student focused space
C. Campus commons
D. Opportunity Sites

10+ Years

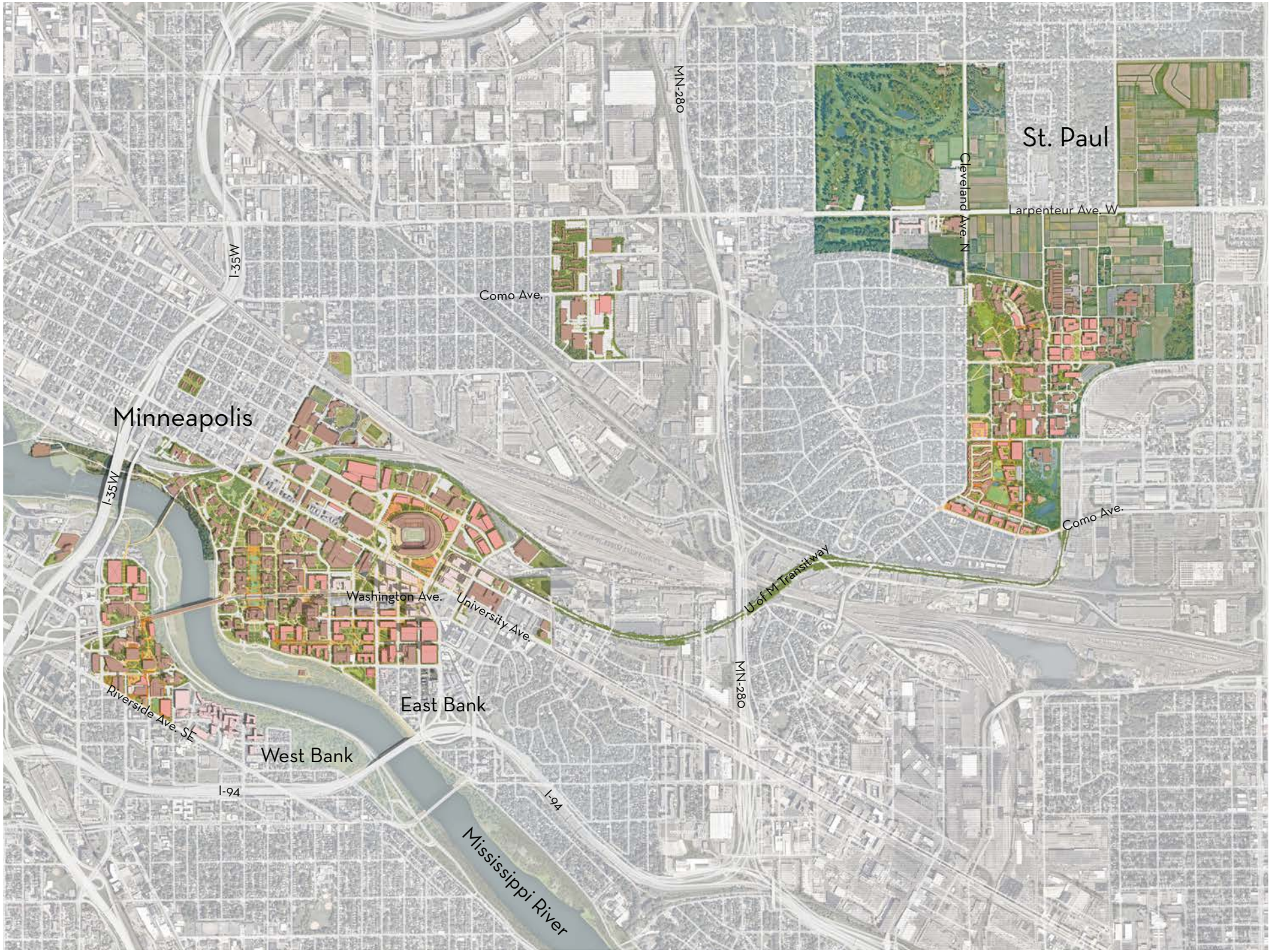
E. Innovation Corridor: Partnership District
F. Research renewal
G. Animal teaching facilities
H. Veterinary Med renewal
I. Community outreach
J. Student housing
K. Mixed-use district
L. Functional Landscapes
M. Sustainable strategy opportunity and campus support (Como)



St. Paul



Existing Conditions – 2021


St. Paul
Minneapolis
MN-280
Cleveland Ave. N
Larpenteur Ave. W
I-35W
Como Ave.
Como Ave.
U of M Transitway
Washington Ave.
University Ave.
East Bank
West Bank
Riverside Ave. SE
I-94
I-94
Mississippi River
MN-280

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: Resolution Related to Operating Model for Twin Cities Campus Dining Program

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

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

PRESENTERS: Michael Berthelsen, Vice President, University Services
Amy Keran, Director of Contract Administration, Auxiliary Services

PURPOSE & KEY POINTS

The purpose of this item is to review and act on the resolution related to an operating model for the Twin Cities campus dining program. As outlined to the committee at the October meeting, the administration recommends that the dining program remain a contracted operation. This recommendation comes after assessing results of a competitive Request for Proposal (RFP) process, engaging a consultant to help develop dining program priorities and a proforma for a self-operated program, and analyzing the opportunities and risks of a self-operated program.

These contracts are managed through Auxiliary Services Contract Administration, a self-supporting entity that does not receive state or tuition dollars for the operation of dining services. The University is not committing institutional funds. Projected revenue generated from these programs is outlined below; actual revenue to the University will depend on sales booked over the life of the agreement as well as inflation.

The recommended operating model addresses three business lines: core business lines, the Minnesota Landscape Arboretum, and Intercollegiate Athletics.

Core Business Lines

For the core business lines (residential, retail, and catering), the administration recommends an agreement with Compass Group USA through its Chartwells Division effective July 1, 2022. The agreement is estimated at $505 million in sales over 10 years, with projected revenue to the University at $155 million over the same period. For example, year one sales are projected to be $40.2 million with $12.1 million in revenue to the University. Revenue from the core business lines will be used for capital investments in the dining program; facilities costs; and to cover University contract management expenses.

Minnesota Landscape Arboretum

For the Minnesota Landscape Arboretum, the administration recommends an agreement with Compass Group USA through its Chartwells Division. This agreement is estimated at $24 million in

sales over 10 years, with projected revenue to the University at $4 million over the same period. For example, year one sales are projected to be $1.97 million with $250 thousand in revenue to the University. Revenue will be used for capital investments in the Arboretum food service program.

Consistent with the principles discussed with the committee in September 2019, the Arboretum operations will not be subsidized or receive operational support from the core business lines. However, the agreements for both will be issued and managed as one agreement for contract administration purposes.

Intercollegiate Athletics

For the Intercollegiate Athletics business lines (concessions and catering), the administration recommends an agreement with Aramark Educational Services LLC effective July 1, 2022. The agreement is estimated at $129 million in sales over 10 years, with projected revenue to the University of $56 million over the same period. For example, year one sales are projected to be $11.3 million with $4.5 million in revenue to the University.

Each vendor that submitted a response for Intercollegiate Athletics provided its own set of projections over the course of the 10-year agreement. To normalize those projections and compare the likely financial value of each response, the RFP evaluation team applied the commission rates proposed by each vendor to the actual FY 2020 concession sales figures. For example, FY 2020 actual commission revenue to Intercollegiate Athletics was $2 million under the current contract and would be $2.8 million under the proposed agreement. Market research suggests that the commissions in the proposed agreement are competitive with peer institutions.

Consistent with the principles discussed with the committee in September 2019, Intercollegiate Athletics operations will not be subsidized or receive operational support from the core business lines.

BACKGROUND INFORMATION

Dining services on the Twin Cities campus have been a contracted operation since 1998. The existing food service contract with Aramark began in 2008. The committee was briefed and provided feedback on a process for assessing the current and future dining program in September 2019; due to the impacts of COVID-19 on the food service industry as well as University auxiliary operations, an additional contract extension was approved in September 2020.

Following a semester of campus consultation and engagement, a set of principles and priorities were developed that incorporated student and other stakeholder feedback. Porter Khouw Consulting (PKC), a national firm of foodservice consultants, designers, and market research experts, was engaged to assist with the development of the RFP and a complete self-operation proforma. A Student Advisory Committee met throughout the consultation and RFP development process. The primary focus of the RFP was for the "core business lines" (residential, retail, and catering) with supplemental operations for Intercollegiate Athletics and the Landscape Arboretum. Respondents could bid on any one or all of these lines of business. The work of PKC was further refined to reflect the University's business processes, requirements, and standards.

A Management Committee that included functional leaders and students established criteria to evaluate for program, financial, sustainability, corporate/social responsibility, and business community economic development priorities. This information was incorporated into the RFP, which was also reviewed and consulted with the Student Advisory Committee. The Management

Committee then issued the RFP and later reviewed and scored the RFP responses and the self-operation proforma using the same measures.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to operating model for Twin Cities campus dining program.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Operating Model for Twin Cities Campus Dining Program

WHEREAS, the Board of Regents (Board) reserves to itself authority to approve individual purchases of goods and services with a value greater than $1,000,000, consistent with Board policy; and

WHEREAS, the administration has conducted extensive campus consultation and engagement through the development, issuance, and review of a request for proposals (RFP) that reflects the priorities and goals of the campus community; and

WHEREAS, the administration has conducted a thorough self-operation analysis that identified significant financial and operational risks to the delivery of a successful, high-quality dining program.

NOW THEREFORE, BE IT RESOLVED that the Board of Regents approves the president's recommendation to continue contracting the management of dining operations on the Twin Cities campus and approves the purchase summaries for Twin Cities campus dining as presented to the Finance & Operations Committee in the December 16, 2021 docket materials.

Purchase of Goods and Services $1,000,000 and over

To Compass Group USA, Inc., through its Chartwells Division, for a contract valued at an estimated $529,000,000 in total sales to provide Retail Food Service, Residential Food Service, and Catering Services on the Twin Cities Campus, as well as the Minnesota Landscape Arboretum for the Department of Auxiliary Services for the period of July 1, 2022 to June 30, 2032.

On February 17, 2021, the University of Minnesota Twin Cities Campus issued a Request for Proposal for food service for the Twin Cities campus for the core business lines of Residential, Retail, and Catering as well as the Minnesota Landscape Arboretum.

This Food Service agreement provides for Residential Food Service, Retail Food Service, and Catering Services for the Twin Cities campus as well as the Minnesota Landscape Arboretum. The agreement provides for unlimited dining meal plans, increased options for dietary and religious requirements, funding for food insecurity for students, increased hours of operation for residential dining, new national brands and a financial package estimated at $159,000,000 in value to the University over 10 years to support associated University dining operations and capital investment/renewal over the course of the agreement. Operations at the Minnesota Landscape Arboretum will be financially independent of the other core business lines. The Compass Group contract will have performance measures, reporting requirements, annual business review, and penalties to ensure that the performance requirements and student satisfaction are being met.

Food Service vendors bring significant resources to the University. These vendors can provide knowledge in a large variety of food service areas such as nutrition, culinary expertise, facilities, and procurement. Compass Group will leverage their core competencies and work in partnership with many departments at the University of Minnesota.

Through the request for proposal evaluation process, Compass Group USA presented the strongest overall food service program for the core business lines and the Minnesota Landscape Arboretum for the contract period.

Submitted by: Laurie McLaughlin
Interim Associate Vice President
Auxiliary Services
612-626-1499

Approval of this item is requested by:

Michael Berthelsen
Vice President, University Services
(Signature on file in Purchasing Services)

November 12, 2021

Purchase of Goods and Services $1,000,000 and over

To Aramark Educational Services, LLC. for a contract valued at an estimated $129,000,000 in total sales to provide Catering Services and Concession Services for Intercollegiate Athletics for the Department of Intercollegiate Athletics and Auxiliary Services for the period of July 1, 2022 to June 30, 2032.

On February 17, 2021, the University of Minnesota Twin Cities Campus issued a Request for Proposal for food service for the Twin Cities campus for the catering and concessions for Intercollegiate Athletic venues.

This Food Service agreement provides for Intercollegiate Athletic venues the capital needed for Intercollegiate Athletics to use to enhance the guest experience at these facilities in addition to a strong team with experience in sports and entertainment venues. Based on the financial projections from Aramark Educational Services, LLC, the agreement provides for a financial package at an estimated $56,000,000 in value to the University over ten years. The funds from the agreement will be used to support associated operations and capital investment/renewal over the course of the agreement. The Aramark Educational Services, LLC. contract will have performance measures specific to the Intercollegiate Athletics venues, reporting requirements, an annual business review, and penalties to ensure that the performance requirements and guest satisfaction are being met.

Food Service vendors bring significant resources to the University. These vendors can provide knowledge in a large variety of food service areas such as nutrition, culinary expertise, facilities, and procurement.

Through the request for proposal evaluation process, Aramark Educational Services, LLC. provided the best program and return to the University and Intercollegiate Athletics.

Submitted by: Laurie McLaughlin
Interim Associate Vice President
Auxiliary Services
612-626-1499

Approval of this item is requested by:

Michael Berthelsen
Vice President, University Services
(Signature on file in Purchasing Services)

November 17, 2021

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: MPact 2025: Innovative Financing to Support Strategic Objectives

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

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

PRESENTERS: Myron Frans, Senior Vice President
Michael Volna, Associate Vice President, Finance

PURPOSE & KEY POINTS

At its December meeting, the Finance & Operations Committee will receive updates on steps to implement Commitment 5: Fiscal Stewardship of the MPact 2025 Systemwide Strategic Plan (MPact 2025). The committee's agenda includes two in-depth updates this month – *Innovative Financing to Support Strategic Objectives* and *Enterprise Risk Management Plan*.

The purpose of this agenda item is to present the Innovative Financing Strategies to Support Strategic Objectives Plan (plan). Based on feedback from the committee, the plan will be finalized and implanted by the end of December 2021. Any items within the plan that require Board approval will be presented when ready.

Additional updates on Commitment 5 will be shared as part of the MPact 2025 update to the full Board on December 17; those updates are included in the background information, below.

Innovative Financing to Support Strategic Objectives Plan

Action Item 5.3 is designed to advance innovative financing to support long-term strategic objectives. The plan was developed by a group of University financial experts and senior leaders to accomplish this action item. The plan leverages the University's ability to issue and manage debt and its outstanding credit ratings, and builds on the University's excellence in managing cash and investments. The plan seeks to expand financing for capital projects that support the University's strategic goals.

The elements of the plan include:

1. Complete an updated debt capacity study of the University's calculated debt capacity.
2. Propose a new state-supported program for financing the University's capital renewal and deferred maintenance needs.
3. Expand the current internal revolving loan program (also known as an "internal bank") to fund more capital needs.
4. Issue a Century Bond that will provide funds for the internal bank revolving loan program.

5. Establish regular monitoring of financing opportunities initiated by the federal government with help of federal relations specialist in University Relations.
6. Expand the use of commercial paper as a source of short term, low-cost financing.

The December materials and discussion will focus on the first four elements of the plan. The goal is to familiarize the committee with those plan elements and seek input before requesting action at a future meeting. The last two plan elements will be reported on at a future date.

BACKGROUND INFORMATION

Updates this month focus on action items from Commitment 5 that require a plan to be developed by December 2021, specifically 5.3 and 5.4.

Leadership for implementing Commitment 5 has been assigned to the Chancellors, and the Office of the Senior Vice President for Finance and Operations. The Office of Equity and Diversity has also been assigned to Commitment 5.4 - *Assess and improve campus safety protocols and organizational structure*.

Additional Commitment 5 Updates

Action Item 5.3 – Establish Land Retention, Acquisition, and Use Strategy

In September 2021, the Finance & Operations Committee discussed and provided feedback on four guiding principles to guide strategic property acquisitions and sales. Since that meeting, the Planning, Space, and Real Estate team has been working to incorporate the principles into Board of Regents Policy: *Property and Facility Use*. Those draft amendments will be consulted with the University community, including the units within the Senior Vice President for Finance and Operations, the Office of the President, Chancellors, and the Senate Committee on Finance and Planning. Based on that consultation, final recommended amendments will return to the committee for review (tentatively February 2022). Once the amended policy is approved, each campus will incorporate the principles into the development of their campus plans.

Action Item 5.4 - Assess and Improve Campus Safety Protocols and Organizational Structure

The development of a five-year safety plan is currently underway. The plan will be a roadmap for a more holistic approach to campus safety protocols and organizational alignment systemwide. It will provide an overview of programs, policies, protocols, and plans to assess and improve campus safety over the next five years. The plan will build on work currently being done, including broader efforts like the M Safe program and the creation of the University Senate's Safety Committee. The plan will also include detailed updated departmental plans for University Health and Safety and the Department of Public Safety. Once compete, the plan will be reviewed with the Board.

NOTE: This is a draft plan for discussion at the December Board of Regents Finance and Operations Committee meeting. The document will be finalized following the board meeting.

Innovative Financing Plan

Supporting MPact 2025 Commitment 5 Action Item 5.3

November 2021

Background

The University currently has a mature, well-functioning capital financing and debt management program which has resulted in the University's Aa1 rating (Moody's) and a very low weighted average cost of capital of about 2.6%. Under the current program, risks are managed prudently.

Charge: Enhance current financing program

We believe there are some opportunities to enhance the current program and bring additional benefits to the University. Senior Vice President Frans and the Chancellors have developed a plan for enhancing the capital financing program at the University, which leverages the University's ability to issue and manage debt, our current outstanding creditworthiness, and our excellence at managing cash and investments via the endowment.

Plan goals

1. Lock in historically low interest rates for as long as possible, to reduce interest costs on borrowed funds.
2. Increase our nimbleness in deploying capital, and reduce transactional costs involved in capital financing.
3. Leverage the endowment and the investment capabilities of the Office of Investments and Banking, to manage cash invested for future repayment of a century bond principal.
4. Further reduce the interest expense that units must pay on capital projects.

Plan deliverables with target dates

Year 1 (Calendar year 2022)

Conduct debt capacity study

Engage Janney, Montgomery Scott, an outside advisory firm, to perform a thorough debt capacity study. Such a study will, among other things, evaluate and quantify the University's theoretical debt capacity, and estimate the impact on debt capacity of moving UP one rating notch (i.e., from Moody's Aa1 to Aaa) and DOWN one notch (i.e., from Moody's Aa1 to Aa2). A capacity study will help frame discussions and manage expectations around debt planning.

Propose a new program for financing deferred maintenance and capital renewal needs (2022 Legislative Session)

- Leverage the University's partnership with state of Minnesota, and the debt financing tools available to the University, to propose a new program for financing the University's capital renewal needs.
- The University would propose to issue $500 million of debt (preferably as Special Purpose Revenue debt, to be counted against the state's debt capacity). The proceeds would be used to finance capital renewal and HEAPR projects at the University.
- The University would also request a $35 million annual appropriation for 25 years from the state of Minnesota to finance the debt service. This technique is similar to the state financing in place for Huntington Bank Stadium and Biomedical Discovery District debt.

Expand Internal Bank and Revolving Loan Program

Implement a formal "internal bank" with a revolving loan program as part of the University's overall debt management toolkit. Such a program would facilitate making internal loans to University units for their capital needs, rather than having to issue external debt for every capital project. All internal loans made would have a repayment plan. The revolving nature would mean there is a perpetual cycle of "recycling" capital - making loans, collecting on them, and reloaning the funds - while using a portion of what is collected to pay interest on the century bond.

Issue a Century Bond

Issue a century bond of $300-400 million, to provide a source of funds for the loans to be made out of the internal bank revolving loan program. The proceeds would be added to the internal bank and loaned internally, but only for capital projects. Each loan will be established with a repayment plan that fully collects principal and interest. The interest collected from internal borrowers will be used to pay the interest owed to external bond holders. The principal that is collected will be recycled to new loans for additional capital needs. This "recycling" feature would ensure that the original century bond proceeds are used many times over, rather than just once. The recycling nature of an internal bank acts as a multiplier of the University's debt capacity.

Establish procedures for monitoring federal legislation (i.e., Build Back Better legislation) for funding opportunities available to the University.

Recent federal legislation includes many funding opportunities targeted towards capital and infrastructure needs. The administration will establish procedures for identifying infrastructure funding

opportunities available to the University, to include consulting with our federal relations personnel, and monitoring information coming from national organizations such as the Association of Governing Boards and the National Association of College and University Business Officers.

Year 2 (Calendar Year 2023)

Expand Commercial Paper Facility

Commercial paper (CP), which is a short-term variable rate debt instrument that currently is available for less than a quarter of a percent interest rate, is an excellent way to reduce the overall weighted cost of capital. The risks of using CP for long durations is that borrowers are subject to interest rate volatility; if a long-term loan is made with CP, the interest rates paid could fluctuation dramatically which would subject the borrowing unit to volatile and unpredictable debt service payments. This strategy would involve several components designed to evaluate if and how CP should be used as a long-term debt financing tool, which would include:

- Develop techniques for incorporating CP into the internal revolving loan program
- Perform an analysis of interest rate sensitivity to create interest rate risk mitigation strategies
- Evaluate whether the current $400 million capacity is sufficient
- If appropriate, seek board authorization to expand the existing CP program capacity to a larger amount that would facilitate its use more broadly for debt financing of capital projects

Staffing And Resource Considerations

The University's current debt management program would likely require a modest increase in resources of up to 2 FTEs for the debt team and the Office of Investments and Banking (OIB). Additional resources if needed would be phased in as the program grows over time. The debt program and OIB cover their costs through fees and earnings from those programs, so any incremental costs would not require additional O&M funding.

MPact 2025: Innovative Financing to Support Strategic Objectives

Myron Frans, Senior Vice President
Michael Volna, Associate Vice President, University Finance

Finance & Operations Committee

December 16, 2021

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

Current Capital Financing Program

Strengths

- $1.5 billion portfolio is well-managed
- Strong credit ratings-
  - Aa1 (Moody's)
  - AA (S&P)
- Weighted cost of capital is a very low 2.6%

Current Capital Spending

Debt Financing

- New construction and major renovation projects
- $63.4 million / year (5-year average)

HEAPR

- State bonding for asset preservation projects (e.g., roofs & windows)
- $20.8 million / year (5-year average)

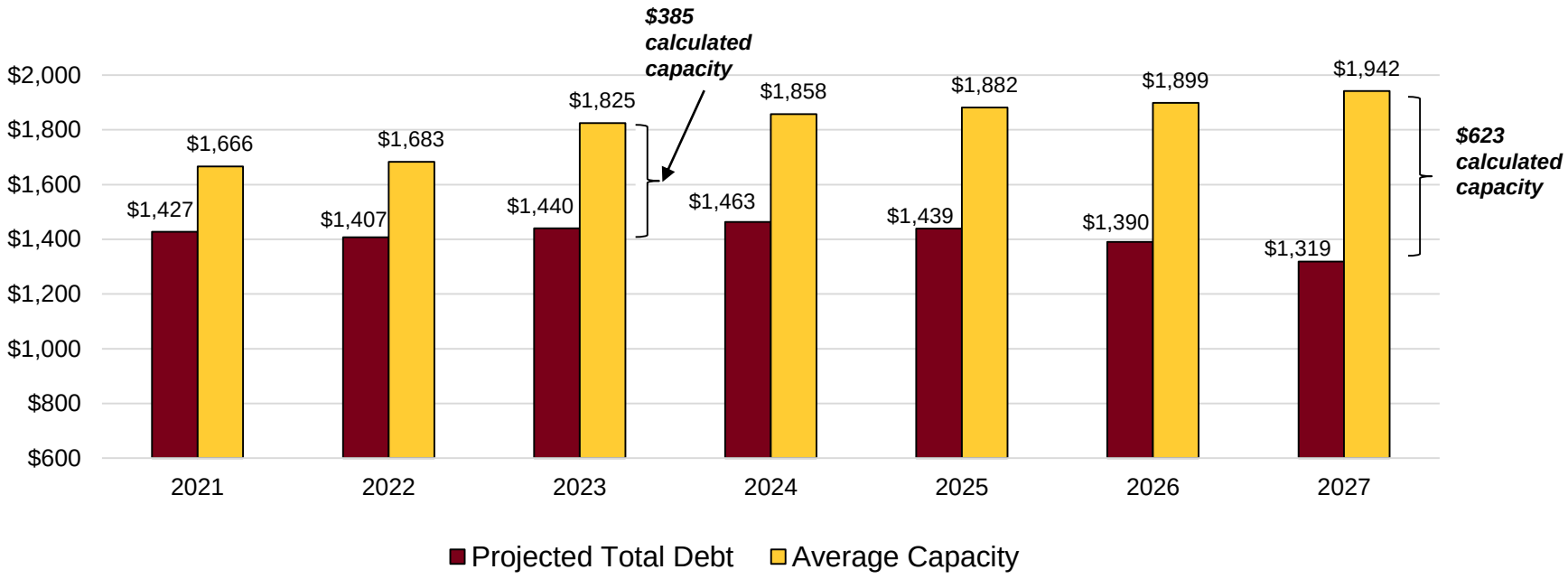
Repair & Replacement

- Operating budget used for small repairs, emergency repairs and replacements, etc.
- $30 million / year (5-year average)

The plan will benefit these two categories of capital financing

Calculated Debt Capacity

(Preliminary as of 9/30/2021; Amounts in millions)



Based on Moody's "Aa1" Medians

Innovative Capital Renewal Program

Proposal:

- UMN would issue $500 million in new University debt
- Proceeds used for deferred asset renewal projects
- Request a new appropriation of $35 million/year for 25 years to cover our debt service
- Would be structured to count against state's credit capacity

Benefits

- Addresses 10% of $5.2 billion backlog of deferred renewal
- Leverages UM's capabilities to issue and manage debt
- Mirrors stadium and Biomedical Discovery District debt program
- Preserves UM's debt capacity for Annual Capital Budget & Six-Year Plan

State-Supported Debt Examples

Huntington (TCF) Bank Stadium Legislation (2006)

- State support for new stadium
- 55% of stadium cost ($137.5 million) funded by state of MN:
  - U of M issued debt for the state's 55% of costs
  - Annual appropriation to U of M of $10.25 million per year for debt service on UM bonds issued for state's share of costs
- Recurring appropriation began 2008, continue for 25 years until debt paid off.

Biomedical Discovery District Legislation (2008)

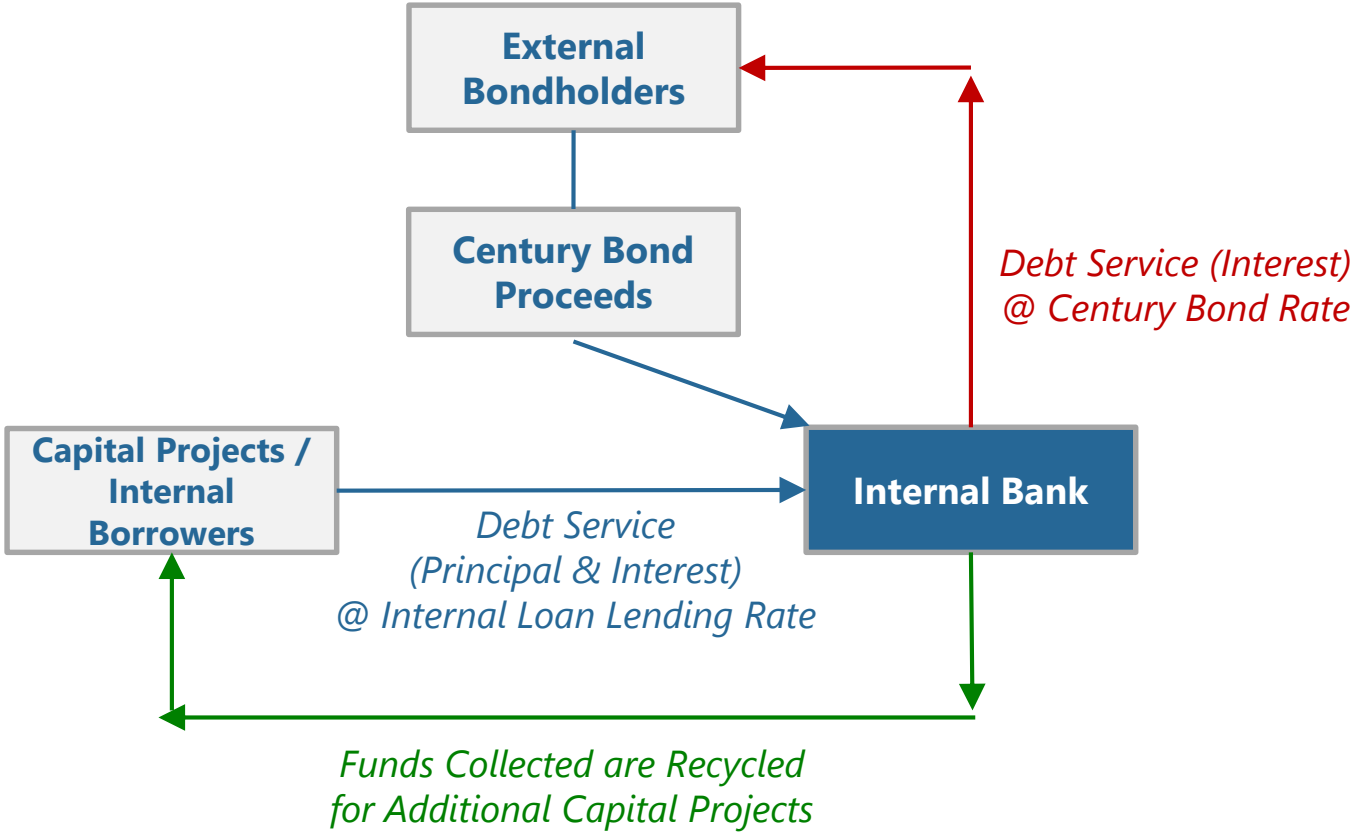
- State support for 4 new research buildings around the stadium
- 75% of the facilities costs ($219 million) funded by state of Minnesota
  - U of M issued debt for the state's 75% share of costs
  - Annual appropriation to U of M of up to $15.5 million per year, for debt service on UM bonds issued
- Recurring appropriations began 2010, continue for 25 years until debt paid off.

Century Bonds

- A bond issued with a 100-year maturity
  - Interest is paid for 99 years
  - Principal due in year 100
- Typically used for an internal bank to make internal loans
- Funds are lent and relent multiple times over 100 years
- An amount is set aside and invested for repayment in year 100

Capital Financing Strategy

Internal Bank (Internal Loan Fund)

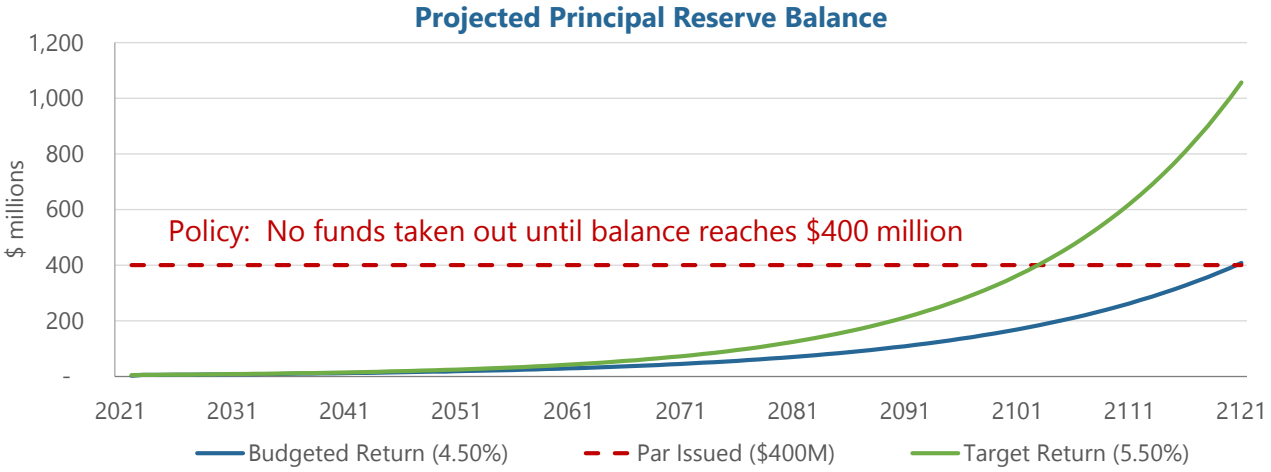


Principal Repayment Reserve

Strategy - Set aside an amount in CEF (not bond proceeds) which will grow and compound for 100 years. At maturity of the century bond, the funds needed for repayment will be available

Two Illustrations: Set aside of $5 million in CEF (for a $400 million Century Bond)

- *Assume 4.5% CEF returns (budgeted rate of return)*
- *Assume 5.5% CEF returns (target rate of return)*



Note: Analysis shown above assumes an average annual return; actual results will fluctuate based on asset allocation and market conditions over time. See Appendix for peer examples.

Success Factors and Considerations

- Deep in-house experience and expertise:
  - Debt management program currently manages $1.5 billion debt portfolio with great success
  - Best-in-class investments and banking team
  - Mature capital & facilities programs (e.g., Six-Year plan process)
  - Strong compliance framework
- Availability of leading external advisors
  - PFM, Janney Montgomery Scott
- Strong Board policy and oversight framework

Conclusion

Opportunities

- Lock historically low rates
- Reduce capital financing costs for units
- Expand available capital
- Increase nimbleness in financing projects
- Leverage earnings power of endowment

UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.

Higher Education Century Bonds
Institutional Issuers

Sale Date	Borrower	Ratings (M/S/F)*			Par Amount	Credit Spread	Coupon
04/02/1996	Yale University	Aaa	AAA	NR	$125,000,000	70 bps	7.375%
10/31/1996	Massachusetts Institute of Technology	Aaa	AAA	NR	$75,000,000	60 bps	7.250%
06/24/1997	Boston University	A3	BBB+	NR	$100,000,000	95 bps	7.625%
05/11/2011	Massachusetts Institute of Technology	Aaa	AAA	NR	$750,000,000	130 bps	5.600%
08/10/2011	University of Southern California	Aa1	AA	NR	$300,000,000	174 bps	5.250%
10/19/2011	Ohio State University	Aa1	AA	AA	$500,000,000	170 bps	4.800%
11/29/2011	California Institute of Technology	Aa1	AA+	NR	$350,000,000	180 bps	4.700%
02/21/2012	University of California	Aa1	AA	AA+	$860,000,000	165 bps	4.858%
03/22/2012	Tufts University	Aa2	AA-	NR	$250,000,000	165 bps	5.017%
03/29/2012	University of Pennsylvania	Aa2	AA+	NR	$300,000,000	140 bps	4.674%
06/26/2012	Bowdoin College	Aa2	NR	NR	$128,500,000	200 bps	4.693%
04/23/2013	Hamilton College	Aa2	NR	NR	$103,000,000	198 bps	4.750%
04/01/2014	Massachusetts Institute of Technology	Aaa	AAA	NR	$550,000,000	108 bps	4.678%
11/06/2014	Ohio University	Aa3	A+	NR	$250,000,000	250 bps	5.590%
04/01/2015	University of California	Aa2	AA	AA	$500,000,000	230 bps	4.767%
05/23/2016	Wesleyan University	Aa3	AA	NR	$250,000,000	215 bps	4.781%
07/26/2016	Massachusetts Institute of Technology	Aaa	AAA	NR	$500,000,000	160 bps	3.885%
09/07/2016	California Institute of Technology	Aa2	AA-	NR	$150,000,000	205 bps	4.283%
09/15/2017	University of Virginia	Aaa	AAA	AAA	$300,000,000	137 bps	4.179%
01/09/2019	Georgetown University	A2	A-	NR	$304,000,000	218 bps	5.215%
08/01/2019	University of Pennsylvania	Aa1	AA+	NR	$300,000,000	115 bps	3.610%
09/05/2019	University of Virginia	Aaa	AAA	AAA	$350,000,000	117 bps	3.227%
09/10/2019	Rutgers University	Aa3	A+	NR	$330,000,000	172 bps	3.915%
11/20/2019	University of Pittsburgh	Aa1	AA+	NR	$400,000,000	135 bps	3.555%
11/20/2019	California Institute of Technology	Aa3	AA-	NR	$500,000,000	145 bps	3.650%
01/30/2020	University of Southern California	Aa1	AA	NR	$320,000,000	120 bps	3.226%
02/27/2020	University of California	Aa2	AA	AA	$300,000,000	190 bps	3.706%

Janney

* Ratings at the time of issuance. Credit spreads are based on spread to prevailing 30-year UST at time of issuance.
Items highlighted in green indicate public university century bond issuers.

Peer Examples: Principal Repayment Strategy

Institution	Par Issued	Set Aside	Funding Source	Investment Strategy	Assumed Earnings
Ohio State University	500,000,000	10,000,000	University Cash	Long-Term Inv. Pool	N/A
Rutgers University	330,000,000	2,500,000	Internal Bank Equity	Separate Fund in LTIP	5.00%
Ohio University	250,000,000	7,000,000	University Cash	50% Liquid / 50% LTIP	30Yr UST / 6.90%
Wesleyan University	250,000,000	2,000,000	University Cash	S&P Index Fund	N/A

- There are several examples of similar repayment strategies as described in the following table.
- Rutgers University uses the dual track strategy described earlier with a budgeted versus target investment return.
- Ohio University uses the minimum/maximum balance concept described earlier.
  - Also includes asset allocation targets at each checkpoint.

Source: Publicly available information including audited financial statements and public Board minutes.

Peer Examples: Internal Bank Framework

- The internal bank concept has been an effective capital strategy tool for several institutions including credit peers such as Ohio State University, University of Nebraska, and University of Missouri System.
- We have also observed institutions applying the same approach to their century bond programs to fund deferred maintenance and/or institutional sustainability goals.

Institution	Description
University of California *Deferred Maintenance* link to more information	▪ Campuses will manage the bond proceeds as internal loans that will be amortized and repaid over 15-30 years and recycled. ▪ Some campuses will use the internal loan proceeds to create a revolving fund for capital renewal.
University of Pennsylvania *Climate Action Plan* link to more information	▪ $200 million of proceeds were used for energy efficiency upgrades and deferred maintenance. ▪ The utility cost savings will be used to offset debt service and the principal repayment of the HVAC projects will be used for recycling.
Mass. Inst. Of Technology *Accelerated Capital Renewal Plan* link to more information	▪ MIT has utilized several century bond issues to create funding for its Accelerated Capital Renewal Program. ▪ This program identified capital renewal priorities and committed significant near-term funding after a period of limited investment.

Janney

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: President's Recommended Supplemental 2022 State Budget Request

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

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

PRESENTERS: President Joan T. A. Gabel
Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

The purpose of this item is to review and act on the President's Recommended Supplemental 2022 State Budget Request.

In October, Governor Walz announced his plan to submit a supplemental budget proposal to the Minnesota Legislature during the 2022 legislative session. As a part of that process, the governor called for supplemental requests from state agencies and the University. Since the governor's request was made, the State of Minnesota issued its "November Forecast," which outlined a projected $7.7 billion surplus for the current biennium, $6 billion of which would be a recurring surplus balance entering the next biennium ($4.8 billion after factoring in estimated inflation). This unusually positive state economic forecast offers a unique opportunity for investment in meaningful initiatives that can make transformational change.

In the context of those opportunities now available to the state, the president is recommending that the University submit a supplemental state budget request to the governor and the legislature for their consideration. The proposed University request is for a total of $935.6 million in two categories:

1. The initial 2022 State Capital Request of $273.6 million approved by the Board in October.
2. A new supplemental request of proposed spending in five thematic areas totaling $662 million – $75.0 million recurring and $587.0 million nonrecurring.

University of Minnesota
2022 Legislative Request – Capital and Supplemental

1-A	**Previously Approved 2022 State Capital Request**		**$273,600,000**	**$273,600,000**
	Supplemental Items	**Recurring**	**Nonrecurring**	**Total**
1-B	Support Priority University Projects (previously designated)		$200,000,000	**$200,000,000**
2	Enhance Safety, Security and Sustainability	$10,000,000	$175,000,000	**$185,000,000**
3	Increase Access to the University – Reduce Cost of Attendance Burden for MN Residents	$65,000,000		**$65,000,000**
4	Support the Future of Animal Agricultural Research in Minnesota		$60,000,000	**$60,000,000**
5	Advance the Quality of Health Care and Access		$152,000,000	**$152,000,000**
	Total Supplemental	**$ 75,000,000**	**$587,000,000**	**$662,000,000**
	Total Current & Supplemental	**$75,000,000**	**$860,600,000**	**$935,600,000**

Additional information on the previously approved 2022 State Capital Request and each of the five thematic areas is included in the docket materials.

BACKGROUND INFORMATION

The University submitted the 2022 State Capital Request to fund three University capital priorities totaling $273.6 million. Upon Board approval, the proposed supplemental items will be submitted to Minnesota Management and Budget for consideration by the governor and the legislature.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the supplemental 2022 state budget request to the State of Minnesota.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Supplemental 2022 State Budget Request to the State of Minnesota

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

WHEREAS, fulfilling the University's mission requires a significant physical infrastructure capable of the diverse needs of a world-class 21st century institution, while the average building age systemwide exceeds fifty years; and

WHEREAS, the University is committed to providing safe campus environments for students, employees, and visitors through advanced measures in public safety, health and safety, and IT infrastructure; and

WHEREAS, the University is committed to equitably reducing financial barriers to student achievement; and

WHEREAS, the Univesity is committed to supporting and strengthening Minnestoa agriculture, one of the most important economic engines for the State of Minnestoa; and

WHEREAS, the University is committed to advancing the quality of healthcare and access for all Minnesotans; and

WHEREAS, each of these commitments is documented as stated goals and action plans contained in the MPact 2025 Systemwide Strategic Plan; and

WHEREAS, the Governor of the State of Minnesota has decided to submit a supplemental budget proposal to the Minnesota Legislature during the 2022 legislative session in response to the state's projected $7.7 billion surplus for the current biennium; and

WHEREAS, the Board of Regents approved the 2022 State Capital Request totaling $273.6 million.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's 2022 Supplemental Budget Request to the State of Minnesota for a combined total of 935.6 million, which includes $662.0 million for new capital and operating items and the approved $237.6 million in capital items.

December 16, 2021

Revised 2022 Supplemental Budget Request

TOTAL REQUEST: $935,600,000

1. Support Priority University Projects (previously designated) - $473.6 million ($36.8 non-state funds)

The current 2022 State Capital Request includes funds for three items:

- Capital Renewal (HEAPR - Higher Education Asset Preservation and Replacement) ($200 million) plus an additional request for $200 million
- UMTC Chemistry Undergraduate Teaching Laboratory ($72 million)
- UMD Science Building Renewal - Design ($1.6 million)

To maintain and preserve the University's significant investment in facilities and capital infrastructure across its five campuses, the University requests an additional $200 million for capital renewal needs. This size of an investment would make significant progress on the University's backlog of over $5 billion in deferred capital renewal needs.

A $400 million HEAPR investment ensures improvements to University facilities that will enhance educational and research experiences for nearly all students and faculty across the system. In turn, the investment will strengthen our ability to address the state's most pressing challenges in agriculture, medicine, pharmacy, nursing, engineering, veterinary medicine, and natural resources, among others. Safe, functional, and reliable buildings are an essential component of the University's ability to deliver the programs Minnesotans expect. The University's mission is compromised without continued, sustained reinvestment in buildings and infrastructure to extend and maximize the useful life of the buildings. Further, the funds are flexible, can be spent quickly, and put Minnesotans to work immediately.

2. Enhance Safety, Security, and Sustainability - $185 million

MPact 2025 Systemwide Strategic Plan (MPact 2025) calls for assessing and improving campus safety protocols and organizations and reflects the University's commitment to providing a safe campus environment through advanced measures in public safety, health and safety, information technology infrastructure, and student health. This proposal ($100 million) will enable significant actions to achieve these goals, focused on components that will:

- Increase visible security and police presence with additional personnel on the Twin Cities campus to supplement the University's recent and ongoing investments to enhance safety, security, and community engagement.
- Ensure access control and camera coverage for all UMN buildings across the system.
- Achieve recognized standards for access control, video surveillance coverage, and lighting for all system campuses.
- Support an advanced campus monitoring center that monitors 24/7 campus activities and provides an early warning system for safety events.
- Secure unauthorized access to the University's most sensitive information systems and protect the data contained in them by mitigating current vulnerabilities and building foundational technical infrastructure and processes that enable the institution to avoid cybersecurity threats.

MPact 2025 calls for building a fully sustainable future, including demonstrating leadership in sustainability and advancing environmental research. This proposal ($85 million) directly addresses those goals through the following two significant components:

- Advance campus sustainability through the development of campus sustainability and utility master plans systemwide, implementation of on-campus solar electricity generation, continued conversion to electric vehicles, as well as installation of geothermal heating and cooling infrastructure and the conversion from steam to hot water systems at multiple campuses. ($75 million)
- Provide funding for the Natural Resources Research Institute (NRRI) water and mineland remediation lab expansion (Duluth) and a new Mineral Processing and Metallurgy lab (Coleraine). ($10 million)

3. Increase Access to the University – Reduce Cost of Attendance Burden for Minnesota Residents - $65 million

This proposal addresses the MPact 2025 goals to attract, educate, and graduate students and to reduce financial barriers to student achievement by (1) targeting aid to those students who most need support to offset tuition, fees, and other costs of attendance items, (2) specifically targeting our Greater Minnesota system campuses, and (3) enhancing services that are specifically focused on ensuring students flourish and graduate in four years. A three-pronged approach is proposed:

- $30 million recurring added to the existing systemwide Promise Program will better support students with financial need, including historically underrepresented students, through the following components:
    - increase the current $4,000 award to students from families at the lowest income range to $5,300;
    - increase each award moving up the income scale;
    - expand the upper-income threshold for eligibility from $120,000 to $160,000 (twice the Minnesota Median income); and
    - increase the lowest award in the program for those at the higher income levels from approximately $300 to $1,300.

- $30 million recurring will create a new Greater Minnesota Scholarship to attract and retain students to UMC, UMD, UMM, and UMR by providing:
    - $3,000 to $4,000 in year one to every MN resident entering as a freshman at those campuses, and
    - an additional $4,000 to $5,000 for each of those students spread over-enrollment years 2 through 4.

  This program is over and above all other existing aid programs, including Promise. These estimates cover total Minnesota enrollment as it stands today, plus support growth toward the enrollment goal for each of these campuses.

- $5 million recurring will enhance existing services for students to recognize that the best form of financial aid is to graduate in four years vs. five or six and will allow the University to:
    - meet increasing student demands,
    - increase equity through strengthening support for students with historically low retention and graduation rates, and
    - more proactively address issues that slow down students' degree progress, such as mental health, tutoring needs, financial literacy, and academic advising.

4. Support the Future of Animal Agriculture Research in Minnesota (FAARM) - $60 million

MPact 2025 calls for developing and deploying new techniques and partnerships for smart farming and sustainable food supplies, as well as expanding, developing, and retaining agricultural and food system talent in rural communities and agribusinesses. FAARM is a bold initiative that will support and strengthen Minnesota agriculture, one the most important economic engines for Minnesota. FAARM centers around the development of an integrated and advanced agricultural research and education complex dedicated to improving the health of animals, humans, and the environment at local, regional, and global scales. The University, in collaboration with Minnesota State, will facilitate the development of a new digital, autonomous, and integrated advanced agricultural complex that studies the intersection of human, animal, plant and environmental health.

The complex would bring researchers, instructors, and industry participants together to focus on all aspects of agriculture: livestock, the crops used to feed them, and the results of those interactions on soil health, water quality, climate, and the sustainability of rural economies. The complex will house animals (dairy cows, beef cattle, poultry, and swine), raise crops, support laboratory analysis and provide immersive education for K-12, technical, baccalaureate, graduate and general public learners.

The University's feasibility study proposes a value of $220 million to address all costs, including land acquisition, related to developing this complex. While still in the planning stage this project is advancing quickly with a defined vision, program, and significant private financial commitments. The request to the State of Minnesota is for $60 million to match the $60 million in committed pledges to launch the initiative. These funds would be used for land acquisition (2022), design of the complex of facilities and infrastructure (2022-23), and construction for the first set of facilities and infrastructure (2023-25).

5. Advance the Quality of Health Care and Access - $152 million

MPact 2025 calls for driving innovation in next-generation health by increasing collaborations in health education, clinical training, and new models of care. The University is proposing two critical capital investments that will advance the quality of healthcare and access for all Minnesotans. Given the University's central role in delivering healthcare for all Minnesotans including educating the majority of Minnesota's healthcare professionals, being a world-leader in medical research, and responding to the threats of COVID-19, University leadership and the Board of Regents are highly focused on advancing and delivering 21st century, state-of-the art resources for all Minnesotans and advancing health equity. These priority projects are in the planning stage but are ready to be advanced with state funding and these projects are designed to serve all Minnesotans.

5a. UMTC Health Discovery Hub Project - $140 million

This project will design and construct a new 275,000 square foot Health Discovery Hub (formerly the "Clinical Research Facility") to advance clinical and outcomes-focused research projects with cross-collaborative teams and provide access to advanced treatments and state-of-the-art care for patients and their families in Minnesota.

The program includes research clinics, space to accommodate patient participation in clinical research, the rural Minnesota health clinical research network, a medical device center to test new clinical research and care technologies, a consolidated home for the Clinical Translational Science Institute and the Masonic Cancer Center Clinical Trials Office. There is significant planning for enhanced community engagement efforts through the hub, aligned with the priorities for our patients, health system partners, and federal funding agencies and with the clear purpose of advancing health equity.

This project is currently at the pre-design stage of the project planning process and all cost estimates are preliminary. Consistent with standard practice, the $140 million excludes the ⅓ University share of total project cost ($70 million), and the $37 million the University previously received from refinancing state-supported Biomedical Discovery District debt. (The total project cost is approximately $247 million.) Predesign is estimated to be done in April 2022. If funded in the 2022 session, the new facility would open in August of 2025.

5b. Duluth Academic Health Science Project (Design) - $12 million

The University is proposing to design a new facility for the Duluth College of Pharmacy and Medical School to be co-located in the emerging medical district in downtown Duluth. The facility will support teaching, clinical practice, and research at this location. A new building of approximately 180,000 gross square feet would accommodate both Pharmacy and Medical School students, providers, and researchers embedded as key participants in the emerging district. Teaching spaces, clinical care, and clinical research spaces will be designed and built based on the needs of the University community and be fully integrated with the amenities and features of the broader Medical District. This request is for design funds only and, consistent with standard practice, the request excludes the ⅓ University share of total cost. The total cost of the design phase is $18 million.

It is a priority for the University to advance health care access across Minnesota and for currently underserved communities, through teaching, research, and care delivery. This proposal is intended to expand our capabilities in Northern Minnesota, particularly in rural communities and with our Tribal partners, in alignment with the mission of the Medical School campus in Duluth. This initiative will build on our collaboration with the health systems in the region as well as the City of Duluth, as part of the emerging medical district. It is a significant opportunity to increase our impact on the Greater MN health care workforce, access to leading edge care through research for more Minnesotans, and access to multidisciplinary University of Minnesota specialists (over time) as partnerships develop.

ADDITIONAL REQUEST:	$662,000,000
CURRENT CAPITAL REQUEST:	$273,600,000
TOTAL COMBINED REQUEST:	**$935,600,000**

Supplemental 2022 State Budget Request to the State of Minnesota

President Joan T. A. Gabel
Myron Frans, Senior Vice President

Finance & Operations Committee

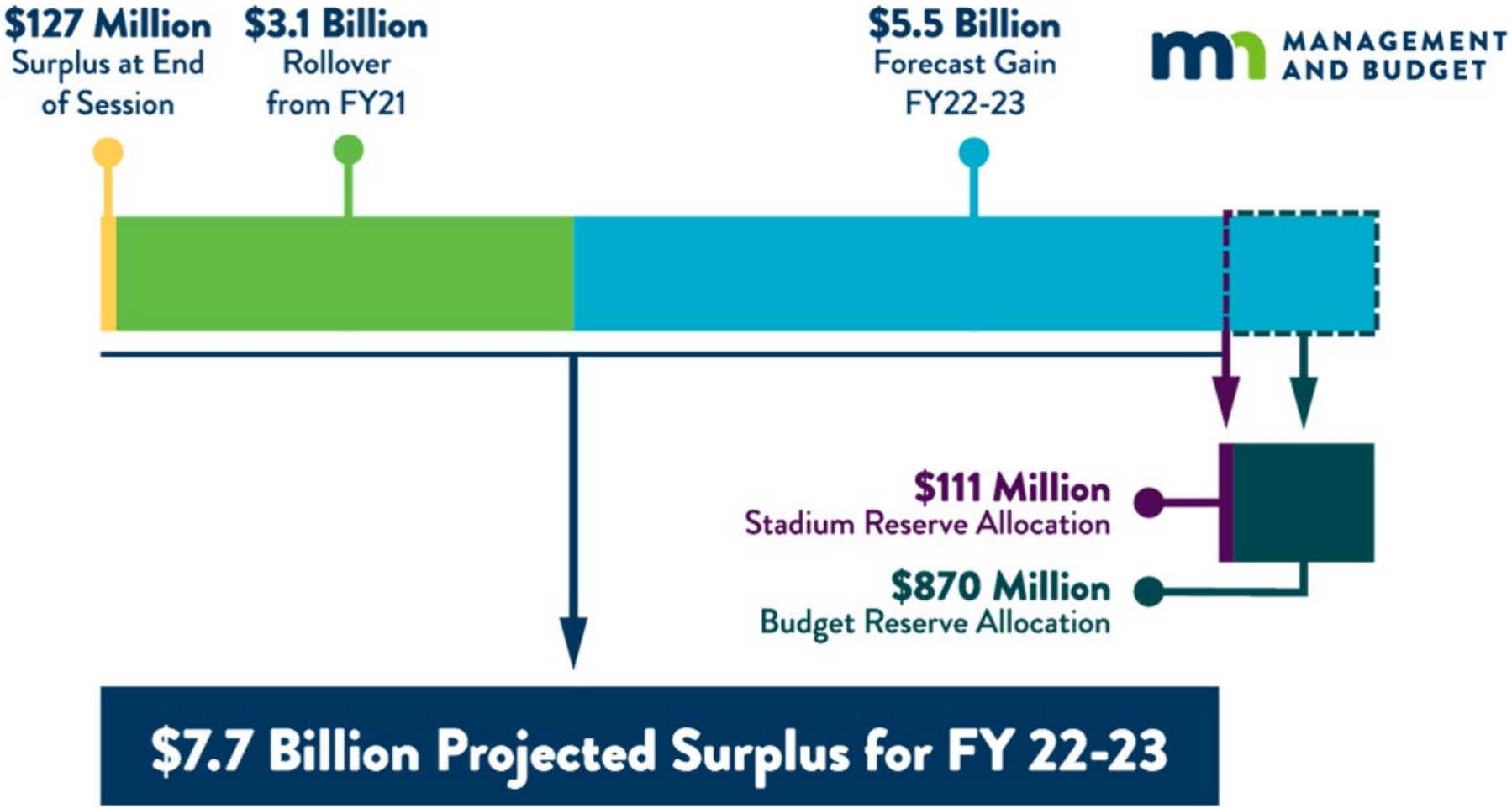
December 16, 2021

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA


$127 Million
Surplus at End of Session
$3.1 Billion
Rollover from FY21
$5.5 Billion
Forecast Gain FY22-23
MANAGEMENT AND BUDGET
$111 Million
Stadium Reserve Allocation
$870 Million
Budget Reserve Allocation
$7.7 Billion Projected Surplus for FY 22-23

Opportunities for State Investment

- Support Priority University Projects
- Enhance Safety, Security, and Sustainability
- Increase Access to the University and Reduce Cost of Attendance Burden for Minnesota Residents
- Support the Future of Animal Agriculture Research in Minnesota (FAARM)
- Advance the Quality of Healthcare and Access

Components of a $935.6 million State Request

Operational Support
recurring investments

Safety Personnel and Student Financial Assistance

$75 million

2. Enhance Safety, Security, and Sustainability

3. Increase Access to the University and Reduce Cost of Attendance Burden for Minnesota Residents

Infrastructure
one-time investments

Reinvestment in Existing and New Facilities

$695.6 million

1. Support Priority University Projects

2. Enhance Safety, Security, and Sustainability

4. Support the Future of Animal Agriculture Research in Minnesota (FAARM)

5. Advance the Quality of Healthcare and Access

One-Time Safety, Security, Sustainability Investments

$165 million

2. Enhance Safety, Security, and Sustainability

1. Support Priority University Projects

- Increase capital renewal request by $200 million
- Original request:
  - Capital Renewal - HEAPR
  - Chemistry Teaching (UMTC)
  - Science Building Renewal (UMD)

Requested investment:
$473.6 million
(plus $38.6 million non-state funds)

2. Enhance Safety, Security, and Sustainability

- Personnel
- Building Access Control
- Camera Coverage
- Lighting
- Monitoring Systems
- Securing Sensitive Information Systems - IT

Requested investment: $100 million

($10 million recurring)

2. Enhance Safety, Security, and Sustainability

- Campus-level sustainability and utility master plans
- On-site solar
- Geothermal heating/cooling
- Conversion from steam to hot water heating
- Advance electric vehicle adoption
- Natural Resources Research Institute water/ mineland remediation lab expansion
- Mineral Processing and Metallurgy lab at Coleraine

Requested investment: $85 million

3. Increase Access to the University and Reduce Cost of Attendance Burden for Minnesota Residents

- Expand Promise Program scholarship eligibility and increase awards
- Create new Greater Minnesota scholarship (Crookston, Duluth, Morris, and Rochester)
- Enhance student services that aid on-time graduation

Requested investment: $65 million
(recurring)

4. Support the Future of Animal Agriculture Research in Minnesota (FAARM)

- Integrated, advanced agricultural research and education complex
- Improving the health of animals, humans, and environment at local, regional, and global scale
- Collaboration with the Minnesota State system

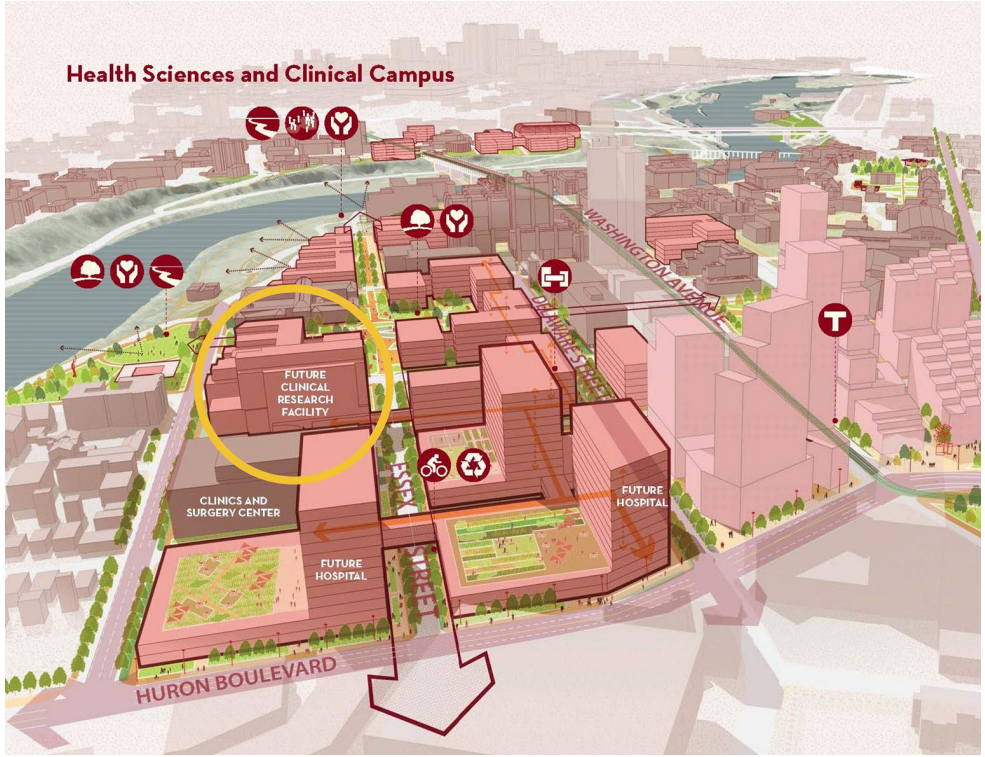
Requested investment: $60 million *(plus $60 million non-state funds)*

5. Advance the Quality of Healthcare and Access

- 275,000 square foot Health Discovery Hub (Twin Cities)
- Advances clinical and outcomes-focused research
- Provides access to advanced treatments and care

Requested investment: $140 million

(plus $70 million non-state funds)



5. Advance the Quality of Healthcare and Access

- Co-locate Duluth College of Pharmacy and Medical School in the emerging downtown Duluth Medical District (design funds)
- Support teaching, clinical practice, and research
- Expand healthcare in northern Minnesota

Requested investment: $12 million

(plus $4 million non-state funds)

Summary of Investment Requests

1. Support Priority University Projects *(plus $38.6 million non-state funds)*	$473.6 million
2. Enhance Safety, Security, and Sustainability	$185.0 million
3. Increase Access to the University and Reduce Cost of Attendance Burden for Minnesota Residents	$65.0 million
4. Support the Future of Animal Agriculture Research in Minnesota (FAARM) *(plus $60 million non-state funds)*	$60.0 million
5. Advance the Quality of Healthcare and Access *(plus $76 million non-state funds)*	$152.0 million
Total State Investment Request	**$935.6 million**
	$860.6 million one-time *$75 million recurring*

UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

The University of Minnesota is an equal opportunity educator and employer.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: MPact 2025 Update: Enterprise Risk Management Plan

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

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

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

At its December meeting, the Finance & Operations Committee will receive updates on steps to implement Commitment 5: Fiscal Stewardship of the MPact 2025 Systemwide Strategic Plan (MPact 2025). The committee's agenda includes two in-depth updates – *Innovative Financing to Support Strategic Objectives* and *Enterprise Risk Management Plan*.

Additional updates on Commitment 5 also will be shared as part of the MPact 2025 update to the full Board on December 17. More detail is included in the background information of the docket item summary for the *Innovative Financing to Support Strategic Objectives* agenda item.

The purpose of this agenda item is to present the Enteripse Risk Management Plan (plan). Based on feedback received from the committee, the plan will be finalized and implanted by the end of December 2021. Any items within the plan that require Board approval will be presented when ready.

Enterprise Risk Management Plan

The Enterprise Risk Management (ERM) Plan aims to enhance enterprise risk management through innovation, technology, and process improvement. A task group was formed to assess the current risk management framework, benchmark against other higher education institutions and local companies that have highly regarded ERM programs/processes, and make recommendations for a comprehensive ERM program. The plan will deliver the following by December 2022:

- A list of enterprise risks, prioritized using a comparative assessment and tolerance rubric (Spring 2022).
- A list of risk mitigation efforts for each enterprise risk (Summer 2022).
- A process to identify, assess, and escalate blind spots and risk vulnerabilities (Summer 2022).
- An enterprise communication plan to increase awareness of risks and mitigation strategies (Fall 2022).
- Metrics to guide operational risk owners to substantiate risk, monitor actions, and report progress (Fall 2022).

To achieve this, the administration will:

- Engage the Senior Leadership Team as the Executive Risk Oversight Committee and assign a senior leader contact to each institutional risk.
- Hire outside consultant to identify risks and create ERM work plan.
- Hire ERM manager, define accountabilities, and execute work plan.
- Establish senior leader "risk owners" and define expectations.
- Leverage ERM strategies and structures that already exist.

BACKGROUND INFORMATION

Updates this month focus on action items from Commitment 5 that require a plan to be developed by December 2021, specifically 5.3 and 5.4.

Leadership for implementing Commitment 5 has been assigned to the Chancellors, and the Office of the Senior Vice President for Finance and Operations. The Office of Equity and Diversity has also been assigned to Commitment 5.4 - *Assess and improve campus safety protocols and organizational structure*.

NOTE: This is a draft plan for discussion at the December Board of Regents Finance and Operations Committee meeting on December 16, 2021. The document will be finalized following the board meeting.

Enterprise Risk Management Plan

Supporting MPact 2025 Commitment 5 Action Item 5.4

November 2021

Background

The University of Minnesota began its engagement with enterprise risk management (ERM) in 2003. The effort leveraged the work of the then recently completed strategic plan to inform the assessment of institutional risks. At that time, senior leaders made presentations on the most significant risks in their portfolios to the Audit Committee (now the Audit & Compliance Committee). Subsequent to these presentations, the Audit Committee developed a University risk heat map of the risks they were most concerned about from a governance perspective. As leadership changed over the years, this process was reiterated in 2005, 2009, 2014, and most recently in 2017. Risk mitigation plans were incorporated into the risk management process at the Audit Committee's request in 2017.

Current charge

President Gabel, upon her arrival in 2019, asked for a review of the institution's approach to enterprise risk management and recommendations to formalize our risk management process. Senior Vice President Myron Frans established and led a task group to accomplish this charge and to develop an enterprise risk management plan as detailed in Commitment 5 Action Step 5.4 of MPact 2025 to enhance risk management through innovation, technology, and processes. Campus chancellors were consulted and engaged in the plan development process.

The task group members included:

- Gail Klatt, University Auditor
- Katharine Bonneson, Assistant Vice President, Health and Safety
- Lisa Warren, Assistant Vice President for the Office of the Vice President for Research
- Scott Lanyon, Dean, Graduate School

- Stuart Mason, Associate Vice President and Chief Investment Officer
- Mike Volna, Associate Vice President, Finance, and Assistant Chief Financial Officer

Benchmarking

The task group completed benchmarking against other higher education institutions that have highly regarded ERM programs/processes, as well as local public companies. In all cases, the personal engagement of the Chief Executive Officer was deemed essential to the success and sustainability of the ERM plan and process.

Included in this benchmarking were:

- Stanford University
- Johns Hopkins University
- Ohio State University
- Northwestern University
- University of South Carolina
- Medtronic
- 3M
- Ecolab

Plan deliverables with target dates

- A list of enterprise risks, prioritized using a comparative assessment and tolerance rubric (Spring 2022)
- A list of risk mitigation efforts for each enterprise risk (Summer 2022)
- A process to identify, assess, and escalate blind spots and risk vulnerabilities (Summer 2022)
- An enterprise communication plan to increase awareness of risks and mitigation strategies (Fall 2022)
- Metrics to guide operational risk owners to substantiate risk, monitor actions, and report progress (Fall 2022)

Executing the plan

The task group developed an outline of program attributes which became the basis for the following recommendations to execute an enterprise risk management plan.

Engage the Senior Leadership Team

To demonstrate the importance of this effort and priority for the President, the President's Senior Leadership Team should be engaged in the following ways:

- The Senior Leadership Team (SLT) serves as the Executive Risk Oversight Committee. ERM topics could be designated as the focus of SLT meetings every 3-4 months.
- MPact 2025 serves as the backbone of the ERM effort to integrate the ERM process more deeply into the University's strategic and operating framework. The initial focus will be on those risks that imperil the achievement of MPact 2025 Commitments.
- Participate in initial risk identification with an outside consultant. The process will include a crosswalk between MPact 2025 and the current Institutional Risk Profile to help identify further refinements needed.
- Assign a senior leader to each institutional risk identified. This leader will be responsible for assigning a Risk Owner (similar to the process following for University Policies). Where two or more leaders have units involved in managing the same institutional risk, the assigned leaders would be expected to bring together (or direct the Risk Owner to do so) the necessary cross-functional expertise across the institution to ensure the risk is managed and mitigated effectively.
- Define the role of the Senior Leadership Team in the escalation of risk vulnerabilities.

Hire outside consultant for risk identification and ERM planning

We will engage an outside consultant to:

- Help the Senior Leadership Team complete the initial risk identification.
- Perform a crosswalk between MPact 2025 and the current Institutional Risk Profile to help identify further refinements needed.
- Finalize the staffing plan and ERM structure.

Hire ERM manager and define accountabilities

To be successful, ERM must be deeply integrated into the operations of the University and be seen as having strategic value. The ERM program will be executed under the oversight of the Senior Leadership Team and staffed by one senior-level employee.

- The ERM manager should have the business acumen to be able to identify risks and the authority needed to hold risk owners accountable for comprehensive risk assessments.
- The position should report to the Senior Vice President of Finance and Operations and/or be organized in a way that supports MPact 2025 and the PEAK initiative.
- The ERM manager will be expected to:
    - Effectively identify the risks of greatest import and communicate them to the appropriate level/audience.
    - In consultation with the Senior Leadership Team, define the accountability for risk ownership. Decisions will need to be made as to who can decide to accept or mitigate risk. Generally, University leadership controls the financial and human resources needed to mitigate risks to the desired level of risk tolerance and in a way that balances business needs and risk vulnerabilities. The role of senior leaders, deans and other unit heads, Risk Owners, and the ERM manager in this process will need to be defined.

- In consultation with the Senior Leadership Team, define the expectations and accountabilities for Risk Owners.
- Facilitate the process of risk prioritization with the Board of Regents, senior leadership, and risk owner/managers.
- Assist in the development and/or evaluation of risk mitigation strategies.
- Provide input and oversight of institutional policies related to the management of risks.
- Coordinate tabletop exercises to evaluate the sufficiency of mitigation plans.
- Develop a process for the escalation of risk vulnerabilities.
- Develop a lexicon for risk acceptance with appropriate levels of approval.
- Create a community of practice for risk owners/managers; this could include the formation of committees focused on risk management topics/activities and general cross-functional information sharing.
- Provide guidance on ERM best practices.
- Develop a network of ERM practitioners at other AAU institutions and external organizations and governmental units.
- Establish an annual schedule of updating and seeking input from, university governance.

Assign risk owners and define expectations

Risk owners will be designated by the Senior Leadership Team member assigned to each specific risk. Risk owners will:

- Conduct risk assessments for each risk they own.
- Define risk mitigation strategies.
- Bring together cross-functional expertise as necessary to ensure all aspects/implications of the risks are identified appropriately and considered in mitigation plans.
- Establish committees to address specific risks; especially when risk mitigation requires cross-functional efforts.

Leveraging what already exists

As a formal ERM program is established it will be important to leverage or build upon similar work currently carried out by other units. For example, several units such as the Office of Institutional Compliance and University Information Security have formal processes in place for conducting risk assessments. The University's ERM efforts have resulted in foundational artifacts that can provide a starting point for future enhancement. These include the Institutional Risk Profile, a set of Risk Principles, and risk mitigation plans for each of the risks included on the Institutional Risk Profile.

Several committees also exist that deal with specific types of risks, i.e., the Executive Compliance Oversight Committee deals with compliance risks.

Implementation timeline

Below is the timeline to achieve the deliverables. We will update the Board of Regents, President, Cabinet, Chancellors, and Audit & Compliance Committee at the conclusion of each milestone.

- Jan. 2021 - Develop RFP to hire consultant
- Feb. 2022 - Finalize Senior Leadership Team mechanism for regular engagement
- Apr. 2022 - Obtain consultant
- May 2022 - President's Senior Leadership Team identifies and prioritizes risks (working with consultant)
- Jul. 2022 - President assigns Senior Leadership Team risk owners
- Jul. 2022 - ERM manager hired and on board
- Aug. 2022 – Senior Leadership Team members assign functional risk owners
- Nov. 2022 - Develop ERM structure and workflow processes
- Dec. 2022 - End of year update to President and Board of Regents

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: FY 2023 Budget Variables and Levers

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

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

PRESENTERS: Julie Tonneson, Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this agenda item is to engage in a discussion of the primary variables affecting budget planning for the fiscal year beginning July 1, 2022 (FY 2023).

The 2021 legislative session resulted in state appropriations to the University for FY 2022 and FY 2023, so the internal University process to build the FY 2023 annual operating budget can move forward with that known component. However, the remaining variables in the budget need to be estimated or discussed for decision and inclusion in the President's recommended operating budget. The complementary goals of each interaction on the operating budget are for the administration to share information and recommendations and for the Board to provide input and guidance reflecting their priorities and expectations for next year's budget. This agenda item will focus on general definitions and trends in resources and expenditures, rather than specific issues or values for FY 2023.

FY 2023 – The Budget Framework

At the very early stages of developing each biennial budget request to the State of Minnesota, the University creates a budget planning framework for the two years of the upcoming biennium. The framework is a very high-level set of assumptions regarding changes in revenues and expenditures that summarize plans for achieving a balanced budget. The framework focuses on the significant unrestricted funds available to support the maintenance and operations of the University's core missions: the state appropriation and tuition.

The other funds of the institution (fees, auxiliary and other unrestricted sales, restricted grants, contracts, gifts, etc.) are generated differentially by units throughout the University based on the activities they engage in.

A typical budget framework reflects <u>incremental changes</u> in resources and costs and includes the following components:

- Estimated or known changes in state appropriations.
- Planned internal reallocations (savings from efficiencies or spending decreases).

- Planned changes in tuition revenue based on enrollment projections and recommended rates.
- Planned increases in salary costs based on a recommended compensation plan.
- Estimated cost increases for fringe benefits.
- Estimated cost increases for technology maintenance agreements and facilities operations (utilities, debt service etc.).
- Planned investment pools for programmatic and operating initiatives.

The budget framework is a guide that afffects the decision making process throughout the year, but it does not remain stagnant. The framework is adjusted as new information becomes available or as decisions are made based on priority needs of the institution. It must always, however, result in a positive or $0 balance.

Additional details and context related to the variables mentioned above, including information relevant to developing the FY 2023 budget framework, are included in the docket.

The presentation will focus on information related to the "other revenues" generated by units (as opposed to state appropriations and tuition) and how those revenues interact with the budget framework variables just described and the 2022 Supplemental Budget Request to the State of Minnesota. Additional information on "other revenues" is included in the presentation materials.

Implementing Decisions in the Budget Framework: Distributed Budget Management Model

Leaders of the campuses, colleges and major support units are held accountable for the financial health of their activities and units. As a result, they are each responsible for developing financial strategies to accompany their programmatic goals and aspirations, within the context of University policies, priorities, and direction. The budget process is one in which the goals and priorities of the Board and the President provide University direction to units' planning (through the budget framework), and information is shared in a way that allows for strategic decisions by leadership to best achieve those goals. The unique financial challenges, opportunities and available tools (described in budget variable terminology in this docket item summary, attachment, and the presentation) are discussed for each individual unit with the intent of making each as successful as possible, within the overall requirement of a balanced budget. An understanding of the budget variables as discussed as part of this docket item, applied to the unit level, is what ultimately results in a recommended balanced budget.

BACKGROUND INFORMATION

The President's Recommended Annual Operating Budget is submitted to the Board for review and action each year in late spring or early summer (depending on the adjournment date of the Minnesota Legislature). Because the University's appropriation for the currrent biennium is known, the President will provide recommendations on the FY 2023 annual operating budget for review in May 2022 and action in June 2022.

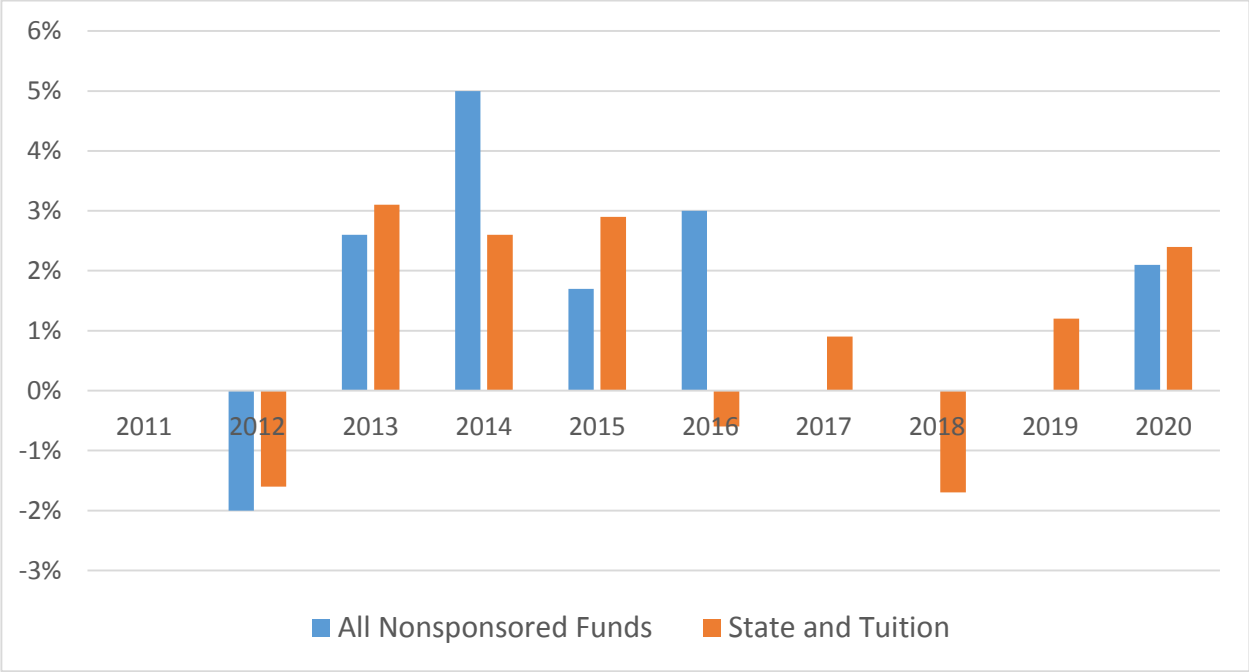
Feedback from the Board has indicated discussion on the annual operating budget early in the process is beneficial to members in developing their thoughts regarding priorities and recommendations for future action. This year, the Finance & Operations Committee heard a presentation on the overall budget model at the October meeting, which is to be followed by this discussion of budget variables and levers in December, and a review of annual budget framework variables in February as the steps in building a base of information for development of priorities to guide the FY 2023 budget.

Attachment – Trends & Issues Related to Budget Variables and Levers for FY23
Finance & Operations Committee
December 16, 2021

Total Expenditures - Trends:

From FY11 through FY20, total expenditures, adjusted for inflation (CPI) have grown at an average annual rate of 1.4% in all non-sponsored funds combined, and 1.0% in state and tuition funds alone. For this analysis, FY21 information has not been included in order to remove any results specifically associated with the COVID-19 pandemic. In large part the FY20 expenditures were not impacted by the pandemic, or not enough to significantly skew the trend results. FY21 saw more disruption as the University implemented the furlough/temporary pay reduction program, a hiring freeze, more significant decreases in auxiliary activities, increased personal safety accommodations and so forth. After the close of FY22 it will be necessary and more informative to run trend data that does incorporate FY21, and the anomalies will be evident and explained.

University of Minnesota Change in Total Non-sponsored Fund Expenditures from FY11 to FY20:



This chart shows the average annual rate of change in total expenditures from 2011 to 2020 adjusted for inflation (using the CPI). The blue bars show the rate of change for all non-sponsored funds combined adjusted to 2011 dollars: the rate of change varies from a minus 2% to a plus 5%, with the average being 1.4%. The orange bars reflect the same thing for just the state and tuition funds portion of those totals, and here the rate of change varies from a minus 1.7% to a plus 3.1%.

While the average rate of growth has been close to the CPI, it is clear that spending is volatile, but not across all spending categories. A deeper review of these changes over time reveals it is often purchases of large pieces of equipment, facility improvements, and large contracts for professional services that drive the swings. For example, in the FY13-FY16 timeframe for professional services, there were large contracts related to the PeopleSoft Upgrade, Identify Management, an IRB review, the Finance/HR/Procurement and IT review and so forth – items that didn't recur in subsequent years.

While this chart shows that for most purchases, particularly in recent years, the rate of growth – judging by the totals - has been under the Higher Education Price Index measure of inflation and close to the CPI, it masks the real budgetary challenges that exist in managing cost increases for some items that routinely outpace general inflation – matters such as faculty recruitment and retention, health care, library subscriptions, health and safety compliance requirements, and unique lab supplies. Needs in those areas must be addressed, and the University has done so in part by reducing spending in other areas. Therefore, the totals do not show that higher rate of growth in costs that would otherwise exist.

The actual change year to year in total expenditures (including sponsored grants) makes evident the volatility in some aspects of University spending. Large one-time spending on projects, professional services or support for facilities, and significant reactions to environmental shocks (such as the pandemic) will skew the year over year total changes.

	Actual FY15	Actual FY16	Actual FY17	Actual FY18	Actual FY19	Actual FY20	Estimated FY21	Budgeted FY22
% Change in Expenditures	1.1%	4.0%	0.1%	2.6%	1.7%	2.5%	-2.4%	4.2%

Cost Variables and Drivers:

In general, purchasing categories across the University are relatively stable year to year. General operating expenditures and their percent of total spending can be categorized as follows:

- People (employees and consulting/professional services) ~ 65-68%
- Student aid ~10-12%
- Facilities (utilities, repairs/maintenance, leases, supplies) ~ 7-9%
- Departmental Operations (supplies, services, equipment etc.) ~ 12-15%
- "Business" – Materials for resale/participant expenditures ~ 1-2%

These are the categories that departments will consider in setting up their general operating budgets. However, from a budget planning perspective at the overall University level, the variables in play fall in four general groups:

1. Compensation

Compensation remains the single largest expenditure category at the University. In some years the cost of fringe benefits, particularly health care, can drive the costs up, but that has also been paired with decisions to hold the salary increases down.

Incremental Salary and Fringe Costs Planned in the Annual Framework:

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Annual Increase	Freeze	2.5%	2.5%	2.5%	2.0%	2.5%	2.0%	2.0%	2.25%	0.0%	1.5%
$ in millions	$16.6	$15.6	$13.2	$15.0	$23.0	$13.6	$34.0	$31.7	$40.7	$12.6	$18.7

Prior to FY21 there was an eight-year period of relative stability in terms of salary increases – in the 2-2.5% range. During a previous period of budget instability, in the FY10-FY12 time period when state funding was reduced, salary freezes were implemented to hold costs down. The salary freeze for FY21 was implemented in direct connection to the financial burdens and uncertainties of the pandemic. Unfortunately Fringe benefit costs don't allow us an opportunity to immediately impact our total costs of compensation for the budget (as can be seen by the $12.6M cost in FY21 even though there was a salary freeze), but the decisions around merit pool increases year to year can offer that immediate impact on the budget.

The decision on what level of salary increase to implement is influenced by the combined impact of multiple drivers including market competition for new hires and for retaining current employees, the overall number of employees, the results of collective bargaining, the cost of employee benefits (particularly health care) and the inflation rates employees are facing in their personal budgets.

At this point, the estimated cost of fringe benefits for FY23 will see a large swing from that of actual costs for FY22. However, as was explained in the approval process for the FY22 budget, the University planned for this volatility and balanced the budget in a way that avoided a recurring dip in costs for FY22 and the subsequent upswing in FY23. Therefore, the annual fringe increase for FY23 will be more consistent with the years just prior to the pandemic. Coming off two years of low or non-existent general salary increases, however, will make the decision on the compensation pool more important.

2. Facilities:

The facility category of spending holds both known, required obligations for us, as well as choices to enhance the services and infrastructure condition. The primary drivers of facility costs include:

- Energy/utilities
- Weather
- Gross square footage
- Capital projects and University debt
- Expanding research
- Enrollment

Some of these drivers lead to unavoidable cost increases in terms of utilities, the operating costs related to a growth in maintained square footage (with new buildings opening up) and debt service. Generally these cost

required cost increases are in the $5-7m range. Choices to add or enhance space or increase basic services would add costs over and above that total.

3. Technology:

Similarly, the technology category of spending holds both known, required obligations for us, as well as choices to enhance the services and infrastructure condition. The primary drivers of technology costs include:

- Vendor contracts
- System modernization
- Scope of mission activities adding new requirements or capacity needs
- Security threats and associated risk tolerance

Negotiated vendor contracts often require an increase of $1-2m per year. Choices made to update or expand systems and functionality push that total higher.

4. Academic and Support Unit Needs/Ambitions/Opportunities

And finally, as part of the budget process, decisions are made about how best to address operating needs of the various University units **and** strategic initiatives. Potential investments routinely surface every year throughout the budget process. The challenges and opportunities discussed vary by unit and by year, depending on changes in the environment (pandemic impacts, enrollment, community issues, and so on) and depending on the programmatic goals and priorities of University leadership (choosing to invest in departmental excellence and rankings, sustainability, student service and so on).

The budget process involves making a decision about how much to plan for these types of investments and then prioritizing the proposals – guided by the strategic plan as well as immediate needs that surface in the annual budget.

Controlling Costs:

While the question must be asked about where additional resources will come from to address cost increases as outlined above, it is evident the University has been controlling overall cost growth at the same time.

The list of things already implemented and to be pursued in the future to stabilize or lower costs and gain efficiencies is long. Actions like process redesign, centralized or regionalized services, consolidation of organizations or functions, optimization of technology in processes, contract renegotiations, square footage reductions, innovative financing options and so forth have been implemented and will be enhanced even further through action items in MPact 2025 and the Positioned for Excellence, Alignment and Knowledge (PEAK) initiative. PEAK updates related to service improvements and any associated budget efficiencies will be presented to the Board of Regents as the process unfolds over the next several years.

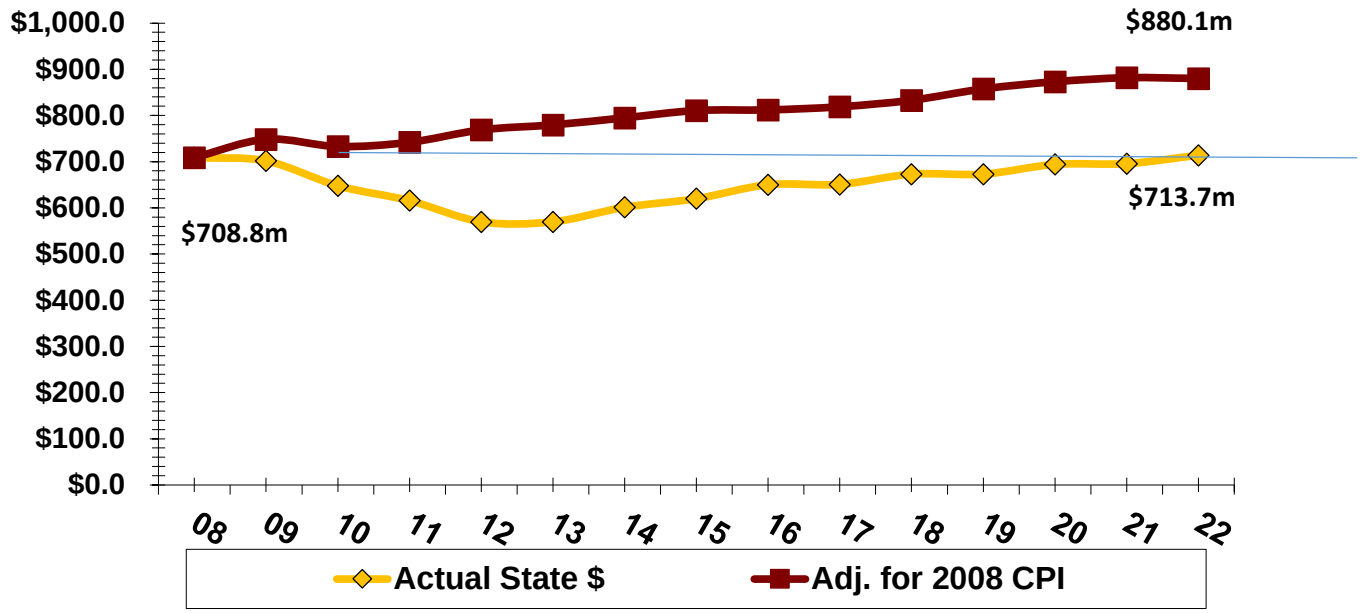
Framework Resources:

There are four major resource categories that are relevant to budget framework planning for FY23.

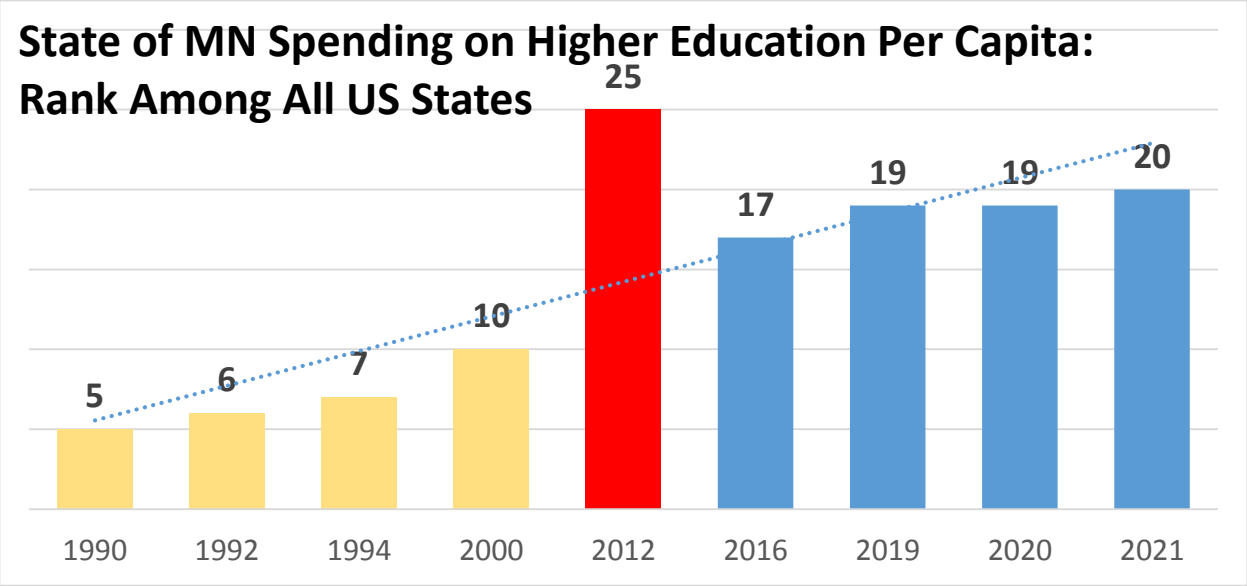
State Appropriation:

At $713.7m this year, without adjusting for inflation, the appropriation for operations has just surpassed the state's previous peak support $708.8m in FY08. Adjusting for inflation using CPI, an appropriation of $708.8m in FY08, however, would have the same buying power as $880.1m at the beginning of this fiscal year – which is $166m more than our actual appropriation.

State Operating Appropriation to the University of Minnesota (actual and adjusted for inflation): General Fund, MNCare and Cigarette Tax Sources



As the gold line in the graph above indicates, the actual dollar appropriations from the state for operations have been increasing slowly but steadily since the low-point of FY12. This is an encouraging sign, but the funding levels have not returned to what was experienced in the 1990s when the state of Minnesota funded higher education (U of MN, MN State, OHE) better than most states in the nation. As the following graph indicates, state funding of higher education on a per-capita basis was routinely in the top ten nationally until the early years of this century. The "low" point for this metric in Minnesota was 2012, when our rank nationally was 25th. In the last five years we have ranked in the 17th-20th range, with a slight trend upward (negative results).



Source: Grapevine Compilation of State Fiscal Support for Higher Education

In October of FY20, the University submitted a request to the state of MN to increase the base appropriation by $15.5m in each year of the 2022-23 biennium. That very modest increase was proposed to improve our ability to

cover costs and investments for FY22 and FY23 (in combination with internal reallocation of resources and potential gains in tuition). At the end of the biennium, the recurring base appropriation would have been $31 million (4.6%) higher than what it was entering FY22.

The actual results for the two years was a recurring $18 million (2.7%) increase, all received in FY22. There will be no incremental increase in appropriation for FY23. The University also received nonrecurring appropriations of $1,250,000 in FY22 and FY23, but those amounts do not continue into the next biennium and cannot support ongoing operating costs of the institution.

In the December Board of Regents docket materials for the Finance & Operations Committee the University is proposing to submit a supplemental request to the state of Minnesota for additional funding beginning in FY23. The Governor's Office will accept a request (if Board approved) and will make a decision on recommendations to the legislature likely sometime before January. If approved, that funding will add both nonrecurring project dollars and recurring operating support in three areas (the amounts in the FY24 and FY25 columns represent our recurring base requests – not incremental year over year, but what would carryforward at the same level post FY23):

Change Item Name	FY 2023	FY 2024	FY 2025
Technology Security & Infrastructure	$ 55,700,000	$ 4,700,000	$ 4,700,000
Capital Renewal Investment Strategy	$ 35,000,000	$ 35,000,000	$ 35,000,000
Enhanced Student Services	$ 5,000,000	$ 5,000,000	$ 5,000,000

As this is discussed in another docket item summary, further explanation is not provided in this document. Beginning in the summer of 2022, the University will begin planning the next biennial request to the state for operating funds. That proposal will be brought to the Board of Regents for review in September 2022.

Tuition:

FY22 tuition revenue is projected to come in at roughly $966 million. Tuition revenue is impacted by a variety of things including:

- Tuition rates (including structures – per credit, bands, differentials etc.)
- Enrollment
- Course registrations – or credits per student – and how they fall within and outside the tuition band
- The mix of students (resident vs. nonresident, graduate vs. undergrad vs professional) and
- The portion of students eligible for different waivers.

Refined estimates will be shared at the February Finance & Operations Committee meeting, but in general, each 1% increase in the rate, assuming stable enrollment, can be expected to generate $9-$10 million in new revenue system-wide.

Today, on the TC campus, the resident undergrad tuition rate for entering freshmen ranks 6 out of 14 in the Big10. For total Cost of Attendance (COA) for entering freshmen, the TC campus currently ranks 7th. Although the ranking was 8 out of 14 two years ago for the undergraduate **non**resident rate, it now remains at 10th for the second year in a row - after the two schools just below in the rankings implemented rate increases last year, plus larger rate increases for the current year. The system campus rates continue to be on the high end compared to most of the schools with which they compete for students.

The University has worked hard to hold increases in tuition down in recent years. Since FY13, the tuition rate for resident undergraduate students has increased less than $1,500 on each campus. Moreover, the average annual increase for each campus since FY13 has been less than 1.5% (and less than the rate of inflation), varying from tuition freezes in three years to a high in one year of 2.5% on the TC campus. The actual dollar changes (in total) and the average annual percentage change over that time period have been:

- Crookston $852 0.6%
- Duluth $700 0.6%
- Morris $864 0.7%
- Rochester $656 0.6%
- Twin Cities $1,472 1.3%

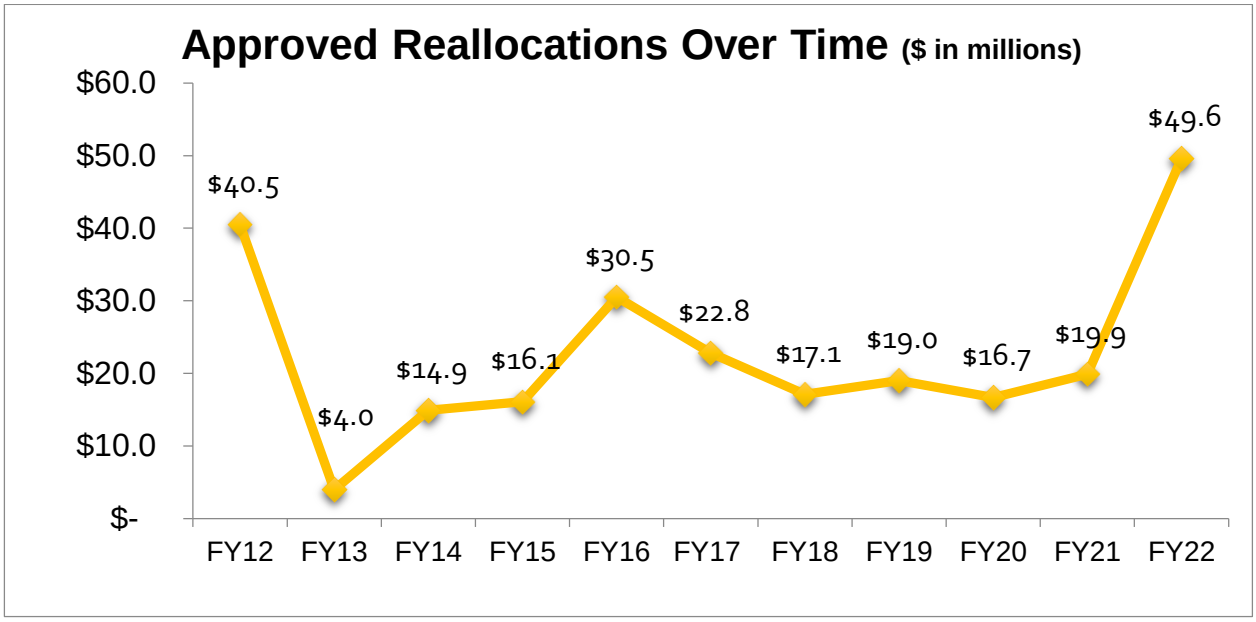
These increases each incorporate a one-time transitional increase in FY22 offset for some students by a corresponding decrease in on-line fees.

The University builds tuition rate plans considering a number of variables that can differ by unit and degree level. The rate change is not "backed into" for any group of students just to balance the budget. The final rate is a conscious decision each year, balancing the real costs faced by the institution, the availability of other resources, and the concerns shared by everyone regarding the students' ability to pay.

Internal Reallocations:

The University regularly implements an internal practice of finding efficiencies or purposely reducing or eliminating expenditures on a recurring basis, in order to reinvest existing resources in new things. This reallocation of existing resources is necessary to address growing costs when increases in external revenues is insufficient. In years where there is an actual decrease in those external revenues (cut to the appropriation, actual permanent reduction in enrollment/tuition for example) a permanent reduction in expenditures is necessary to offset that loss of revenue. In that scenario the University would be in the position of implementing exceptionally large reductions to current expenditures for two purposes – in part to offset the loss of revenue, and in part as a shift in spending to cover other cost increases or higher priority investments – which occur every year and don't go away when the revenues drop.

The amount of planned internal budget cuts as included in the board approved budgets for the last eleven years is displayed on this line chart.



While some years stand out as particularly high or low, for the majority of those years, implemented reallocations were in the 1-2% range (calculated on a consistently defined base of state and tuition funds). The high points were in years of revenue loss or uncertainty. Moving forward, we have to choose how deep to push the budget reductions for FY23. Reductions have not been implemented in a straight across-the-board fashion for all units. Instead, a review of each unit's unique financial situation is combined with a consideration of the overall goals and needs at the institutional level before deciding on the unit level plans. Many units are nearing the point where continued internal funding of cost increases in this way will force service disruptions or degradation and increased risk tolerance.

The process of deciding how best and where to implement expenditure reductions is always aided by clear direction from leadership (at all levels) on which activities are priorities and which are not – so MPact 2025 should greatly aid in this task moving forward.

Other Revenues:

This topic area will be covered in more depth in the presentation before the Finance & Operations Committee so it is not summarized in this document.

FY 2023 Budget Variables and Levers

Julie Tonneson, Vice President and Budget Director

Finance & Operations Committee

December 16, 2021

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA

Timeline – Annual Budget Items Before the Board

2021	October	*Discussed Components of the Budget Model*
	December	Discuss FY23 Budget Variables and Levers
2022	February	Discuss FY23 Annual Budget Framework
	May/June	Review and Act on President's Recommended Budget

All Funds Budget Development

Major Revenue Sources

Tuition & O&M Appropriation → Planned at the Institutional Level: revenue used to support costs of instruction, research and public service plus operations/overhead

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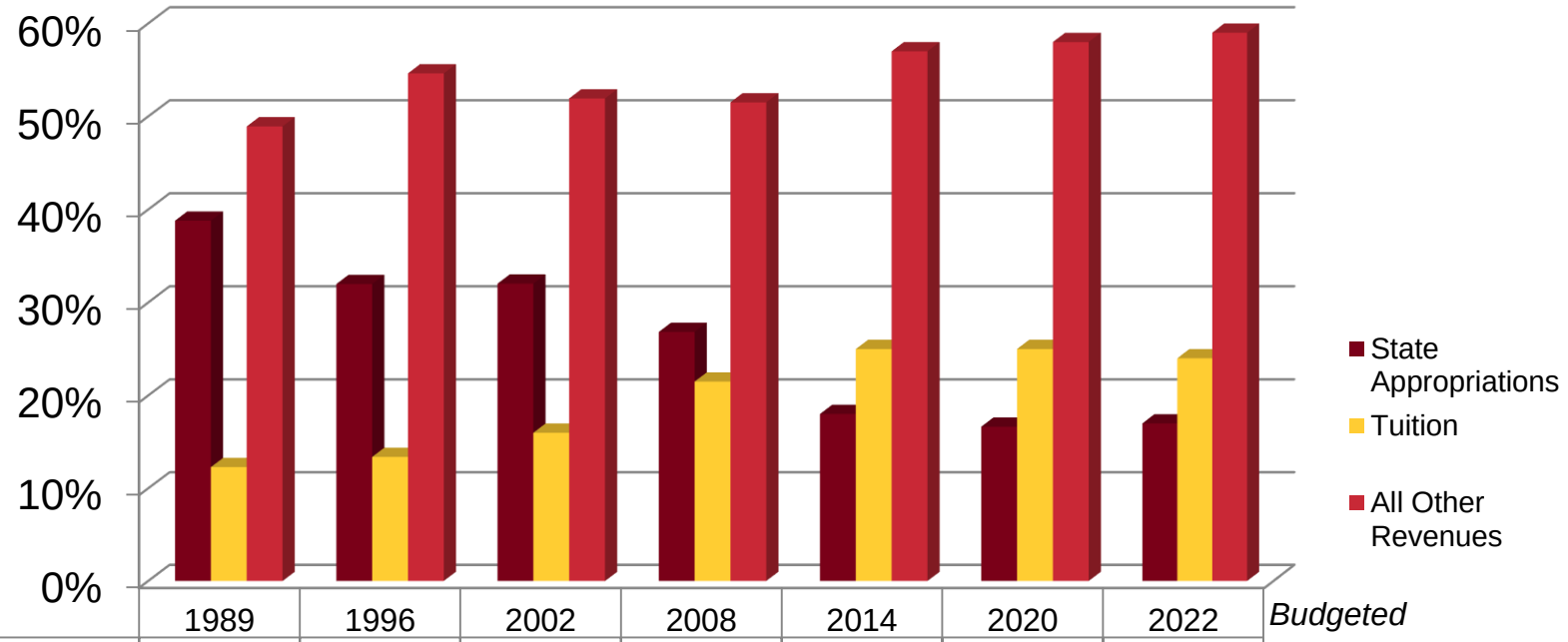
All "Other Revenues"

Focus for Today

There has been a dramatic and permanent reset of the University's revenues



	1989	1996	2002	2008	2014	2020	2022 *Budgeted*
State Appropriations	39%	32%	32%	27%	18%	17%	17%
Tuition	12%	13%	16%	22%	25%	25%	24%
All Other Revenues	49%	55%	52%	52%	57%	58%	59%

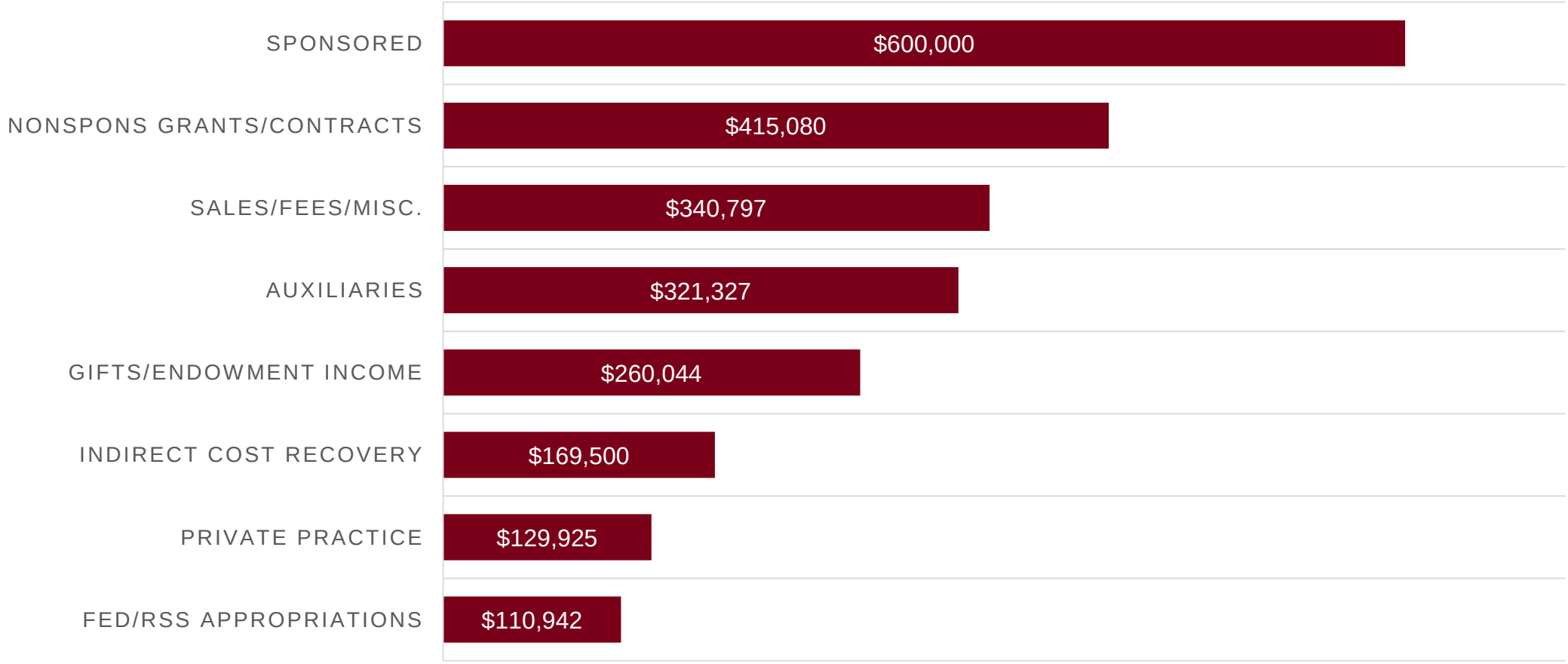
What are “Other Revenues”?

Generally any revenue source outside of state appropriations and tuition, so primary sources include :

- Sponsored Grants
- Indirect Cost Recovery
- Auxiliary Income
- Sales/Fees/Misc.
- Non-sponsored Grants/Contracts
- Gifts/Endowment Income
- Private Practice
- Restricted State & Federal Appropriations

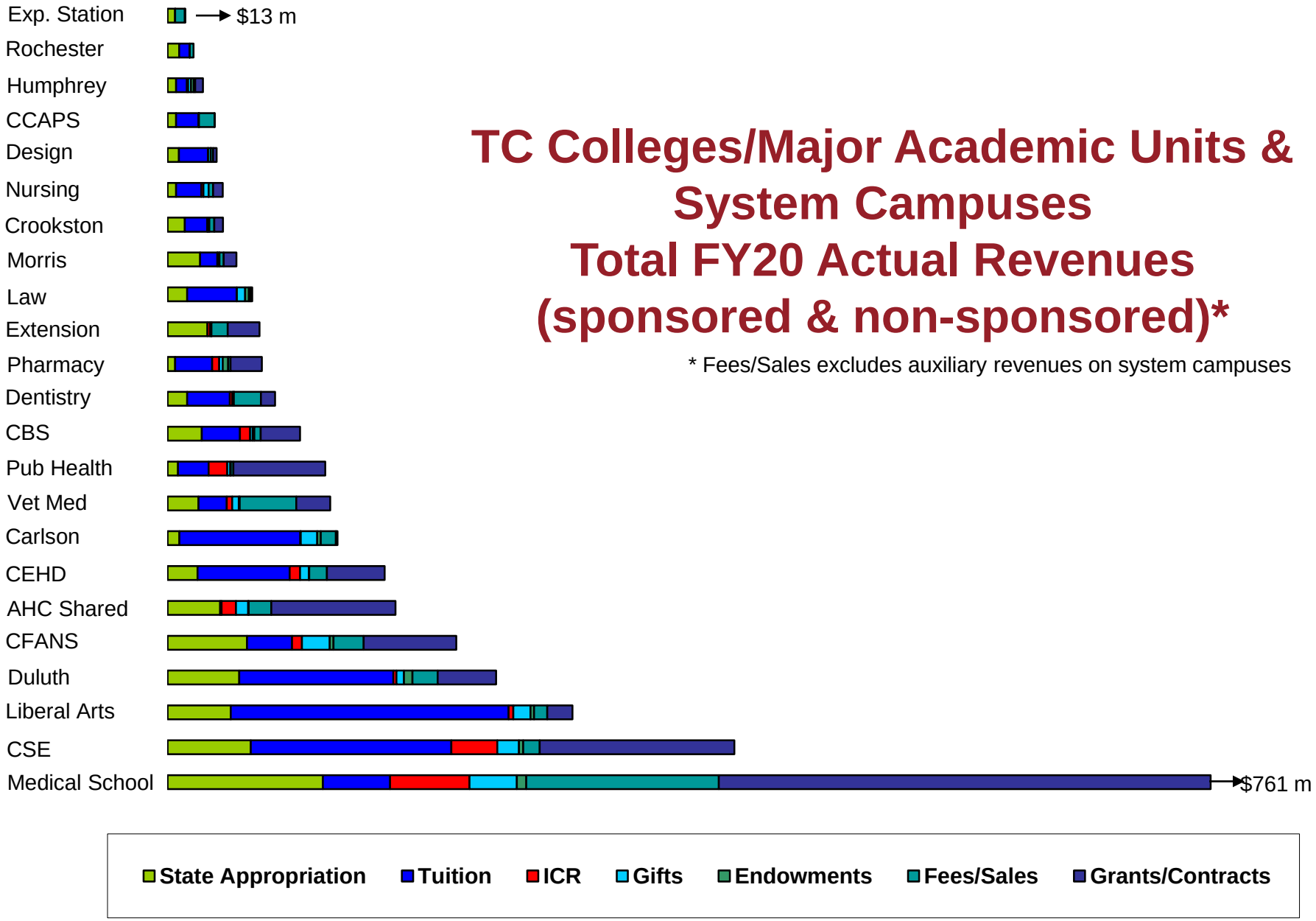
“All Other Revenues” includes a variety of restricted and unrestricted sources. For FY22 the total is $2.2B (excluding ISOs):

($ in 000s)



TC Colleges/Major Academic Units & System Campuses Total FY20 Actual Revenues (sponsored & non-sponsored)*

* Fees/Sales excludes auxiliary revenues on system campuses



“Other Revenues” Planned & Managed More at the Unit Level with Institutional Monitoring, Guidance and Direction:

1. *Where possible, grow to cover all associated cost increases and allow for program growth*
2. *Reallocate within fund source as necessary if revenue growth does not cover cost increases*
3. *Move costs in from O&M (state/tuition) when possible & appropriate*
4. *Move costs to O&M (state/tuition) when absolutely necessary*

Incentives to Grow Other Revenues

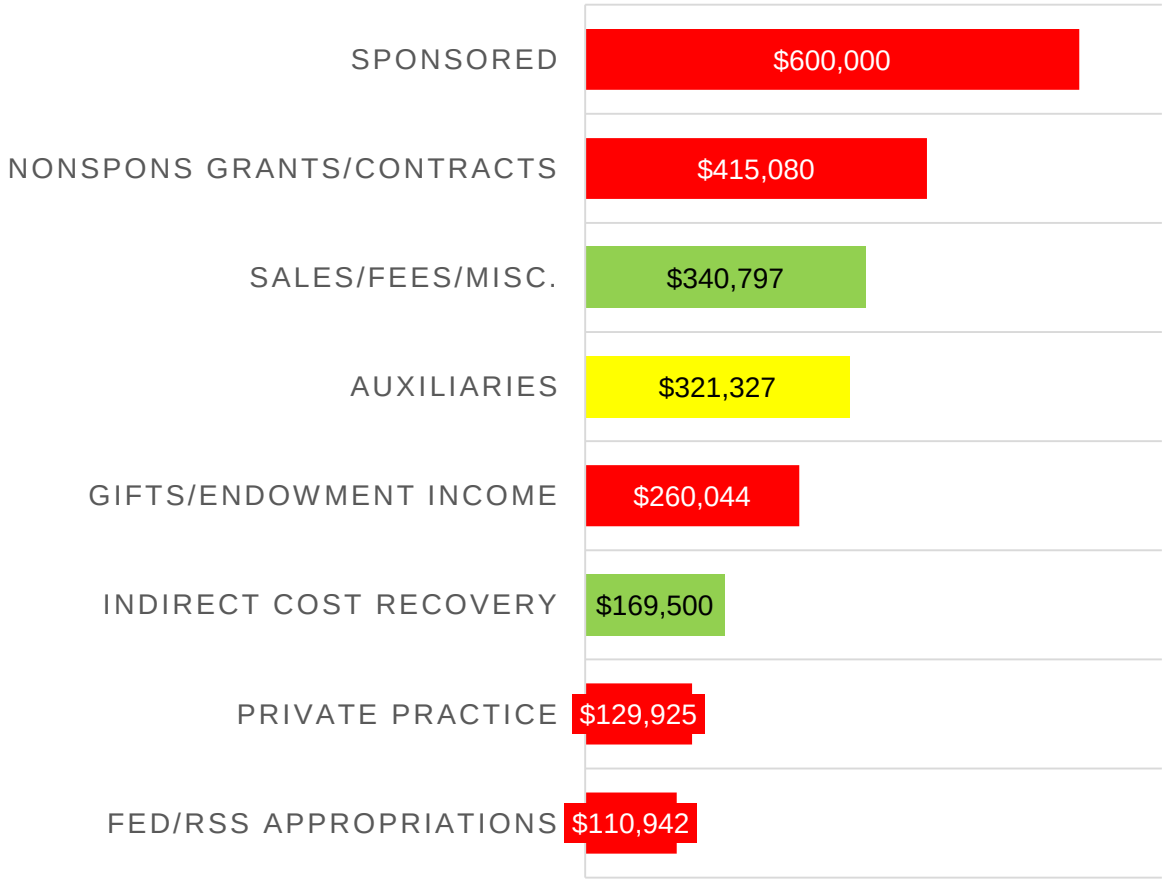
MPact 2025 Measures:

- Increase institutional gift aid for all students by 10%
- Increase state-sponsored research
- Increase alternative revenue each year
- Establish plan to advance innovative (capital) financing to support long-term strategic objectives
- Target growth for research awards 5% per year
- Increase industry sponsored awards
- Increase MedTech/health science and food/ag tech/natural resource related disclosures

Budget Model/Process:

- Earned revenues retained at unit level
- Internal reallocation process (expenditure cut or revenue growth)

Challenges in Managing that Growth Potential and Impact:



- **MAJORITY RESTRICTED**
- **MANY NONRECURRING**
- **UNEQUAL OPPORTUNITY ACROSS UNITS**
- **RESEARCH GRANTS = MORE COSTS THAN REVENUE**

Board input today or in February:

Resources:

Tuition strategy?

Enrollment maintenance or growth?

Cutting budgets and reallocating resources?

Dependence on growth in other revenues?

Other thoughts?

Costs:

Compensation strategy?

Reducing budgets by reducing scope in some cases?

Magnitude of investment in strategic plan initiatives?

Other thoughts?

UNIVERSITY OF MINNESOTA

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Crookston Duluth Morris Rochester Twin Cities

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: Consent Report

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

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

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

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

The purpose of this item is to seek approval for purchases of goods and services of $1,000,000 and over.

- To Ancestry.com for $1,000,000 for a digital index license agreement and the transcription of information on 151 million individuals in the U.S. Census of 1950 for the Institute for Social Research and Data Innovation (ISRDI) on the Twin Cities campus, for the period of January 1, 2022 to December 31, 2027. The ISRDI is submitting a federal grant to pay for the data transcription. The agreement with Ancestry.com states that this agreement will be modified if the grant is not awarded (in whole or in part). The grant has been reviewed with outstanding scores from the National Institute on Aging, and is expected to be funded. See documentation in the docket for basis of supplier selection.

- To Dell, a Microsoft Education Large Account Reseller, for an additional estimated $1,100,000 to provide software licensing for Microsoft M365 A5 Security for all University of Minnesota faculty, staff, and students for the Office of Information Technology (OIT). M365 A5 Security is being added to an existing contract that was previously approved by the Board for the period of August 1, 2021 through July 31, 2023. This purchase will be funded by OIT utilizing O&M funds. This request is an addition to a program previously approved by the Board in July 2020. Dell was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services in June 2014. Two suppliers responded to the RFP; neither was a targeted business.

- To Elsevier for $15,200,000 for research content available via Elsevier ScienceDirect platforms for libraries participating in Minitex group purchase for the period of January 1, 2022 through December 30, 2025. Minitex is a division of the University of Minnesota Libraries and is based on the Twin Cities campus; it reports to the University of Minnesota Libraries and is an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Libraries. Funds to license Elsevier ScienceDirect journal content come largely from participating libraries. Minitex provides

contract and fiscal administration to those participating libraries in order to save them time and money as part of its mission to serve libraries in Minnesota. Supplier was selected by University libraries under the authority granted by the Board of Regents Policy: *Libraries and Archives* and the Administrative Policy: *Purchasing Goods and Services*.

- To Hewlett-Packard Financial Services for an additional estimated $1,900,000 to lease approximately 1400 HP Elitebook 1040g8 laptop computers for the University of Minnesota Crookston for the period of June 1, 2022 through July 31, 2025. The program for students is funded through a collegiate fee where students are eligible for Financial Aid support to cover the cost of the collegiate Fee. For faculty and staff, respective departments are cross charged to cover the costs of the laptop computer. This purchase will leverage an existing contract with Hewlett-Packard Financial Services, which was approved by the Board in July 2020, and was supported by a Request for Proposal (RFP) process. Hewlett-Packard was selected as a result of that RFP. Eight suppliers responded to the RFP; two were targeted businesses.

- To Huron Consulting Group for $1,750,000 for consulting services to complete the PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) design phase for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas, for the period of January 1, 2022 to August 31, 2022. Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded, one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the design phase of the project. Funding will be provided from central funding sources intended for one-time projects such as PEAK.

- To Jaggaer LLC for an additional estimated $3,190,000 to provide licensing costs for the University eProcurement enterprise system delivered and supported through a collaboration between Purchasing Services and U Market Services for the period September 30, 2022 through September 29, 2029. Funding for this purchase to be provided by Purchasing Services utilizing O&M funds. See enclosed documentation for basis of supplier selection.

- To Optum for an estimated $17,500,000 for stop-loss health insurance coverage for the entire University of Minnesota system, for the Office of Human Resources for the period of January 1, 2022 through December 31, 2027. This contract is funded out of the Fringe Benefits Recovery. Optum was selected as the result of a competitive Request for Proposal (RFP) conducted by Willis Towers Watson, in partnership with Purchasing Services. Three suppliers responded to the RFP, none was a targeted supplier.

- To Plunkett's for $480,730 for Twin Cities campus-wide pest control services for the Department of Facilities Management for the period of January 1, 2022 through December 31, 2023, with optional contract extensions through December 31, 2026 for an additional $750,320. Total contract value, if all options are extended, would be $1,231,050. The funds required for this contract will be paid for by the various units requiring pest control services. Plunkett's (a targeted supplier) was selected as the result of a competitive Request for Proposal (RFP) conducted by Purchasing Services. Three suppliers responded to the RFP; one was a targeted business.

- To John Wiley & Sons, Inc. (Wiley) for an estimated $1,340,000 for journal subscriptions available via Wiley Online Library as needed for the University Libraries (Twin Cities) for the one-year period of January 1, 2022, through December 31, 2022. The estimated costs for this subscription to Wiley are included in the University Libraries and Law Libraries FY22 budgets. Supplier was selected by University libraries under the authority granted by the Board of Regents Policy: *Libraries and Archives* and the Administrative Policy: *Purchasing Goods and Services*.

Capital Improvement Budget Amendment

The purpose of this item is to seek approval of capital budget amendments for the following project on the Twin Cities campus:

- Phillips-Wangensteen Building (PWB) 4th Floor Teaching Lab Renovation

Project overviews, which provide the basis for request, project scope, cost estimate, funding, and schedule, are included in the docket. Site maps locating the project on the Twin Cities campus is also included.

Employment Agreements

The purpose of this item is to seek approval for the following new or amended employment agreements for the Twin Cities campus:

- Hugh McCutcheon, Head Coach, Women's Volleyball, Twin Cities campus
- Joe Rossi, Defensive Coordinator, Football, Twin Cities campus
- Kirk Ciarrocca, Offensive Coordinator, Football, Twin Cities campus

Report on the Expense Patterns of Public Higher Education Institutions

The purpose of this item is to respond to a legislative request for information (Minnesota Session Law H.F. 7, Chapter 2, Section 43). The Minnesota State System was required, and the University of Minnesota was requested, to report on expenditures in four parts, based on uniform historical data: (1) administrative costs at each institution, compared to core expenses; (2) the current ratio of spending on institutional support versus instruction; (3) as assessment of whether administrative operations are growing disproportionately in relation to core academic functions; and (4) an analysis of administrative costs and staffing at the "central office". This report is due to the legislature by January 1, 2022. A portion of the information being provided was taken from the annual Administrative Cost Definition and Benchmarking update, which is included in this month's information items.

Schematic Designs

The purpose of this item is to review and act on schematic designs for the following projects, all on the Twin Cities campus:

- Moos First/Third Floor Wet Bench Research Space Renovation
- Dwan Second Floor Wet Bench Lab Renovation
- Phillips-Wangensteen Building (PWB) 4th Floor Teaching Lab Renovation

Project overviews, which provide the basis for request, project scope, cost estimate, funding, and schedule, are included in the docket. Site maps locating the project on the Twin Cities campus are also included.

Ratification of Additional Personal Holidays

The purpose of this item is to seek ratification of the president's proposal to award faculty and staff with two additional personal holidays on a one-time basis that may be used at their discretion between December 20, 2021, and June 30, 2022. As proposed, full-time employees will receive two additional days of paid time off, while part-time employees will receive the additional days pro-rated to their appointment or the percentage of hours they work. This one-time benefit will not result in an increase in budgeted costs for FY 2022 because departments' payroll expense will remain the same whether the employee is working or on paid time off.

These additional personal holidays are being proposed in recognition of University employees who have responded with commitment and creativity to the challenges of COVID-19, while working additional hours and subject to involuntary pay reductions and furloughs. The additional time off is also a response to concerns about employee retention and burnout, and the additional stress on employees as evidenced by increased usage of employee assistance programs and mental health benefits. This is a similar benefit to what several peer institutions are offering.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents Policy as follows:

- Purchase of Goods and Services $1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Capital Budget Amendments: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 8
- Employment Agreements: *Reservation and Delegation of Authority,* Article I, Section IV, Subd. 1. and Article I,
- Schematic Designs: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 9.
- Approval of Additional Personal Holidays: *Reservation and Delegation of Authority,* Article I, Section I, Subd. 6

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

Purchase of Goods and Services $1,000,000 and over

To Ancestry.com for $1,000,000 for a digital index license agreement and the transcription of information on 151 million individuals in the U.S. Census of 1950, for the Institute for Social Research and Data Innovation (ISRDI) on the Twin Cities campus for the period of January 1, 2022 to December 31, 2027.

The ISRDI has a unique opportunity to collaborate with the genealogical firm, Ancestry.com, to create a massive scientific database comprising the entire population of the United States in 1950. The new database will make a permanent and substantial addition to the nation's statistical infrastructure, and will have far-reaching implications for research across the social and behavioral sciences.

The National Archives Records Administration will release images of the 1950 census enumeration forms on April 1, 2022. Ancestry will immediately begin work to create a digital index of the entire U.S. population of 1950. The index will contain key census fields that are necessary for their genealogical search tools (geographic information, names, age, sex, race, relationship to household head, marital status, birthplace, etc.). We propose an arrangement to pay Ancestry to transcribe the additional census fields to make the index suitable for scientific research.

There is not another firm who could complete this project.

The ISRDI is submitting a federal grant to pay for the data transcription. The agreement with Ancestry.com states that this agreement will be modified if the grant is not awarded (in whole or in part). The grant has been reviewed with outstanding scores from the National Institute on Aging, and we anticipate it will be funded.

Submitted by: Steven Ruggles, ISRDI Director and Regents Professor
50 Willey Hall
225 19th Avenue South
Minneapolis, MN 55455
Phone: 612-624-4081

Approval for this item requested by:

J. Michael Oakes
Interim Vice President for Research
(Signature on file in Purchasing Services)

November 19, 2021

Rationale for Exception to Competitive Process

This purchase was not competitively bid because there is not another supplier for historical data capture at this scale. The investment in technology, software specific to this problem, and the capacity for large-scale manual transcription and data quality analysis is unique to Ancestry.com.

Ancestry.com will provide transcription of approximately 8.3 billion keystrokes for the cost of 1.0 billion keystrokes. Traditional data entry would cost $1/1000 keystrokes, or $8.3 million for this project. Negotiated costs are equivalent to 12% of traditional transcription.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.

Purchase of Goods and Services $1,000,000 and over

To Dell, a Microsoft Education Large Account Reseller, for an additional estimated $1,100,000 to provide software licensing for Microsoft M365 A5 Security for all University of Minnesota faculty, staff, and students for the Office of Information Technology (OIT). M365 A5 Security is being added to an existing contract that was previously approved by the Board for the period of August 1, 2021 through July 31, 2023.

MS356 A5 Security is an addition to the University's current Microsoft Enrollment for Education Solutions (EES) agreement. This subscription program is an annual comprehensive licensing program specially created to address the needs of higher education institutions. Utilizing this Agreement ensures that Microsoft software will be available to University of Minnesota faculty, staff, and students. The addition of MS365 A5 Security provides enhanced information security protection capabilities for all Windows desktops.

This product is an addition to a contract previously approved by the Board of Regents in July 2020. The supplier was selected at that time as the result of a competitive bid process involving two Microsoft Education Large Account Resellers.

Funding for this purchase to be provided by OIT utilizing O&M funds.

Submitted by: Nicolle Peterson
Contracts Manager, OIT Finance
612-301-2172

Approval of this Item is requested by:

Bernard Gulachek
Vice President and CIO
(Signature on file in Purchasing Services)

November 19, 2021

Purchase of Goods and Services $1,000,000 and over

To Elsevier for $15,200,000 for research content available via Elsevier ScienceDirect platforms for libraries participating in Minitex group purchases for the period of January 1, 2022 through December 30, 2025. Minitex is a division of the University of Minnesota Libraries and is based on the Twin Cities campus; it reports to the University of Minnesota Libraries and is an information and resource sharing program of the Minnesota Office of Higher Education and the University of Minnesota Libraries.

The contract for Elsevier ScienceDirect is being extended following group negotiations with Elsevier involving all 18 participating libraries that prioritized pricing recalibration, flexibility, and transparency.

Funds to license Elsevier ScienceDirect journal content come largely from participating libraries. Minitex provides contract and fiscal administration to those participating libraries to save them time and money as part of its mission to serve libraries in Minnesota.

Submitted by: Matt Lee
Associate Director, Minitex
30 Wilson Library
leems001@umn.edu

Approval for this item requested by:

Rachel Croson
Executive Vice President and Provost
(Signature on file in Purchasing Services)

November 4, 2021

Purchase of Goods and Services $1,000,000 and over

To Hewlett-Packard Financial Services for an additional estimated $1,900,000 to lease approximately 1,400 HP Elitebook 1040g8 laptop computers for the University of Minnesota Crookston campus for the period of June 1, 2022 through July 31, 2025.

UMN Crookston is committed to the success of our long-standing laptop computer program that began in 1993. In order to continue the technology mission of providing laptop computers to all on-campus, degree seeking students, faculty, and staff, UMN Crookston intends to continue leasing laptop computers for this program.

The laptop computer program provides UMN Crookston the ability to deliver an efficient, standardized platform that facilitates improved educational uses, technical support, and system integration, management, and security. This offers UMN Crookston students and faculty an enhanced learning experience and a proficiency edge in the use of technology sought by employers.

For this laptop computer purchase UMN Crookston will leverage a 2019 Request for Proposal which demonstrated Now Micro, Inc., through Hewlett-Packard Financial Services, provided the best overall solution of technology, quality, project implementation, service delivery, and competitive pricing.

The program for students is funded through a Collegiate fee where students are eligible for Financial Aid support to cover the cost of the Collegiate Fee. For faculty and staff, respective departments are cross-charged to cover the costs of the laptop computer.

Submitted by: Jeff Sperling
Director, UMN Crookston Technology Support Services
139 Kiehle Building, 2900 University Avenue, Crookston, MN 56716
218-281-8373 (office) 218-280-2007 (cell)
sperling@crk.umn.edu

Approval for this item requested by:

Mary Holz-Clause
UMN Crookston Chancellor
(Signature on file in Purchasing Services)

November 4, 2021

Purchase of Goods and Services $1,000,000 and over

To Huron Consulting Group for $1,750,000 for consulting services to complete the PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) design phase for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas, for the period of January 1, 2022 to August 31, 2022.

The PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) is a systemwide effort to help fulfill the MPACT 2025 Systemwide Strategic Plan's commitment around fiscal stewardship to promote access, efficiency, trust, and collaboration with the state, students, faculty, staff, and partners. PEAK aims to identify opportunities across non-academic functions to redesign the delivery of administrative services. The outcomes will be superior services, enhanced career opportunities for administrative staff, and reduced administrative cost, all while helping to advance the University's teaching, research, and outreach mission.

This next phase of PEAK will complete the design for the critical functions of Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications. In addition, specific areas offering early opportunities for impact will begin implementation during this design phase - specifically work on improving the user experience of the Chrome River application and a pilot project to improve the University's contract management service model.

At the conclusion of the design phase, the University expects to make a determination on how to move forward with implementation steps for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas. The PEAK executive sponsors will share the determination to move forward with the Board of Regents at that time.

Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded, one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the design phase of the project.

Funding will be provided from central funding sources intended for one-time projects such as PEAK.

Submitted by: Phil Klein
PEAK Program Director
Phone: 612-269-4719

Approval for this item requested by:

Myron Frans
Senior Vice President for Finance and Operations
(Signature on file in Purchasing Services)

December 3, 2021

Purchase of Goods and Services $1,000,000 and over

To Jaggaer LLC for an additional estimated $3,190,000 to provide licensing for the University eProcurement enterprise system delivered and supported through a collaboration between Purchasing Services and U Market Services, for the period September 30, 2022 through September 29, 2029.

The U Market eProcurement tool was implemented University-wide in June of 2013. Since then, purchase volumes have grown 81% up to an annual purchase volume of $60 million. Purchase volume continues to grow on average 10% annually. Based on annual volumes, the University experiences estimated annual systemwide savings of $6 million in process and cost savings from using the U Market eProcurement process. This tool provides for a totally paperless process from initial search, order of product through supplier payment.

Funding for this purchase to be provided by Purchasing Services utilizing O&M funds.

Submitted by: Suzanne Paulson, Controller
206 West Bank Office Building
Mpls. Campus
Phone: (612) 624-5007
Email: spaul@umn.edu

Approval of this item is requested by:

Michael Volna November 22, 2021
Associate Vice President and Assistant CFO
(Signature on file in Purchasing Services)

Rationale for Exception to Competitive Process

This purchase has not been competitively bid because the current University-wide use of the Jaggaer tool is one of the highest in the Big 10 and is one of the most widely used eProcurement tools in higher education. Suppliers that host catalogs on the University's eProcurement tool are very familiar with the tool and many are using the same tool with other clients. An evaluation of the market resulted in a determination that there were no significant changes in the market for eProcurement tools since the last Request for Proposal was completed in 2016. Because of the high internal adoption rate, the lack of significant changes in eProcurement tools, and conversion costs to both the University and current U Market suppliers if a change were made, it was determined that it was in the University's best interest to negotiate a new contract with Jaggaer.

During contract negotiations, Purchasing Services was able to reduce the annual cost for the last year of the existing contract by almost $13,000. There will be no increase in cost for the first year of the new contract and yearly increases after that have been capped at 3%, which will result in savings of nearly $260,000 over the next seven years over the current contract pricing with annual 3% increases.

The Director of Purchasing and the University Controller concluded that the process used resulted in a fair and reasonable price to the University.

Purchase of Goods and Services $1,000,000 and over

To Optum for an estimated $17,500,000 for stop-loss health insurance coverage for the entire University of Minnesota system, for the Office of Human Resources for the period of January 1, 2022 through December 31, 2027.

Stop-loss insurance is a critical part of risk management for the University of Minnesota's self-funded employee medical plan. This coverage decreases the University's financial risk associated with the medical plan by protecting the University from unpredictable and catastrophic medical costs. This coverage limits the medical plan liability to $1,000,000 per covered life per plan year. If the University did not purchase this insurance, the University would be liable for medical and pharmacy claim costs that exceed the policy liability limit of $1,000,000.

The Office of Human Resources has contracted with a specialized consultant named Willis Towers Watson, which has a consortium of well-qualified stop-loss carriers to solicit competitive pricing from. This supplier has been selected based on the University's requirements provided by allied departments such as Purchasing Services, the Health Information Privacy & Compliance Office, University Information Security, the Office of General Counsel, and the Office of Business and Community Economic Development.

This contract is funded out of the Fringe Benefits Recovery pool.

Submitted by: Ryan Reisdorfer
170 Donhowe
Phone 612-626-6165

Approval for this item requested by:

Kent Horstman
Vice President of Human Resources
(Signature on file in Purchasing Services)

December 7, 2021

Purchase of Goods and Services $1,000,000 and over

To Plunkett's for $480,730 for Twin Cities campus-wide pest control services for the Department of Facilities Management for the period of January 1, 2022 through December 31, 2023, with optional contract extensions through December 31, 2026 for an additional $750,320. Total contract value, if all options are exercised, would be $1,231,050.

The current contract to provide campus-wide pest control services will end on December 31, 2021. For housing, dining, research, athletics, etc. a pest control contract is vital to the safe and efficient operation of the campus. The Minneapolis campus currently has approximately 225 buildings that require pest control services.

Contracting for pest control allows the University to efficiently manage housing, dining, athletic, research, parking, etc. locations in the most cost-effective way possible, allowing for safe, reliable and efficient campus buildings. In addition, the contract will create uniform pest control standards, based on the type of space, across the Twin Cities campus.

Through a competitive process, Plunkett's provided the best value based on work plan, staffing, and pricing.

The funds required for this contract will be paid for by the various units requiring pest control services.

Submitted by: Bill Paulus, Facilities Management Associate Vice President
Suite 300 Donhowe Building
Minneapolis Campus
Phone: (612) 626-1091
Fax: (612) 626-0234

Approval for this item requested by:

Mike Berthelsen
Vice President of University Services
(Signature on file in Purchasing Services)

November 11, 2021

Purchase of Goods and Services $1,000,000 and over

To John Wiley & Sons, Inc. (Wiley) for an estimated $1,340,000 for journal subscriptions available via Wiley Online Library as needed for the University Libraries (Twin Cities) for the one-year period of January 1, 2022, through December 31, 2022.

Wiley journal content, hosted via the Wiley Online Library, provides online access to unique digital journal content totaling approximately 1,500 journals. Wiley journal content covers major academic, scientific and professional subject areas. Wiley is the only publisher to offer this unique journal content.

The Wiley purchase is a consortia purchase through the Big Ten Academic Alliance (BTAA). This is a one-year license with Wiley. The total cost will be $1,340,000 (a 4.66% increase) for a one-year agreement. The Law Library will be contributing funds to the subscription as well, so the total contributions by each unit for the one-year license will be:

- *University Libraries: $1,326,600*
- *Law Library: $13,400*

The estimated costs for this subscription to Wiley are included in the University Libraries and Law Libraries FY22 budgets.

Submitted by: Lisa German, University Librarian and Dean of Libraries
499 Wilson Library
Phone: (612) 624-1807

Approval for this item requested by:

Rachel T.A. Croson November 12, 2021
Executive Vice President and Provost
(Signature on file in Purchasing Services)

Board of Regents
Finance & Operations Committee
December 2021

Consent Report

Purchase of Goods and Services $1,000,000 and Over – REVISED

- To Huron Consulting Group for $1,750,000 for consulting services to complete the PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) design phase for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas, for the period of January 1, 2022 to ~~August 31, 2022~~ September 30, 2022. Huron Consulting Group was originally selected through a competitive Request for Proposal (RFP) conducted by Purchasing Services in November 2020. Seven suppliers responded, one was a targeted supplier. This additional consulting work is within the scope of the original RFP and will complete the design phase of the project. Funding will be provided from central funding sources intended for one-time projects such as PEAK.

Purchase of Goods and Services $1,000,000 and over

To Huron Consulting Group for $1,750,000 for consulting services to complete the PEAK Initiative (Positioned for Excellence, Alignment, and Knowledge) design phase for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas, for the period of January 1, 2022 to September 30, 2022.

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At the conclusion of the design phase, the University expects to make a determination on how to move forward with implementation steps for the Human Resources, Finance, Procurement, Information Technology, and Marketing & Communications functional areas. The PEAK executive sponsors will share the determination to move forward with the Board of Regents at that time.

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Funding will be provided from central funding sources intended for one-time projects such as PEAK.

Submitted by Phil Klein
PEAK Program Director
Phone: 612-269-4719

Approval for this item requested by:

Myron Frans
Senior Vice President for Finance and Operations
(Signature on file in Purchasing Services)

December 3, 2021

Capital Budget Amendment and Schematic Design:
PWB 4th Floor Teaching Lab Renovation
Twin Cities Campus
Project No. 01-144-21-1292

1. **Basis for Project:**

   The purpose of this project is to renovate the 4th Floor of Phillips-Wangensteen Building (PWB), creating new teaching classrooms to serve the College of Science and Engineering's Department of Biomedical Engineering (BME) and the Medical School's Department of Integrative Biology and Physiology (IBP). Classrooms are being relocated from Moos Tower 3rd Floor and will be re-designed to enhance new active learning teaching pedagogy; relocating teaching classrooms/labs from Moos Tower 3rd Floor allows further advancement for the Medical School's renovation within Moos Tower (Research Lab Upgrades).

2. **Scope of Project:**

   This project includes new office space for Medical School Admissions, as well as a new active learning classroom and five active teaching labs/classrooms with associated lab support, office, and storage. The full extent of the existing PWB 4th Floor will be renovated to meet these programmatic needs and align with PWB Floors 2, 3, and 5, which were recently improved in conjunction with the new Health Sciences Education Center (HSEC).

   Facility upgrades also include restrooms, elevator lobbies, collaboration spaces, IDF, electrical and custodial rooms; affected area will total 18,500 sq ft.

3. **Master Plan:**

   The project complies with the Twin Cities campus master plan dated March 2009.

4. **Environmental Issues:**

   Identified abatement costs include hazardous materials within the project area. The project budget includes the associated hazardous materials abatement costs.

5. **Cost Estimate:**

Construction Cost	$ 8,530,238
Non-Construction Cost	$ 2,069,762
Total Project Cost	$10,600,000

6. **Capital Funding:**

Medical School (Department Funds)	$10,600,000
Total Capital Funding	$10,600,000

7. Capital Budget Approvals:

This project was included as a possible addition to the FY2022 Capital Budget. A Capital Budget Amendment for this project is requested so that construction can proceed.

8. Annual Operating and Maintenance Cost:

No change anticipated.

9. Time Schedule:

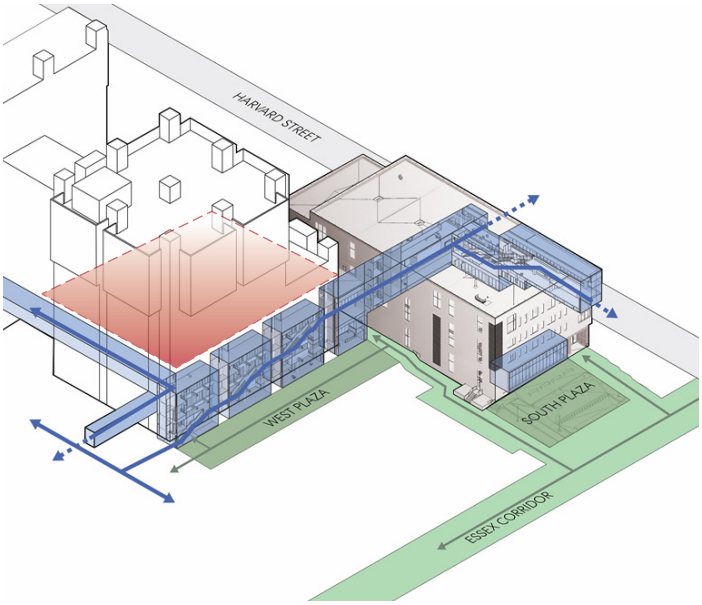
Proposed Substantial Completion:	October 2022
Occupancy:	December 2022

10. Project Team:

Architect:	Perkins & Will
Construction Manager at Risk:	JE Dunn

LOCATION MAP

INTERIOR RENDERING



CIRCULATION DIAGRAM

4th Floor Plan

PROPOSED DESIGN MODIFICATIONS

BOARD OF REGENTS FINANCE & OPERATIONS COMMITTEE
CONSENT REPORT
EXTENSION/AMENDMENT TO EMPLOYMENT AGREEMENT – HUGH MCCUTCHEON
DECEMBER 16, 2021

Pending approval by the Board of Regents, Hugh McCutcheon's employment agreement as Head Women's Volleyball Coach, University of Minnesota, Twin Cities, will be extended and amended.

Position Overview

Head women's volleyball coach is a leadership position reporting directly to the deputy athletics director and athletics director. The head women's volleyball coach must be adept at building and maintaining a women's volleyball program of 15 students and an approximate staff of four full-time staff that achieves at high levels academically, athletically, and socially.

Summary of Employment Extension/Amendments

- Term is July 1, 2021 to June 30, 2026.
- Coach McCutcheon's base salary has been combined with his annual retention bonus and his new base salary will be as follows:
    - Year 1 - $467,500
    - Year 2 – $477,500
    - Year 3 – $489,437.50
    - Year 4 - $501,673.44
    - Year 5 - $514,215.28
- Coach McCutcheon will receive annual supplemental pay as follows:
    - Year 1 – $47,500
    - Year 2 – $47,500
    - Year 3 – $48,687.50
    - Year 4 – $49,904.69
    - Year 5 – 51,152.31
- In the event Coach terminates this Agreement during the Term of Employment without just cause to accept a position as head coach of an NCAA Division I women's volleyball program, then Coach shall pay the University a termination fee as follows:
    - If Coach leaves the University on or before June 30, 2023, Coach shall pay the University the full amount of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.
    - If Coach leaves the University between July 1, 2023, and June 30, 2024, Coach will pay the University seventy-five percent (75%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

- If Coach leaves the University between July 1, 2024, and June 30, 2025, Coach will pay the University fifty percent (50%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

- If Coach leaves the University after June 30, 2025, Coach will pay the University twenty-five percent (25%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

- In the event Coach terminates this Agreement during the Term of Employment without just cause to accept any job other than head coach of an NCAA Division I women's volleyball program, there will be no termination fee. However, if Coach subsequently accepts a position as head coach of an NCAA Division I women's volleyball program at any time within two (2) years of the termination date, then Coach shall pay a termination fee of Two Hundred and Fifty Thousand dollars ($250,000).

- Adjustments to incentive agreement are listed below:

I. Big Ten Finish

A. Regular Season Big Ten Championship (or tie)	$ 20,000 (5K increase)
B. Regular Season Big Ten second place finish (or tie)	$ 15,000 (5K increase)
C. Regular Season Big Ten third place finish (or tie)	$ 5,000

Bonus amounts under section I are not cumulative. Coach will receive only the highest bonus earned under this paragraph.

II. NCAA Tournament

A. Tournament Appearance	$ 5,000
B. First or second round win	$ 5,000
C. Third round (Sweet Sixteen) win	$ 10,000 (5K increase)
D. Fourth round (Elite 8) win	$ 10,000
F. NCAA Finalist	$ 15,000 (5K increase)
G. NCAA Champion	$ 25,000 (5K increase)

Bonus amounts under section II are cumulative.

Please note that this agreement contains a mitigation clause in the event of the University choosing to terminate the agreement.

AMENDMENT TO EMPLOYMENT AGREEMENT

This is a contractual amendment to the Employment Agreement between the University of Minnesota ("the University"), on behalf of its Department of Intercollegiate Athletics for the Twin Cities campus ("the Department"), and Hugh McCutcheon ("Coach"), entered into as of April 12, 2019 ("Employment Agreement"). The University and Coach now mutually desire to amend certain terms of the Employment Agreement through this Amendment, effective July 1, 2021.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Amendment, and such other good and valuable consideration the receipt and sufficiency of which the parties hereby acknowledge, the parties agree to amend their Employment Agreement as follows:

1. **Section 1.1 is deleted and replaced with the following:**

   1.1 Term. Subject to the terms and conditions of this Agreement, the University hereby employs Coach as the head coach of its intercollegiate Volleyball team at the University of Minnesota (Twin Cities campus), and Coach agrees to be so employed by the University, for a term commencing on July 1, 2021, and ending on June 30, 2026 (the "Term of Employment").

2. **Section 2.1.1 is deleted and replaced with the following:**

   2.1.1. Subject to the terms of this Agreement, for all services rendered by Coach on behalf of the University, for the Term of Employment, the University shall pay Coach an annual base salary of Four Hundred Sixty Seven Thousand Five Hundred dollars ($467,500) for contract year one. Subject to review and approval by the Director, Coach's base salary will increase to Four Hundred Seventy Seven Thousand Five Hundred dollars ($477,500) for contract year two. Subject to review and approval by the Director, Coach's base salary will increase 2.5% to Four Hundred Eighty Nine Thousand Four Hundred Thirty Seven dollars and Fifty cents ($489,437.50) in contract year three. Subject to review and approval by the Director, Coach's base salary will increase 2.5% to Five Hundred One Thousand Six Hundred Seventy Three dollars and Forty Four cents ($501,673.44) in contract year four. Subject to review and approval by the Director, Coach's base salary will increase 2.5% to Five Hundred Fourteen Thousand Two Hundred Fifteen dollars and Twenty Eight cents ($514,215.28) in contract year five.

3. **Section 2.2 is deleted and replaced with the following:**

2.2. In recognition of Coach's efforts on behalf of the University for media, fundraising, community involvement, endorsements, and apparel, shoes and equipment, the University shall provide Coach with supplemental pay each year, in equal bi-weekly installments in accordance with the terms and conditions of this Agreement, as follows:

2.2.1. From July 1, 2021 through June 30, 2022, an annual amount of Forty Seven Thousand Five Hundred dollars ($47,500.)

2.2.2. From July 1, 2022 through June 30, 2023, an annual amount of Forty Seven Thousand Five Hundred dollars ($47,500.)

2.2.3. From July 1, 2023 through June 30, 2024, an annual amount of Forty Eight Thousand Six Hundred Eighty Seven dollars and Fifty cents ($48,687.50)

2.2.4. From July 1, 2024 through June 30, 2025, an annual amount of Forty Nine Thousand Nine Hundred Four dollars and Sixty Nine cents ($49,904.69)

2.2.5. From July 1, 2025 through June 30, 2026, an annual amount of Fifty One Thousand One Hundred Fifty Two dollars and Thirty One cents ($51,152.31)

The University will receive and control all payments for endorsements, apparel, shoes, equipment and media. Exceptions may be granted where appropriate, by securing permission from the Director of Athletics.

4. **Section 2.3 is deleted.**

5. **Section 2.5 is deleted and replaced with the following:**

2.5. Automobile. As a member of the University's Wheel Club, Coach will either receive the use of an automobile or a monthly car stipend of Four Hundred Fifty Dollars ($450.00), subject to the terms, conditions, availability, and requirements of the Wheel Club program. Determination of the use of an automobile or stipend will be made by the University.

6. **Section 2.7 is deleted and replaced with the following:**

2.7. Incentive Compensation. Throughout the Term of Employment, Coach shall participate in the Incentive Bonus Program set forth in Exhibit A, and shall not participate in the Intercollegiate Athletic Department Bonus Program. The University shall make payment to Coach for competition-related bonuses on or before February 1 of each contract year, and for all other bonuses on or before August 1 of each contract year. No bonus under this section will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including Coach's compliance with the material terms of this Agreement and any other conditions set forth in Exhibit A. Further, no competition-related bonus will be earned or paid unless Coach is employed as head coach of the Team on the final day of the regular season or any post-season play for each season, whichever is later; and no other bonus will be earned or paid unless Coach is employed on the final day of classes for the University's spring semester each academic year.

7. **Section 3.6 is deleted and replaced with the following:**

3.6. Coach's Right to Terminate Without Just Cause

3.6.1. In the event Coach terminates this Agreement during the Term of Employment without just cause to accept a position as head coach of an NCAA Division I women's volleyball program, then Coach shall pay the University a termination fee as follows:

a. If Coach leaves the University on or before June 30, 2023, Coach shall pay the University the full amount of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

b. If Coach leaves the University between July 1, 2023, and June 30, 2024, Coach will pay the University seventy-five percent (75%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

c. If Coach leaves the University between July 1, 2024, and June 30, 2025, Coach will pay the University fifty percent (50%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

d. If Coach leaves the University after June 30, 2025, Coach will pay the University twenty-five percent (25%) of the remaining salary and supplemental pay that Coach would have earned if Coach had remained employed for the full Term of Employment.

Coach shall make the payment described in this Section 3.6 within sixty (60) days of the date when Coach gives notice of termination. The payment shall be in addition to any other payments required under this Agreement.

3.6.2. In the event Coach terminates this Agreement during the Term of Employment without just cause to accept any job other than head coach of an NCAA Division I women's volleyball program, there will be no termination fee. However, if Coach subsequently accepts a position as head coach of an NCAA Division I women's volleyball program at any time within two (2) years of the termination date, then Coach shall pay a termination fee of Two Hundred and Fifty Thousand dollars ($250,000); provided that in no event shall the termination fee under this Section 3.6.2 be greater than the termination fee Coach would have paid under Section 3.6.1. above if Coach's employment under this Agreement had continued and Coach terminated the Agreement to accept the new position; and further provide that there shall be no termination fee if Coach accepts a new position after the end date for the Term of Employment set forth in Section 1.1 above. Coach shall make the payments described in this Section 3.6.2 within sixty (60) days of the date when Coach accepts the new position. The payment shall be in addition to any other payments required under this Agreement.

8. **Exhibit A, Schedule of Incentives, is deleted and replaced with the following:**

Exhibit A
Head Coach Performance Bonus Plan

Women's Volleyball

I. Big Ten Finish

A. Regular Season Big Ten Championship (or tie)	$ 20,000
B. Regular Season Big Ten second place finish (or tie)	$ 15,000
C. Regular Season Big Ten third place finish (or tie)	$ 5,000

Bonus amounts under section I are not cumulative. Coach will receive only the highest bonus earned under this paragraph.

II. NCAA Tournament

A. Tournament Appearance	$ 5,000
B. First or second round win	$ 5,000
C. Third round (Sweet Sixteen) win	$ 10,000
D. Fourth round (Elite 8) win	$ 10,000
F. NCAA Finalist	$ 15,000
G. NCAA Champion	$ 25,000

Bonus amounts under section II are cumulative.

III. Graduation Success Rate. The University shall pay Coach a bonus as follows based on the Graduation Success Rate for the team as determined each year by the University consistent with NCAA rules:

A. Graduation Success rate equal to or higher than 80%	$ 2,500
B. Graduation Success rate equal to or higher than 90%	$ 5,000
C. Graduation Success rate equal to 100%	$ 10,000

Bonus amounts under section III are not cumulative. Coach will receive only the highest bonus earned under this paragraph.

IV. Team Cumulative GPA. The University shall pay Coach a bonus of $5,000 each year if the Team Cumulative GPA meets or exceeds 3.0, as determined by the University consistent with NCAA rules.

V. Academic Performance. The University shall pay Coach a bonus based on Annual Progress Rate ("APR") for the team as established each year by the NCAA:

A. Single year APR greater than or equal to 990 $ 2,500
B. Single year APR greater than or equal to 1000 $ 5,000

Bonus amounts under section V are not cumulative. Coach will receive only the highest bonus earned under this paragraph.

VI. Coaching Awards. The University shall pay Coach as follows for coaching awards.

A. Big Ten Coach of the Year $ 5,000
B. National Coach of the Year $ 10,000

The amounts provided in this paragraph are cumulative.

9. Except as expressly provided in this Amendment, each and every term and condition of the Employment Agreement shall remain unchanged.

10. The parties acknowledge and agree that this Amendment is subject to formal approval by the University's Board of Regents (BOR). This Amendment shall not be final or binding until formally approved by the BOR.

HB

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be effective as of the date first shown above.

Date: 11/17/21

Hugh McCutcheon
Head Volleyball Coach

REGENTS OF THE UNIVERSITY OF MINNESOTA

Date: 11/17/2021

By: _____
Joan T. A. Gabel
President

Recommended for Approval:

Date: 11/17/2021

By: Mark Coyle
Mark Coyle, Director
Intercollegiate Athletics

Approved as to Form and Execution:

Date: 11.17.2021

By: Brent Benrud
Brent P. Benrud
Deputy General Counsel

BOARD OF REGENTS FINANCE & OPERATIONS COMMITTEE
CONSENT REPORT
EXTENSION/AMENDMENT TO EMPLOYMENT AGREEMENT – JOE ROSSI
DECEMBER 16, 2021

Pending approval by the Board of Regents, Joe Rossi's employment agreement as Defensive Coordinator, University of Minnesota, Twin Cities, will be extended and amended.

Position Overview

Defensive coordinator is a leadership position reporting directly to the head football coach. The defensive coordinator must be skilled at building and maintaining the defense for a football program of more than 105 students and numerous staff members that achieve at the highest levels academically, athletically, and socially.

It is expected that the Defensive Coordinator will manage the roster of defensive players, oversee assistant coaches, develop the defensive game plan and call plays for the defense during the game. The Defensive Coordinator typically manages multiple assistant coaches, each of whom are responsible for various positions on the team.

Summary of Employment Extension/Amendments

- Term is December 17, 2021 to January 31, 2024.
- First year of the contract will run from December 17, 2021 to January 31, 2023. Contract year two runs from February 1, 2023 to January 31, 2024.
- Coach Rossi's total salary will be $800,000.
- This salary ranks 7th in the Big Ten with two school's salaries not available.
- This contract is 100 percent guaranteed. Research shows that Coordinator contracts are typically guaranteed at 100 percent at peer institutions.
- The contract includes a financial penalty of $150,000 paid to the University should Coach Rossi choose to leave prior to the end of this contract.

Please note that this agreement contains a mitigation clause in the event of the University choosing to terminate the agreement.

Employment Agreement

This Employment Agreement ("Agreement") is entered into between Joe Rossi ("Coach") and Mark Coyle, Director of Intercollegiate Athletics ("Director"), acting for and on behalf of Regents of the University of Minnesota ("University"). As of the date of last signature below, this Agreement supersedes all prior agreements and governs the relationship between the parties. The parties hereby agree as follows:

1. Coach will serve as the Defensive Coordinator for the University's Gopher Football Team ("the Team"). This is a 1.0 FTE, University Job Code 9793 Assistant Coach position. Coach's appointment will run from December 17, 2021, to January 31, 2024. If it has not previously terminated in accordance with the terms of this Agreement, Coach's appointment will end when its term expires on January 31, 2024, without any further rights or benefits, and with no requirement that the University provide any other notice. For purposes of this Agreement, contract year one runs from December 17, 2021, through January 31, 2023.

2. Coach's annual base salary for the term of the agreement is eight hundred thousand ($800,000). The base salary is subject to furloughs, pay freezes, salary reductions, or other adjustments to the same extent they are required of other employees of the University or the Athletic Department. The University will also pay incentive bonuses in accordance with Exhibit A to this agreement. No incentive bonus will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including Coach's compliance with all terms of this Agreement and any other conditions set forth in Exhibit A. Further, no competition-related bonus will be earned or paid unless Coach is employed on the final day of the regular season or any post-season play for each season, whichever is later; and no other bonus will be earned or paid unless Coach is employed on the final day of classes for the spring semester each academic year.

3. Except as otherwise set forth in this Agreement, Coach's appointment is subject to and governed by all University policies and procedures applicable to the Professional and Administrative ("P&A") employee classification. Coach is expected to know and follow those policies and procedures, as well as the terms, conditions, and requirements of this Agreement. In the event of a conflict between the policies and procedures and this Agreement, the Agreement shall govern.

4. Coach is entitled to receive the standard benefits package provided to P&A employees, in accordance with and subject to applicable University policies and procedures.

5. As a member of the University's Wheel Club, Coach will receive the use of an automobile, subject to the terms, conditions, availability, and requirements of the Wheel Club program.

6. Coach's position reports to the Head Football Coach.

7. Coach shall fulfill the duties of Coach's position as posted in the job description, and as assigned by the Head Football Coach.

8. Coach shall diligently seek to positively represent the University and its athletics program in both private and public forums.

9. Coach shall diligently comply with the laws, policies, rules, and regulations of the University, the Intercollegiate Athletics Department; the NCAA, the Big Ten Conference, and any other conference or governing body with jurisdiction over intercollegiate athletics at the University (collectively "Governing Associations").

10. Coach shall not appear on radio, television, or other media or in product promotions, regardless of whether Coach receives a fee or any other kind of compensation, without receiving the prior consent of the Director.

11. The University may, for cause, terminate Coach's employment, suspend salary payments, or take other disciplinary action against Coach. "Cause" includes:

    a. A Level I, II, or equivalent violation of a rule of a Governing Association by or involving Coach as reasonably determined by the University, and for which the University has submitted notice to the Governing Association;

    b. Multiple Level III, IV, or equivalent violations of the rules of a Governing Association that, taken together, constitute a Level I, II, or equivalent violation, as reasonably determined by the University, and for which the University reasonably determines Coach knew or should have known about with reasonable diligence and oversight;

    c. Failure to report any and all violation, regardless of Level, of the rules of a Governing Association related to the Football team, when the University reasonably determines that Coach knew or should have known about the violation with reasonable diligence and oversight;

    d. A substantial failure to perform responsibilities under this Agreement, as determined by the University;

e. Material fraud or dishonesty, instructing others to engage in material fraud or dishonesty, or assisting other in acts of material fraud or dishonesty;

f. Falsifying or altering documents or records, or assisting in such acts by others;

g. Soliciting, placing, or accepting a bet on any intercollegiate or professional athletic contest; permitting, condoning, or encouraging any illegal gambling, bookmaking, or illegal betting involving any intercollegiate or professional athletic contest; or furnishing information or data relating in any manner to the Football Team or any other sport to any individual known by Coach or whom Coach should reasonably know to be involved in gambling, betting, or bookmaking; or Coach's consorting or associating with such persons;

h. Sale, use, or possession of narcotics, drugs, controlled substances, steroids, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions);

i. Use or consumption of alcohol, drugs, controlled substances, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions) so as to materially impair Coach's ability to perform Coach's duties;

j. Failure to fully cooperate in the enforcement of any drug testing program established by the University for student-athletes;

k. Failure to honor the authority of team doctors, athletic trainers, and other sports medicine staff to make decisions regarding student-athlete health and well-being, including decisions regarding fitness to practice, train, or compete; or encouraging or pressuring student athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or condoning or directing others to encourage or pressure student-athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or taking any action that poses a direct threat to student-athlete health and well-being.

l. Refusal by Coach to obey and/or carry out any reasonable directive from the Head Football Coach or the Athletics Director;

m. Commission of or participation in any act, situation or occurrence, which, in the University's judgment, brings Coach or the University into public disrepute, embarrassment, contempt, scandal or ridicule.

In the event of a termination for cause under this section, the University's obligations to Coach under this Agreement shall cease on the day of termination without any further notice, rights, or benefits.

12. Coach's appointment will terminate immediately, with no requirement that the University provide any advance notice, whenever Philip John Fleck is no longer employed as the Head Football Coach at the University.

    (a) If Fleck's appointment as Head Football Coach is terminated by the University without cause, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to one-half the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of the appointment that would have remained if this Agreement had continued for its full term.

    (b) If Fleck's appointment as Head Football Coach is terminated by the University or otherwise ends due to Fleck's death or disability, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to one-half of the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in regular monthly installments over the term of the appointment that would have remained if this Agreement had continued for its full term.

    (c) If Fleck's appointment as Head Football Coach is terminated by the University for cause, or ends for any other reason not previously addressed above, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to six month's salary. The payment will be made within thirty (30) days of Coach's termination date.

13. The University may terminate this Agreement at any time without cause upon thirty (30) days' written notice to Coach. In such event, Coach will be entitled to severance pay equal to the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of appointment that would have remained if this Agreement had continued for its full term.

14. As a condition of receipt of any payment under paragraph 12(a), 12 (b), or paragraph 13 above, Coach is required to mitigate the University's obligations by making reasonable and diligent efforts (under the circumstances and opportunities then prevailing) to obtain a comparable employment position (for example, but not limited to, media commentator with a national broadcast or cable company, professional football assistant or head coach, head or assistant football coach of an NCAA Division I, II, or III team, etc.) and receive market rate compensation for the position, as soon as practicable following termination of employment. If Coach is employed post termination in a comparable position, then monthly severance payments under paragraphs 12(a), 12(b), or 13 shall cease if Coach's monthly compensation in the comparable position is equal to or greater than the University's monthly severance pay obligation. If Coach's monthly compensation from the new employment is less than the University's monthly severance pay obligation, the amount of University's obligation shall be reduced by the amount Coach earns in the comparable position, or by the market average compensation for the comparable position, whichever is greater.

15. As a further condition of receiving any payment under paragraphs 12(a), 12(b), or 13 above, Coach must execute a comprehensive release within 15 days of the date of termination in the form utilized by, and including the terms regularly included in such releases by the University. Generally, the release will require Coach to release the University from all claims arising out of or related to Coach's employment with the University, including statutory and common law claims. If Coach fails to timely execute the release, Coach forgoes any payment.

16. If Coach terminates this Agreement without cause, Coach shall pay the University a termination fee in the amount one hundred fifty thousand dollars ($150,000.00). The payment shall be made within sixty (60) days of the date of notice of termination. The termination fee is waived if Coach accepts a position as Head Coach at an NCAA Division I institution or if such termination occurs after the final game of the final contract year (including, if applicable, the conference championship game).

17. Coach agrees not to seek, negotiate for, nor accept other part-time or full-time employment during the term of this Agreement, whether directly or through an agent, without first providing prior written notice to the Head Football Coach and the Director.

18. The NCAA and the University of Minnesota require that Coach report and receive annual prior written approval from the Director for all athletically related income and/or benefits from sources outside the University. Such approval shall not be unreasonably withheld.

19. Coach affirmatively acknowledges and asserts that Coach has provided complete, accurate, and truthful information regarding Coach's background and qualifications in connection with Coach's hire by the University, including but not limited to informing the University of any conduct or incident in Coach's background that would tend to damage Coach's reputation or the reputation of the University if it were to become publicly known. Coach understands that any failure to do so may result in sanctions, up to and including the immediate termination of Coach's appointment.

20. This Agreement is intended by the parties as the final and binding expression of their mutual understandings and promises, and as the complete and exclusive statement thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter of this Agreement, except as expressly provided herein.

21. The parties acknowledge and agree that this Agreement is subject to formal approval by the University Board of Regents (BOR). This agreement shall not be final or binding until formally approved by the BOR. If the BOR does not approve the Agreement, then the parties' current agreement will remain in place, and the parties' relationship will continue to be governed by that agreement.

COACH

Joe Rossi

11.12.2021
Date

On behalf of Regents of the University of Minnesota:

Mark Coyle

Mark Coyle
Director of Athletics

11/15/2021
Date

EXHIBIT A SCHEDULE OF INCENTIVES

In lieu of any other performance-based bonus plan the University may adopt for sports coaches or other University employees, the University shall pay Coach the following annual incentive bonuses, consistent with all other terms of this Agreement:

I. Incentive compensation for achieving athletic performance goals as follows:

a) Win College Football National Championship	$165,000
b) Participate in one of the College Football Semi-Final Bowl Games.	$110,000
c) Participate in a Contract bowl game (Orange, Peach, Sugar, Cotton, Fiesta, or Rose Bowl) that is not selected as a College Football Play-off Game.	$80,000
d) Participate in bowl game not identified in sections a, b or c	$45,000

Coach may only receive one award under this paragraph, i.e., the amounts provided within this paragraph shall not be cumulative. The team must end the regular season with a minimum of six wins to earn any of these bonuses.

II. Conference Championship Game

a) Team qualifies for Big Ten Championship Game	$10,000

III. Academic Performance - APR. The University shall pay Coach a bonus based upon the annual multi-year Academic Progress Rate ("APR") for the Team as established each year by the NCAA, beginning at the end of 2017-2018, as follows:

a) APR greater than or equal to 970	$2,500
b) APR greater than or equal to980	$5,000

Coach may only receive one aware under this paragraph, i.e., the amounts provided within this paragraph are not cumulative.

IV. Graduation Rate. The University shall pay Coach a bonus based on the Graduation Success Rate for the Team as determined each year by the University consistent with NCAA rules, beginning at the end of the 2017-2018 academic year, as follows:

Percentage greater than or equal to 85%	$5,000

BOARD OF REGENTS FINANCE & OPERATIONS COMMITTEE
CONSENT REPORT
EMPLOYMENT AGREEMENT – KIRK CIARROCCA
DECEMBER 16, 2021

Pending approval by the Board of Regents, Kirk Ciarrocca will be employed as Offensive Coordinator, University of Minnesota, Twin Cities, effective December 6, 2021.

Position Overview

Offensive Coordinator is a leadership position reporting directly to the head football coach. The Offensive Coordinator must be skilled at building and maintaining the offense for a football program of more than 105 students and numerous staff members that achieve at the highest levels academically, athletically, and socially.

It is expected that the Offensive Coordinator will manage the roster of offensive players, oversee assistant coaches, develop the offensive game plan and call plays for the offense during the game. The Offensive Coordinator typically manages multiple assistant coaches, each of whom are responsible for various positions on the team.

Summary of Employment

- Term is December 6, 2021 to January 31, 2024.
- First year of the contract will run from December 6, 2021 to January 31, 2023. Contract year two runs from February 1, 2023 to January 31, 2024.
- Coach Ciarrocca's total salary will be $625,000.
- This salary ranks 10th out of 14 in the BigTen.
- This contract is 100 percent guaranteed. Research shows that Coordinator contracts are typically guaranteed at 100 percent at peer institutions.
- The contract includes a financial penalty of $150,000 paid to the University should Coach Ciarrocca choose to leave prior to the end of this contract.

Please note that this agreement contains a mitigation clause in the event of the University choosing to terminate the agreement.

Employment Agreement

This Employment Agreement ("Agreement") is entered into between Kirk Ciarrocca ("Coach") and Mark Coyle, Director of Intercollegiate Athletics ("Director"), acting for and on behalf of Regents of the University of Minnesota ("University"). As of the date of last signature below, this Agreement supersedes all prior agreements and governs the relationship between the parties. The parties hereby agree as follows:

1. Coach will serve as the Offensive Coordinator for the University's Gopher Football Team ("the Team"). This is a 1.0 FTE, University Job Code 9793 Assistant Coach position. Coach's appointment will run from December 6, 2021, to January 31, 2024. If it has not previously terminated in accordance with the terms of this Agreement, Coach's appointment will end when its term expires on January 31, 2024, without any further rights or benefits, and with no requirement that the University provide any other notice. For purposes of this Agreement, contract year one runs from December 6, 2021, through January 31, 2023.

2. Coach's annual base salary for the term of the agreement is Six hundred twenty five thousand dollars ($625,000). The base salary is subject to furloughs, pay freezes, salary reductions, orother adjustments to the same extent they are required of other employees of the University or the Athletic Department. The University will also pay incentive bonuses in accordance with Exhibit A to this agreement. Coach will not be eligible for competition-related bonuses for the Fall 2021 season, but he will be eligible for academic bonuses in the Spring of 2022. No incentive bonus will be earned or paid unless/until the University has determined that the conditions related to the payment have been met, including Coach's compliance with all terms of this Agreement and any other conditions set forth in Exhibit A. Starting in the Fall of 2022, no competition-related bonus will be earned or paid unless Coach is employed on the final day of theregular season or any post-season play for each season, whichever is later. Starting in the Spring of 2022 no other bonus will be earned or paid unless Coach is employed on the final day of classes for the spring semester each academic year.

3. Except as otherwise set forth in this Agreement, Coach's appointment is subject to and governed by all University policies and procedures applicable to the Professional and Administrative ("P&A") employee classification. Coach is expected to know and follow those policies and procedures, as well as the terms, conditions, and requirements of this Agreement. In the event of a conflict between the policies and procedures and this Agreement, the Agreement shall govern.

4. Coach is entitled to receive the standard benefits package provided to P&A employees, in accordance with and subject to applicable University policies and procedures.

5. As a member of the University's Wheel Club, Coach will either receive the use of an automobile, or a monthly car stipend of four hundred dollars ($400.00), subject to the terms, conditions, availability, and requirements of the Wheel Club program. Determination of the use of an automobile or stipend will be made by the University.

6. Coach's position reports to the Head Football Coach.

7. Coach shall fulfill the duties of Coach's position as posted in the job description, and as assigned by the Head Football Coach.

8. Coach shall diligently seek to positively represent the University and its athletics program in both private and public forums.

9. Coach shall diligently comply with the laws, policies, rules, and regulations of the University, the Intercollegiate Athletics Department; the NCAA, the Big Ten Conference, and any other conference or governing body with jurisdiction over intercollegiate athletics at the University (collectively "Governing Associations").

10. Coach shall not appear on radio, television, or other media or in product promotions, regardless of whether Coach receives a fee or any other kind of compensation, without receiving the prior consent of the Director.

11. The University may, for cause, terminate Coach's employment, suspend salary payments, or take other disciplinary action against Coach. "Cause" includes:

    a. A Level I, II, or equivalent violation of a rule of a Governing Association by or involving Coach as reasonably determined by the University, and for which the University has submitted notice to the Governing Association;

    b. Multiple Level III, IV, or equivalent violations of the rules of a Governing Association that, taken together, constitute a Level I, II, or equivalent violation, as reasonably determined by the University, and for which the University reasonably determines Coach knew or should have known about with reasonable diligence and oversight;

    c. Failure to report any and all violation, regardless of Level, of the rules of a Governing Association related to the Football team, when the University reasonably determines that Coach knew or should have known about the violation with reasonable diligence and oversight;

    d. A substantial failure to perform responsibilities under this Agreement, as determined by the University;

e. Material fraud or dishonesty, instructing others to engage in material fraud or dishonesty, or assisting other in acts of material fraud or dishonesty;

f. Falsifying or altering documents or records, or assisting in such acts by others;

g. Soliciting, placing, or accepting a bet on any intercollegiate or professional athletic contest; permitting, condoning, or encouraging any illegal gambling, bookmaking, or illegal betting involving any intercollegiate or professional athletic contest; or furnishing information or data relating in any manner to the Football Team or any other sport to any individual known by Coach or whom Coach should reasonably know to be involved in gambling, betting, or bookmaking; or Coach's consorting or associating with such persons;

h. Sale, use, or possession of narcotics, drugs, controlled substances, steroids, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions);

i. Use or consumption of alcohol, drugs, controlled substances, or other chemicals (excluding substances prescribed by Coach's doctor and taken consistent with doctor's instructions) so as to materially impair Coach's ability to perform Coach's duties;

j. Failure to fully cooperate in the enforcement of any drug testing program established by the University for student-athletes;

k. Failure to honor the authority of team doctors, athletic trainers, and other sports medicine staff to make decisions regarding student-athlete health and well-being, including decisions regarding fitness to practice, train, or compete; or encouraging or pressuring student athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or condoning or directing others to encourage or pressure student-athletes to ignore or deviate from medical advice or directives from team doctors, athletic trainers, and other sports medicine staff; or taking any action that poses a direct threat to student-athlete health and well-being.

l. Refusal by Coach to obey and/or carry out any reasonable directive from the Head Football Coach or the Athletics Director;

m. Commission of or participation in any act, situation or occurrence, which, in the University's judgment, brings Coach or the University into public disrepute, embarrassment, contempt, scandal or ridicule.

In the event of a termination for cause under this section, the University's obligations to Coach under this Agreement shall cease on the day of termination without any further notice, rights, or benefits.

12. Coach's appointment will terminate immediately, with no requirement that the University provide any advance notice, whenever Philip John Fleck is no longer employed as the Head Football Coach at the University.

(a) If Fleck's appointment as Head Football Coach is terminated by the University without cause, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to one-half the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of the appointment that would have remained if this Agreement had continued for its full term.

(b) If Fleck's appointment as Head Football Coach is terminated by the University or otherwise ends due to Fleck's death or disability, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to one-half of the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in regular monthly installments over the term of the appointment that would have remained if this Agreement had continued for its full term.

(c) If Fleck's appointment as Head Football Coach is terminated by the University for cause, or ends for any other reason not previously addressed above, and if Coach and the University do not subsequently enter into a new contract to extend Coach's appointment, Coach will be entitled to severance pay equal to six month's salary. The payment will be made within thirty (30) days of Coach's termination date.

13. The University may terminate this Agreement at any time without cause upon thirty (30) days' written notice to Coach. In such event, Coach will be entitled to severance pay equal to the salary Coach would have earned under this Agreement if it had continued for its full term. The payment will be made, subject to state and/or federal tax requirements, in equal monthly installments over the term of appointment that would have remained if this Agreement had continued for its full term.

14. As a condition of receipt of any payment under paragraph 12(a), 12 (b), or paragraph 13 above, Coach is required to mitigate the University's obligations by making reasonable and diligent efforts (under the circumstances and opportunities then prevailing) to obtain a comparable employment position (for example, but not limited to, media commentator with a national broadcast or cable company, professional football assistant or head coach, head or assistant football coach of an NCAA Division I, II, or III team, etc.) and receive market rate compensation for the position, as soon as practicable following termination of employment. If Coach is employed post termination in a comparable position, then monthly severance payments under paragraphs 12(a), 12(b), or 13 shall cease if Coach's monthly compensation in the comparable position is equal to or greater than the University's monthly severance pay obligation. If Coach's monthly compensation from the new employment is less than the University's monthly severance pay obligation, the amount of University's obligation shall be reduced by the amount Coach earns in the comparable position, or by the market average compensation for the comparable position, whichever is greater.

15. As a further condition of receiving any payment under paragraphs 12(a), 12(b), or 13 above, Coach must execute a comprehensive release within 15 days of the date of termination in the form utilized by, and including the terms regularly included in such releases by the University. Generally, the release will require Coach to release the University from all claims arising out of or related to Coach's employment with the University, including statutory and common law claims. If Coach fails to timely execute the release, Coach forgoes any payment.

16. If Coach terminates this Agreement without cause, Coach shall pay the University a termination fee in the amount one hundred fifty thousand dollars ($150,000.00). The payment shall be made within sixty (60) days of the date of notice of termination. The termination fee is waived if Coach accepts a position as Head Coach at an NCAA Division I institution or if such termination occurs after the final game of the final contract year (including, if applicable, the conference championship game).

17. Coach agrees not to seek, negotiate for, nor accept other part-time or full-time employment during the term of this Agreement, whether directly or through an agent, without first providing prior written notice to the Head Football Coach and the Director.

18. The NCAA and the University of Minnesota require that Coach report and receive annual prior written approval from the Director for all athletically related income and/or benefits from sources outside the University. Such approval shall not be unreasonably withheld.

19. Coach affirmatively acknowledges and asserts that Coach has provided complete, accurate, and truthful information regarding Coach's background and qualifications in connection with Coach's hire by the University, including but not limited to informing the University of any conduct or incident in Coach's background that would tend to damage Coach's reputation or the reputation of the University if it were to become publicly known. Coach understands that any failure to do so may result in sanctions, up to and including the immediate termination of Coach's appointment.

20. This Agreement is intended by the parties as the final and binding expression of their mutual understandings and promises, and as the complete and exclusive statement thereof. This Agreement supersedes and revokes all prior negotiations, representations, and agreements, whether oral or written, relating to the subject matter of this Agreement, except as expressly provided herein.

21. The parties acknowledge and agree that this Agreement is subject to formal approval by the University Board of Regents (BOR). This agreement shall not be final or binding until formally approved by the BOR. If the BOR does not approve the Agreement, then the parties' current agreement will remain in place, and the parties' relationship will continue to be governed by that agreement.

COACH

Kirk Ciarrocca

12-5-2021
Date

On behalf of Regents of the University of Minnesota:

Mark Coyle
Director of Athletics

12/6/2021
Date

EXHIBIT A SCHEDULE OF INCENTIVES

In lieu of any other performance-based bonus plan the University may adopt for sports coaches or other University employees, the University shall pay Coach the following annual incentive bonuses, consistent with all other terms of this Agreement:

I. Incentive compensation for achieving athletic performance goals as follows:

a) Win College Football National Championship	$165,000
b) Participate in one of the College Football Semi-Final Bowl Games.	$110,000
c) Participate in a Contract bowl game (Orange, Peach, Sugar, Cotton, Fiesta, or Rose Bowl) that is not selected as a College Football Play-off Game.	$80,000
d) Participate in bowl game not identified in sections a, b or c	$45,000

Coach may only receive one award under this paragraph, i.e., the amounts provided within this paragraph shall not be cumulative. The team must end the regular season with a minimum of six wins to earn any of these bonuses.

II. Conference Championship Game

a) Team qualifies for Big Ten Championship Game	$10,000

III. Academic Performance - APR. The University shall pay Coach a bonus based upon the annual multi-year Academic Progress Rate ("APR") for the Team as established each year by the NCAA, beginning at the end of 2017-2018, as follows:

a) APR greater than or equal to 970	$2,500
b) APR greater than or equal to980	$5,000

Coach may only receive one aware under this paragraph, i.e., the amounts provided within this paragraph are not cumulative.

IV. Graduation Rate. The University shall pay Coach a bonus based on the Graduation Success Rate for the Team as determined each year by the University consistent with NCAA rules, beginning at the end of the 2017-2018 academic year, as follows:

Percentage greater than or equal to 85%	$5,000

December 16, 2021

Honorable Connie Bernardy, Chair
House Higher Education Finance and Policy
563 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Honorable Marion O'Neill, Republican Lead
House Higher Education Finance and Policy
357 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Honorable David J. Tomassoni, Chair
Senate Higher Education Finance and Policy
328 Capitol
St. Paul, Minnesota 55155

Honorable Gregory Clausen, Rank. Min. Ld.
Senate Higher Education Finance and Policy
2233 Minnesota Senate Bldg.
St. Paul, Minnesota 55155

Honorable Julie Rosen, Chair
Senate Finance
2113 Minnesota Senate Building
St. Paul, Minnesota 55155

Honorable John Marty, Ranking Min. Lead
Senate Finance
2301 Minnesota Senate Building
St. Paul, Minnesota 55155

Honorable Rena Moran, Chair
House Ways and Means
449 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Honorable Pat Garofalo, Republican Lead
House Ways and Means
295 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Dear Chairs Bernardy, Tomassoni, Rosen, Moran and Ranking Members O'Neill, Clausen, Marty, and Garofalo,

Minnesota Session Law H.F. 7, Chapter 2, Section 43 requests the University of Minnesota to submit a report on its expense patterns, which includes:

1. A determination of the extent to which administrative costs have increased based on uniform and historic data.
2. Integrated Postsecondary Education Data System (IPEDS) reported data across seven requested functional expense categories spanning ten years.
3. The current year, and preceding ten-years', ratios of institutional support to instruction (IPEDS function) spending and comparing those ratios with institutions within its Carnegie classifications and with similar undergraduate enrollments.
4. Central Office administrative costs and increase in staffing over the previous ten years.

Pursuant to this request, the University of Minnesota respectfully responds and submits this report based on University IPEDS data submissions and the annual Cost Definition and Benchmarking analysis across the University of Minnesota system.

If there are any questions with the attached report, please do not hesitate to contact me at frans@umn.edu.

Sincerely,

Myron Frans
University of Minnesota
Senior Vice President for Finance and Operations

University of Minnesota
Report on the Expense Patterns of Public Higher Education Institutions
Pursuant to Minnesota Session Law H.F. 7, Chapter 2, Section 43
Per Minnesota Statute 3.197, the cost to prepare this report was approximately $500.

1) Internal audit of expenditures to determine the extent to which administrative costs have increased

Annually since Fiscal Year (FY) 2012, the University of Minnesota has conducted a comprehensive review of its operational costs to develop a shared understanding of system-wide spending while improving internal benchmarking capabilities and monitoring spending changes over time. Named the Cost Definition and Benchmarking Analysis, this annual expense examination works to:

- Develop a shared understanding of University spending.
- Promote a broader dialogue of the University's cost structure.
- Identify gaps in processes, data, and information.
- Improve the University's ability to set its own spending benchmarks; and
- Establish a repeatable methodology to monitor changes and patterns in spending over time.

This unique analysis defines and separates mission/student aid related costs from support functions and basic infrastructure, thereby encompassing all University spending in three main categories:

1. Direct Mission Delivery - The expenses of the 'doers' of the University mission.
2. Mission Support & Facilities - The expenses to support the delivery of mission activities.
3. Leadership & Oversight - The expenses for the leadership, direction, control, and management of the mission

The latter two categories (Mission Support and Leadership & Oversight) have been the basis for how the University reports administrative costs in communicating to external parties as well as classifying expenses in the University's annual budget development process. This is the broadest interpretation of administrative expenses possible within the categorization of expenditures. Annual expenses in all three categories occur in both academic and support units and are supported by multiple sources. Below is a summary of the University Cost Definition and Benchmarking Analysis from FY's 2019 to 2021.

Expense Summary for Administrative Cost Benchmarking
Summary of Results – FY19-FY21
($$ in Thousands)

		A		B		C		D		E
1		Mission	% of Total (E)	Student Aid	% of Total (E)	Mission Support & Facilities	% of Total (E)	Leadership & Oversight	% of Total (E)	Total
2	**Personnel**									
3	FY21	1,322,444	57.8%		0.0%	693,666	30.3%	272,264	11.9%	2,288,374
4	FY20	1,338,104	57.0%		0.0%	717,228	30.5%	292,409	12.5%	2,347,741
5	FY19	1,289,375	57.1%		0.0%	691,524	30.6%	276,326	12.2%	2,257,225
6	**Non-Personnel**									
7	FY21	534,181	37.4%	347,498	24.3%	508,981	35.6%	37,751	2.6%	1,428,412
8	FY20	457,519	32.0%	326,948	22.9%	595,285	41.7%	49,414	3.5%	1,429,166
9	FY19	476,001	32.6%	312,106	21.4%	620,691	42.6%	49,482	3.4%	1,458,281
10	**Total**									
11	FY21	1,856,625	50.0%	347,498	9.3%	1,202,648	32.4%	310,015	8.3%	3,716,786
12	FY20	1,795,623	47.5%	326,948	8.7%	1,312,513	34.8%	341,822	9.1%	3,776,906
13	FY19	1,765,376	47.5%	312,106	8.4%	1,312,215	35.3%	325,808	8.8%	3,715,506

* Excludes expenditures for Enterprise Systems Upgrade Project (RRC: Enterprise Resource Planning), real estate acquisitions, non-current and agency funds, cross-unit charges (except facilities projects), and ISO Funds.
** Inlcudes interfund transfers to support facility-related projects and the University's contribution to debt activities from direct cash or gifts (not including HEAPR or capital appropriations).

Total University expenses decreased 1.6% from FY 2020 ($3.77 billion) to FY 2021 ($3.71 billion). The largest expense categories remained Direct Mission and Student Aid at 59.3% of annual costs for the year. The two "non-mission" categories experienced an 8.6% decrease comparing FY 2021 to FY20: Mission Support & Facilities at 32.4% of total annual expenses (FY20: 34.8%), and Leadership & Oversight at 8.3% (FY20: 9.1%).

Every area of the University of Minnesota was impacted by the COVID-19 global pandemic. In general, both personnel and non-personnel expenditures were reduced. Changes occurred intentionally as the University took action to reduce expenditures (furlough/temporary pay reduction plan, hiring freeze, early retirement program, etc.) or through required changes based on best practice for health and safety during COVID-19 (travel restrictions, work from home, etc.). Within this overall decrease, spending increases did occur in some categories (additional student aid, the valiant response of many units in the health sciences areas, fringe benefit health care costs, etc.) but were not enough to offset reductions. Overall, the results and changes in response to COVID-19 do not represent sustainable spending patterns.

The Cost Definition and Benchmarking analysis just summarized will be modified for FY 2022 and beyond due to several projects underway. The current University strategic plan, MPact 2025, includes a goal of modernizing structures and processes, improving services, increasing efficiency, and generating recurring budget savings. Within the plan, the Positioned for Excellence, Alignment and Knowledge (PEAK) Initiative is a system-wide effort that will identify opportunities across non-academic functions to increase efficiency or gain service capacity. In addition, MPact 2025 includes a specific action item to define and establish an administrative cost benchmark. Through these efforts, work is currently being done to create a new way to categorize, report, and measure administrative expenses. Both will result in new ways of tracking and reporting administrative costs, but because the work is in process, it could not be incorporated in this report in place of the Cost Definition and Benchmarking analysis provided above.

2) **Integrated Postsecondary Education Data System (IPEDS) reported data across seven requested functional expense categories spanning ten years.**

Below is a summary of IPEDS functional expense categories: Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, and Other Core Services across the University of Minnesota Crookston, Duluth, Morris, Rochester, and Twin Cities campuses. For this report, the category *Other Core Services* includes both IPEDS categories: Other Expenses and Deductions and Scholarships and Fellowships (expenses).

University of Minnesota
IPEDS Functional Expense Categories
Fiscal Year 2020

	UM Crookston	UM Duluth	UM Morris	UM Rochester	UM Twin Cities	**Total**
Instruction	$ 12,765,701	$ 79,221,406	$ 17,419,117	$ 3,129,665	$ 799,301,480	**$ 911,837,369**
Research	$ 531,106	$ 24,476,076	$ 1,000,628	$ 672,415	$ 894,046,193	**$ 920,726,418**
Public Service	$ 815,977	$ 4,719,033	$ 1,622,270	$ 11,637	$ 283,714,968	**$ 290,883,885**
Academic Support	$ 3,462,046	$ 31,122,120	$ 5,791,531	$ 1,891,612	$ 497,218,772	**$ 539,486,081**
Student Services	$ 3,754,537	$ 19,788,728	$ 6,443,605	$ 2,045,295	$ 138,320,796	**$ 170,352,961**
Institutional Support	$ 2,590,584	$ 19,420,063	$ 3,887,833	$ 4,961,876	$ 301,109,272	**$ 331,969,628**
Other Core Services	$ 3,973,547	$ 21,451,492	$ 5,607,971	$ 9,616,079	$ 97,936,667	**$ 138,585,756**
Total	**$ 27,893,498**	**$ 200,198,918**	**$ 41,772,955**	**$ 22,328,579**	**$ 3,011,648,148**	**$ 3,303,842,098**

Within the FY20 grand total of $3.3 billion, the largest two expense categories for the year were Research (27.9%) and Instruction (27.6%) across the five campuses, with Other Core Services being the lowest at 4.2%. Individually, for the Crookston, Duluth and Morris campuses Instruction expenses were the most significant at 45.8%, 39.6%, and 41.7%, respectively, while the Twin Cities' highest expense category was Research at $894.0 million, or 29.7% of its grand total. Inversely, UM Rochester's most significant expenses were in Other Core Services at $9.6 million (43.1%) for the year.

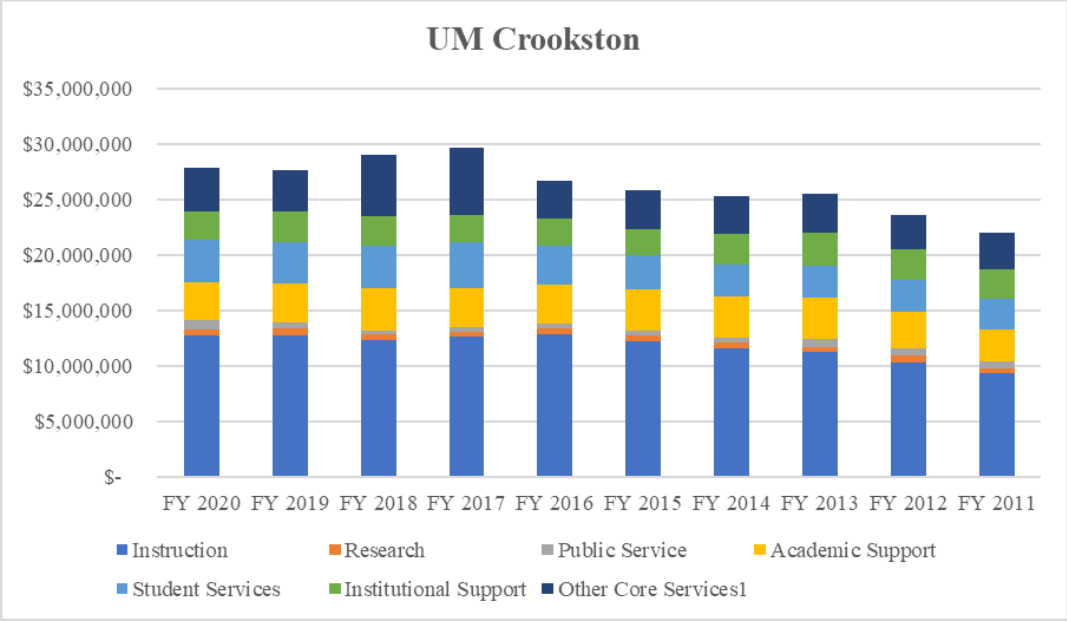
Abbreviated descriptions of these categories can be found below. Detailed information for these functional expense categories is located on the National Center for Education Statistics (NCES) website, found here: https://nces.ed.gov/ipeds/.

- **Instruction**: Includes general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions.
- **Research:** Activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution.
- **Public Service**: Activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution.
- **Academic Support:** Activities and services that support the institution's primary missions of instruction, research, and public service.
- **Student Services:** Includes expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to students emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.
- **Institutional Support:** Day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long-range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development.
- **Other Core Services:** For purposes of this report, this includes both IDEDS functional expense categories 'Other Expense Reductions' and 'Scholarship and Fellowships'.
    - **Other Natural Expenses & Reductions:** Sum of operating and nonoperating expenses not classified as salaries and wages, benefits, operation and maintenance of plant, interest, or depreciation.
    - **Scholarships & Fellowships (expenses):** Portion of scholarships and fellowships granted that exceeds the amount applied to institutional charges such as tuition and fees or room and board.

Finally, starting with the most recently available fiscal year (2020), functional expense data across these categories spanning ten years, from FY 2011 to FY 2020, are presented below and include accompanying graphs to showcase change year over year, for each University of Minnesota campus.

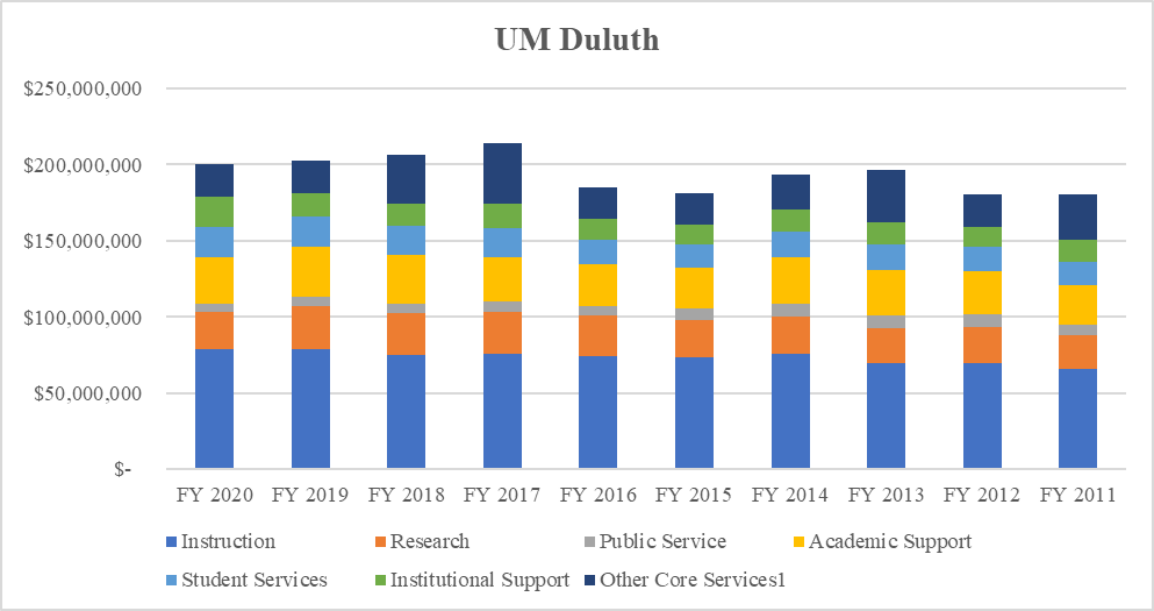
University of Minnesota, Crookston

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Instruction	$ 12,765,701	$ 12,795,975	$ 12,304,043	$ 12,597,641	$ 12,832,823	$ 12,198,652	$ 11,626,399	$ 11,225,504	$ 10,328,856	$ 9,385,862
Research	$ 531,106	$ 555,569	$ 566,472	$ 462,475	$ 501,670	$ 513,447	$ 471,536	$ 481,060	$ 561,528	$ 415,228
Public Service	$ 815,977	$ 609,106	$ 330,775	$ 379,233	$ 465,972	$ 437,080	$ 465,065	$ 705,278	$ 710,417	$ 578,920
Academic Support	$ 3,462,046	$ 3,497,568	$ 3,753,174	$ 3,549,482	$ 3,533,934	$ 3,782,446	$ 3,720,349	$ 3,727,404	$ 3,289,812	$ 2,949,126
Student Services	$ 3,754,537	$ 3,744,694	$ 3,921,257	$ 4,126,919	$ 3,523,807	$ 3,069,949	$ 2,878,857	$ 2,868,707	$ 2,808,738	$ 2,729,429
Institutional Support	$ 2,590,584	$ 2,730,461	$ 2,609,337	$ 2,496,717	$ 2,372,700	$ 2,369,545	$ 2,771,188	$ 3,050,115	$ 2,787,307	$ 2,657,828
Other Core Services[1]	$ 3,973,547	$ 3,662,996	$ 5,498,744	$ 6,085,942	$ 3,426,799	$ 3,425,904	$ 3,423,847	$ 3,474,929	$ 3,095,485	$ 3,332,717
Total	**$ 27,893,498**	**$ 27,596,369**	**$ 28,983,802**	**$ 29,698,409**	**$ 26,657,705**	**$ 25,797,023**	**$ 25,357,241**	**$ 25,532,997**	**$ 23,582,143**	**$ 22,049,110**



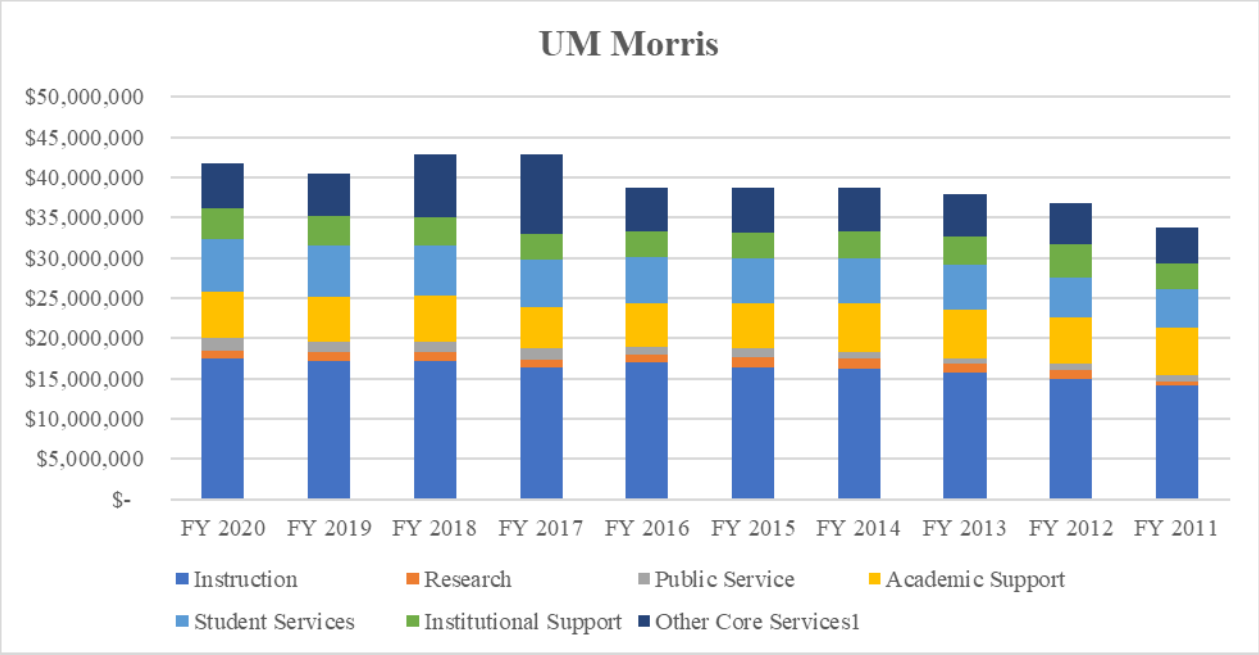
University of Minnesota, Duluth

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Instruction	$ 79,221,406	$ 78,563,449	$ 75,297,596	$ 76,210,787	$ 74,221,231	$ 73,426,517	$ 75,792,245	$ 69,837,487	$ 70,046,853	$ 65,778,199
Research	$ 24,476,076	$ 28,291,968	$ 27,151,759	$ 27,279,921	$ 26,668,690	$ 24,512,972	$ 24,552,835	$ 23,075,233	$ 23,726,174	$ 22,342,500
Public Service	$ 4,719,033	$ 6,713,538	$ 6,630,976	$ 6,789,771	$ 6,457,288	$ 7,489,794	$ 8,402,174	$ 7,998,257	$ 7,776,422	$ 7,111,833
Academic Support	$ 31,122,120	$ 32,494,129	$ 31,471,527	$ 29,282,801	$ 27,462,751	$ 26,786,485	$ 30,690,207	$ 29,959,416	$ 28,639,500	$ 25,754,033
Student Services	$ 19,788,728	$ 20,264,117	$ 19,387,323	$ 18,910,293	$ 15,901,342	$ 15,272,123	$ 16,918,471	$ 16,834,700	$ 16,016,636	$ 15,571,819
Institutional Support	$ 19,420,063	$ 14,673,175	$ 14,520,676	$ 15,736,274	$ 13,969,968	$ 13,095,621	$ 13,860,713	$ 14,325,785	$ 13,130,898	$ 13,927,860
Other Core Services[1]	$ 21,451,492	$ 21,530,679	$ 31,877,601	$ 39,717,406	$ 20,531,933	$ 20,924,358	$ 23,344,634	$ 34,606,839	$ 20,919,731	$ 29,698,727
Total	**$ 200,198,918**	**$ 202,531,055**	**$ 206,337,458**	**$213,927,253**	**$ 185,213,203**	**$ 181,507,870**	**$ 193,561,279**	**$ 196,637,717**	**$ 180,256,214**	**$ 180,184,971**



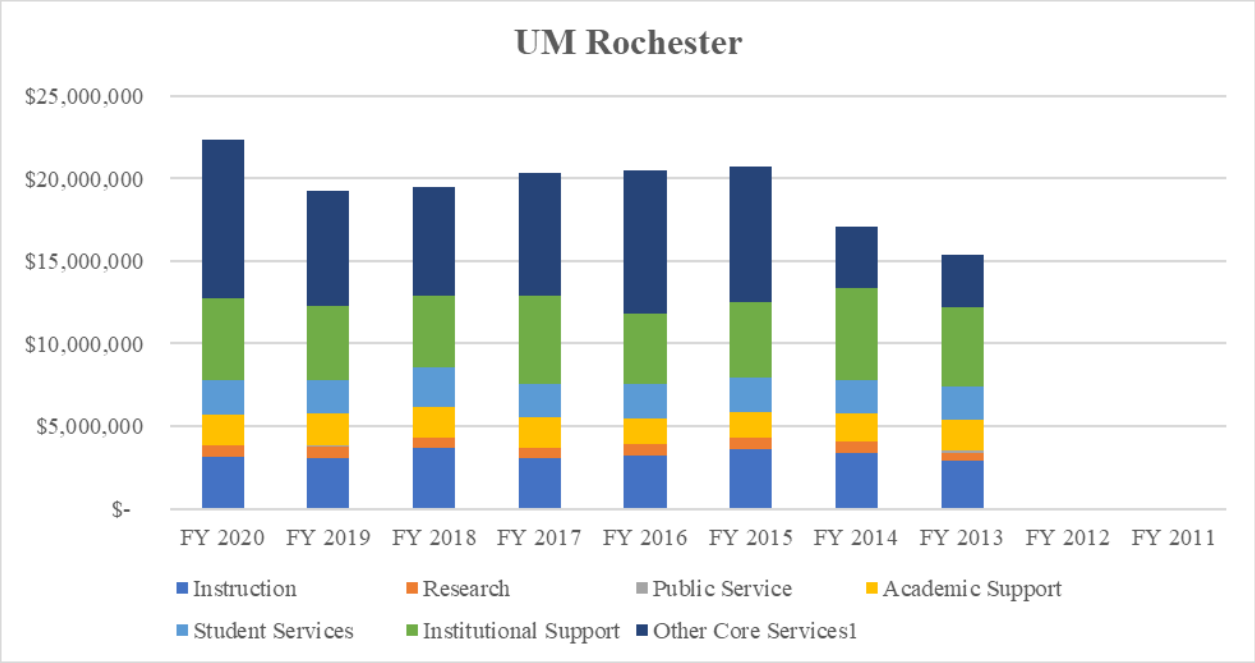
University of Minnesota, Morris

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Instruction	$ 17,419,117	$ 17,110,695	$ 17,132,405	$ 16,425,595	$ 16,970,537	$ 16,426,578	$ 16,159,943	$ 15,651,586	$ 14,955,536	$ 14,122,419
Research	$ 1,000,628	$ 1,117,631	$ 1,078,904	$ 939,174	$ 1,028,433	$ 1,267,938	$ 1,374,016	$ 1,180,881	$ 1,148,954	$ 527,840
Public Service	$ 1,622,270	$ 1,384,850	$ 1,386,331	$ 1,468,516	$ 921,458	$ 1,120,145	$ 820,379	$ 593,522	$ 768,348	$ 815,597
Academic Support	$ 5,791,531	$ 5,587,592	$ 5,774,931	$ 5,107,497	$ 5,393,653	$ 5,475,730	$ 6,041,409	$ 6,179,574	$ 5,786,305	$ 5,883,708
Student Services	$ 6,443,605	$ 6,296,787	$ 6,231,284	$ 5,788,732	$ 5,703,005	$ 5,669,980	$ 5,550,299	$ 5,527,323	$ 4,897,263	$ 4,804,686
Institutional Support	$ 3,887,833	$ 3,693,866	$ 3,423,662	$ 3,302,779	$ 3,331,460	$ 3,201,769	$ 3,334,517	$ 3,525,109	$ 4,135,406	$ 3,176,807
Other Core Services[1]	$ 5,607,971	$ 5,267,416	$ 7,844,113	$ 9,897,713	$ 5,390,978	$ 5,501,169	$ 5,469,399	$ 5,308,280	$ 5,116,302	$ 4,378,939
Total	**$ 41,772,955**	**$ 40,458,837**	**$ 42,871,630**	**$ 42,930,006**	**$ 38,739,524**	**$ 38,663,309**	**$ 38,749,962**	**$ 37,966,275**	**$ 36,808,114**	**$ 33,709,996**



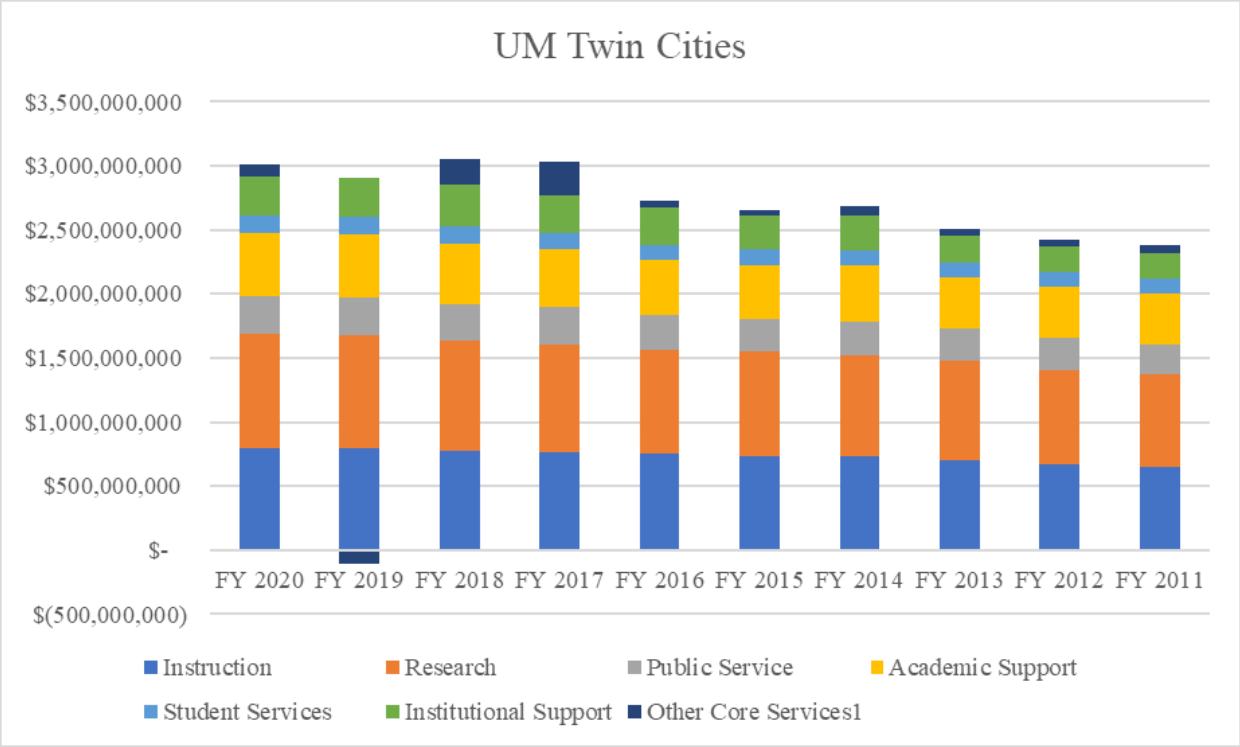
University of Minnesota, Rochester

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Instruction	$ 3,129,665	$ 3,076,366	$ 3,648,321	$ 3,075,486	$ 3,235,271	$ 3,590,945	$ 3,387,227	$ 2,892,982		
Research	$ 672,415	$ 704,049	$ 628,326	$ 618,389	$ 705,061	$ 691,100	$ 658,194	$ 515,701		
Public Service	$ 11,637	$ 26,921	$ 37,707	$ 25,015	$ 9,388	$ 26,914	$ 23,846	$ 116,967		
Academic Support	$ 1,891,612	$ 1,971,098	$ 1,878,708	$ 1,827,929	$ 1,538,748	$ 1,517,341	$ 1,739,686	$ 1,852,212		
Student Services	$ 2,045,295	$ 2,043,606	$ 2,391,766	$ 2,045,667	$ 2,082,641	$ 2,100,175	$ 1,952,852	$ 2,019,117		
Institutional Support	$ 4,961,876	$ 4,488,314	$ 4,319,266	$ 5,318,908	$ 4,250,878	$ 4,626,662	$ 5,574,831	$ 4,826,389		
Other Core Services[1]	$ 9,616,079	$ 6,963,352	$ 6,619,736	$ 7,398,328	$ 8,643,406	$ 8,173,629	$ 3,715,065	$ 3,122,626		
Total	**$ 22,328,579**	**$ 19,273,706**	**$ 19,523,830**	**$ 20,309,722**	**$ 20,465,393**	**$ 20,726,766**	**$ 17,051,701**	**$ 15,345,994**	**$ -**	**$ -**



University of Minnesota, Twin Cities

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Instruction	$ 799,301,480	$ 795,002,202	$ 771,123,637	$ 762,960,244	$ 752,549,334	$ 732,627,379	$ 732,353,768	$ 706,418,323	$ 667,996,082	$ 644,471,848
Research	$ 894,046,193	$ 886,948,175	$ 865,424,269	$ 840,541,735	$ 810,882,503	$ 818,240,872	$ 792,892,181	$ 767,385,456	$ 739,082,890	$ 731,987,418
Public Service	$ 283,714,968	$ 285,182,745	$ 280,593,732	$ 290,483,410	$ 268,934,310	$ 256,751,069	$ 260,219,839	$ 254,191,146	$ 250,420,734	$ 230,249,626
Academic Support	$ 497,218,772	$ 495,439,152	$ 471,824,604	$ 453,720,278	$ 429,890,193	$ 418,247,767	$ 435,340,908	$ 405,590,620	$ 402,870,383	$ 400,210,127
Student Services	$ 138,320,796	$ 140,685,224	$ 135,850,754	$ 131,611,158	$ 121,926,925	$ 119,282,633	$ 118,891,570	$ 112,402,217	$ 108,899,179	$ 107,371,432
Institutional Support	$ 301,109,272	$ 300,763,256	$ 324,475,777	$ 285,596,149	$ 288,407,384	$ 270,084,431	$ 270,704,754	$ 209,156,342	$ 206,065,684	$ 206,979,771
Other Core Services[1]	$ 97,936,667	$ (103,635,409)	$ 205,654,224	$ 264,359,400	$ 58,266,732	$ 41,363,173	$ 72,190,201	$ 47,467,607	$ 43,237,382	$ 55,985,396
Total	**$ 3,011,648,148**	**$ 2,800,385,345**	**$ 3,054,946,997**	**$ 3,029,272,374**	**$ 2,730,857,381**	**$ 2,656,597,324**	**$ 2,682,593,221**	**$ 2,502,611,711**	**$ 2,418,572,334**	**$ 2,377,255,618**

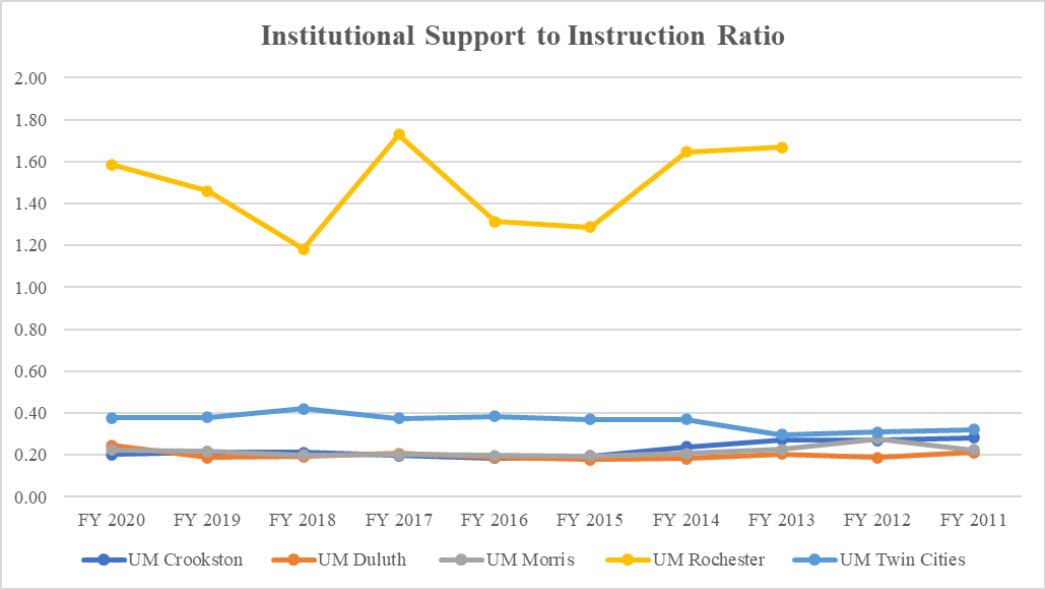


3) **Calculating the current year, and preceding ten-years', ratios of university spending of institutional support to instruction IPEDS categories and comparing those ratios with institutions within its Carnegie classifications and similar undergraduate enrollments to assess if administrative operations are disproportionately growing.**

The ratio of institutional support to instruction spending across the past ten years is provided in the table below and compared with other institutions with the same Carnegie classification. For this report, a peer group of similar undergraduate enrollment is defined as institutions with Fall 2020 degree-seeking full and part time undergraduate enrollment plus or minus twenty-five percent for each campus. Each campus peer group's annual median ratio of institutional support to instruction is included.

Institutional Support (Numerator) to Instruction (Denominator) Ratio

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
UM Crookston	0.20	0.21	0.21	0.20	0.18	0.19	0.24	0.27	0.27	0.28
Peer Median Ratio	*0.63*	*0.56*	*0.57*	*0.56*	*0.58*	*0.58*	*0.55*	*0.60*	*0.64*	*0.64*
UM Duluth	0.25	0.19	0.19	0.21	0.19	0.18	0.18	0.21	0.19	0.21
Peer Median Ratio	*0.35*	*0.36*	*0.29*	*0.28*	*0.25*	*0.25*	*0.24*	*0.24*	*0.24*	*0.24*
UM Morris	0.22	0.22	0.20	0.20	0.20	0.19	0.21	0.23	0.28	0.22
Peer Median Ratio	*0.55*	*0.54*	*0.53*	*0.53*	*0.54*	*0.54*	*0.52*	*0.52*	*0.51*	*0.50*
UM Rochester	1.59	1.46	1.18	1.73	1.31	1.29	1.65	1.67	NA	NA
Peer Median Ratio	*0.40*	*0.44*	*0.40*	*0.42*	*0.49*	*0.48*	*0.48*	*0.50*	NA	NA
UM Twin Cities	0.38	0.38	0.42	0.37	0.38	0.37	0.37	0.30	0.31	0.32
Peer Median Ratio	*0.23*	*0.23*	*0.22*	*0.22*	*0.22*	*0.21*	*0.21*	*0.21*	*0.21*	*0.20*



As indicated in the table above, both the Rochester and Twin Cities campuses have institutional support to instruction ratios higher than the median of their respective peer groups of similar undergraduate enrollment. There are several important nuances to highlight in interpreting this data.

Starting with Rochester, this campus was first designated as a coordinate campus in 2006, developing "from scratch" since that time. Within the past ten years, instruction expenses have either increased or remained relatively steady to respond to the growing student population. Day-to-day operational infrastructure expenses included in institutional support, such as space management, fiscal operations, and logistical services have been fully required each year from the beginning to meet the increasing/changing needs and demand of Rochester students, faculty, and staff as the campus developed. The institutional support to Instruction expense relationship may not be fully applicable for those institutions in the campus's peer group which have been operating and serving students longer. The percentage of Rochester's institutional support when compared to all seven IPEDS categories included in this report, decreased from 31.5% in FY 2013 to 22.2% in FY 2020. This supports the experience of instructional, academic, and student service expenditures increasing over time as the campus has grown, while the campus infrastructure was in place for the earliest developmental phases of the campus.

The Twin Cities campus' institutional support to instruction ratio has been relatively steady across this time frame and has decreased each year since FY 2018. As a Research 1 university categorized by the Carnegie Classification of Institutions of Higher Education, the largest IPEDS expense for the Twin Cities campus has been the Research category for each of the past 10 years, with spending ranging from 28.3% (FY 2018) to 31.7% (FY 2019) of total annual expenses. This outcome is fully supported and intentional from the overall University of Minnesota mission as a land-grant institution conducting world-class education, groundbreaking research, and community-engaged outreach to serve the state of Minnesota. The higher proportion of total spending on research can skew the requested ratios as a larger portion of institutional support expenses are the result of research rather than instructional activities. It is unknown how this relationship affects the calculated median of peer groups based on similar undergraduate enrollments, rather than, for example, on the full scope of mission activities.

In addition, the Twin Cities campus includes operating expenses in its institutional support expense category that represent system-wide strategy, compliance, and business support to all five campuses, which is not the case for peer group institutions with no or fewer regional campuses and/or a system office outside any one campus.

Finally, pursuant to this legislative directive, institutional support and instruction total expenses were to be compared with peer groups having similar *undergraduate* enrollments. This defined peer group is not fully representative for the Twin Cities campus as it consistently holds a robust graduate and professional student community with nationally recognized graduate level programs. As an example, fall 2020 enrollment included over 11,000 graduate students and 3,800 professional students which are also supported by these IPEDS reported expense functions. Again, it is unknown how this characteristic affects the calculated median of peer groups based solely on *undergraduate* enrollment.

4) **Analyzing administrative costs at the central office and the increase in staffing over the previous ten years.**

The University of Minnesota has no office within the system that is designated as a 'central office.' Instead, it is organized, for financial management purposes, in to 50 Resource Responsibility Centers (RRCs), which are organizational units accountable for financial, program, and service activities.

Generally, each campus, Twin Cities college, and major support unit is considered an RRC. Many units provide system-wide support (the Office of Information Technology and University Libraries for example), but they are physically located on and provide services unique to the Twin Cities campus. The financial activity of these units serving two purposes is included as part of the Twin Cities campus reported information to IPEDS. For purposes of responding to the requested information for this report, the University of Minnesota has no 'central office' designation nor data to provide.

Schematic Design: Malcolm Moos Health Sciences
Third and First Floors Wet Bench Lab
Twin Cities Campus
Project No. 01-142-21-2411

1. Basis for Project

To support the translational research in neuroscience, investigators from the Department of Neuroscience and Institute of Translation Neuroscience currently working in the Wallin Medical Biosciences Building will be co-located on Level 1 and 3 of Malcolm Moos Health Sciences Tower. These investigators are focused primarily on understanding disease mechanisms and developing new therapeutic approaches to neurodegenerative disorders. The research includes diseases such as Alzheimer's, Parkinson's, spinocerebellar ataxia, and multiple sclerosis. Research staff as well as trainees in these laboratories will benefit from this co-location.

2. Scope of Project

The remodeling on Level 1 will be more selective to provide small support spaces for animal testing and the remainder of the office program. With the exception of the public hallway and escalator areas on the west side, Level 3 will be extensively remodeled to become primarily open lab benches, lab support spaces, and investigators' offices. The third-floor toilet rooms will be replaced in their entirety.

The following goals have been identified for this project:

1. Co-locate 15-17 principal investigators in Moos Tower Level 1 and 3
2. Provide the type of space needed by contemporary neuroscience researchers, including small rooms for animal testing and specialized equipment
3. Provide easier access to shared equipment and core facilities to enhance research

The project will also replace deficient infrastructure as prescribed in a 2020 infrastructure report; upgrades to be included in the base scope:

1. The replacement of impacted exhaust fans
2. The replacement of impacted supply and return systems, including the replacement of the associated cooling coils, heating coils, humidifiers, and new DDC controls
3. The replacement of impacted 100% outside air units
4. Modifying hazardous exhaust and control areas on Level 1 to current code. A second duct will also be installed to accommodate future fume hoods on levels 16-18.
5. Replacement of third-floor toilet rooms

3. Master Plan

This project complies with the Twin Cities Campus Master Plan dated March 2009.

4. Environmental Issues

The project has no anticipated environmental issues.

5. Cost Estimate

Construction Cost	$30,208,000
Non-Construction Cost	$ 3,964,000
Total Project Cost	$34,172,000

6. Capital Funding

Medical School	$34,172,000
Total Capital Funding	$34,172,000

7. Capital Budget Approvals

The FY2022 Annual Capital Budget included $2,000,000 for project design cost. The balance of project costs will be carried in the FY2023 Annual Capital Budget.

8. Annual Operating and Maintenance Cost

Estimated Operating Cost (net increase)	No increase

9. Project Schedule

Proposed Design Completion:	March 2022
Proposed Substantial Completion:	December 2023

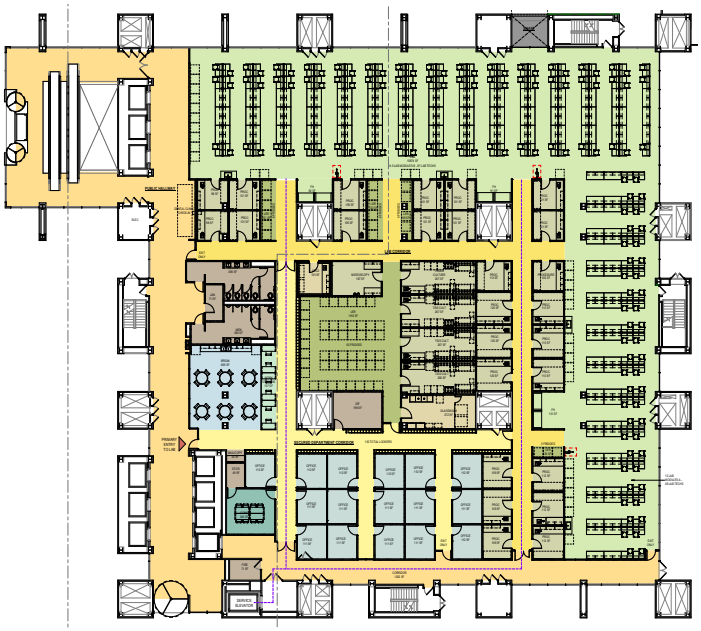
10. Project Team

Architect:	Alliiance
Construction Manager at Risk:	
TBD	

LOCATION MAP

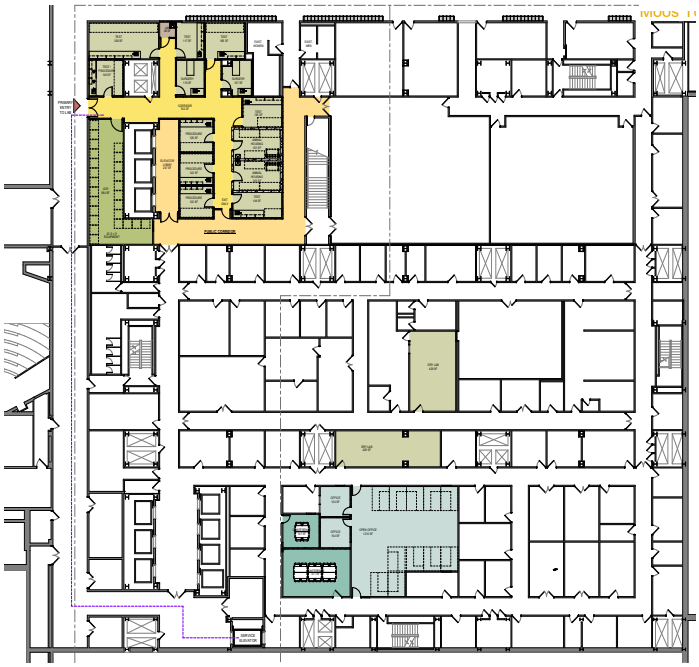
DEPARTMENT LEGEND

- OPEN LAB
- PROCEDURE ROOM
- TISSUE CULTURE
- MICROSCOPY
- GLASSWASH
- COLD ROOM
- LER
- OFFICE
- TOUCHDOWN WORKSTATION
- BREAK ROOM
- CONFERENCE ROOM
- SUPPORT
- PUBLIC CORRIDOR
- SECURED DEPARTMENT CORRIDOR
- LAB CORRIDOR
- HAZARDOUS EXHAUST SHAFT



Level 3 Floor Plan

LEVEL 3 - PROGRAM BREAKDOWN		
DEPARTMENT	AREA	NUMBER OF ROOMS
OPEN LAB	10,870 SF	1
PROCEDURE ROOM	2,810 SF	26
TISSUE CULTURE	1,070 SF	4
MICROSCOPY	190 SF	1
GLASSWASH	270 SF	1
COLD ROOM	110 SF	1
LER	1,500 SF	5
OFFICE	1,790 SF	16
TOUCHDOWN WORKSTATION	140 SF	1
BREAK ROOM	670 SF	1
CONFERENCE ROOM	240 SF	1



Level 1 Floor Plan

LEVEL 1 - PROGRAM BREAKDOWN		
DEPARTMENT	AREA	NUMBER OF ROOMS
PROCEDURE ROOM	370 SF	3
LER	580 SF	1
DRY LAB	860 SF	2
ANIMAL HOUSING	320 SF	2
TESTING	1,000 SF	6
SURGERY	220 SF	2
OFFICE	1,420 SF	3
CONFERENCE ROOM	510 SF	2

PROPOSED DESIGN MODIFICATIONS

Schematic Design: Dwan Level 2 Wet Bench Lab Renovation
Twin Cities Campus
Project No. 01-143-20-2199

1. Basis for Project:

Dwan Variety Club Cardiovascular Research Center (Dwan) was built in 1972 and consists of three floors (Level 1 through 3); vertical expansion (Levels 4 through 7) was built in 1998 as Masonic Cancer Research Building.

The proposed renovation to Dwan Level 2 will co-locate research laboratories for the faculty of Pulmonary, Allergy, Critical Care, Division of Cardiology (Resuscitation Medicine), and Sleep (PACCS) Division and Division of Transplantation in the Department of Surgery. This co-location into an open contemporary wet lab space will give them access to shared equipment and core facilities including procedure rooms, linear equipment rooms, and BSL2 capabilities. Already in discussion about potential collaboration, opportunities for synergy between the groups will be made possible by this co-location. From a practical standpoint, Dwan 2nd floor is centrally located between the hospital and other research buildings within Health Sciences and will allow for this enhanced collaboration as well as other administrative efficiencies.

2. Scope of Project:

The total renovation area of 18,523 GSF on Level 2 is currently used for research labs and offices. The labs lack daylight, while the office portion has south-facing exterior windows.

This project will completely demolish all interior partitions, mechanical, electrical, plumbing, fixtures, equipment, and finishes to provide all new construction for modern, flexible research labs.

3. Master Plan:

This project complies with the Twin Cities Campus Master Plan dated March 2009.

4. Environmental Issues:

The project will abate hazardous materials such as asbestos and lead where these materials are discovered.

5. Cost Estimate:

Construction Cost:	$ 7,920,217
Non-Construction Cost	$ 1,156,817
Total Project Cost	$ 9,077,034

6. Capital Funding:

Medical School	$9,077,034
Total Capital Funding	$9,077,034

7. **Capital Budget Approvals:**

   This project was approved in the FY2022 Annual Capital Budget.

8. **Annual Operating and Maintenance Cost:**

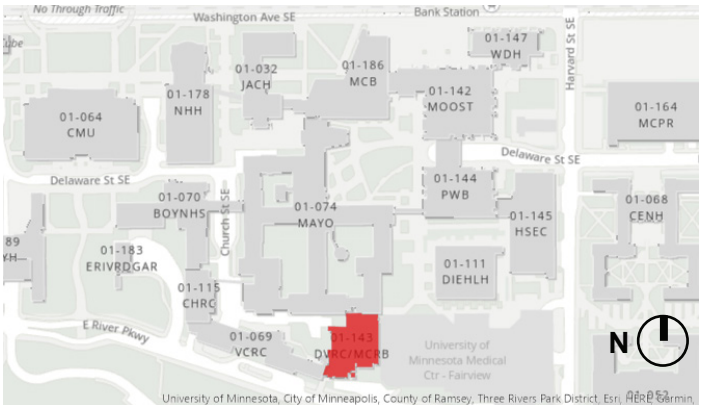
   No impact anticipated.

9. **Time Schedule:**

Proposed Design Completion:	January 2022
Proposed Substantial Completion:	November 2023

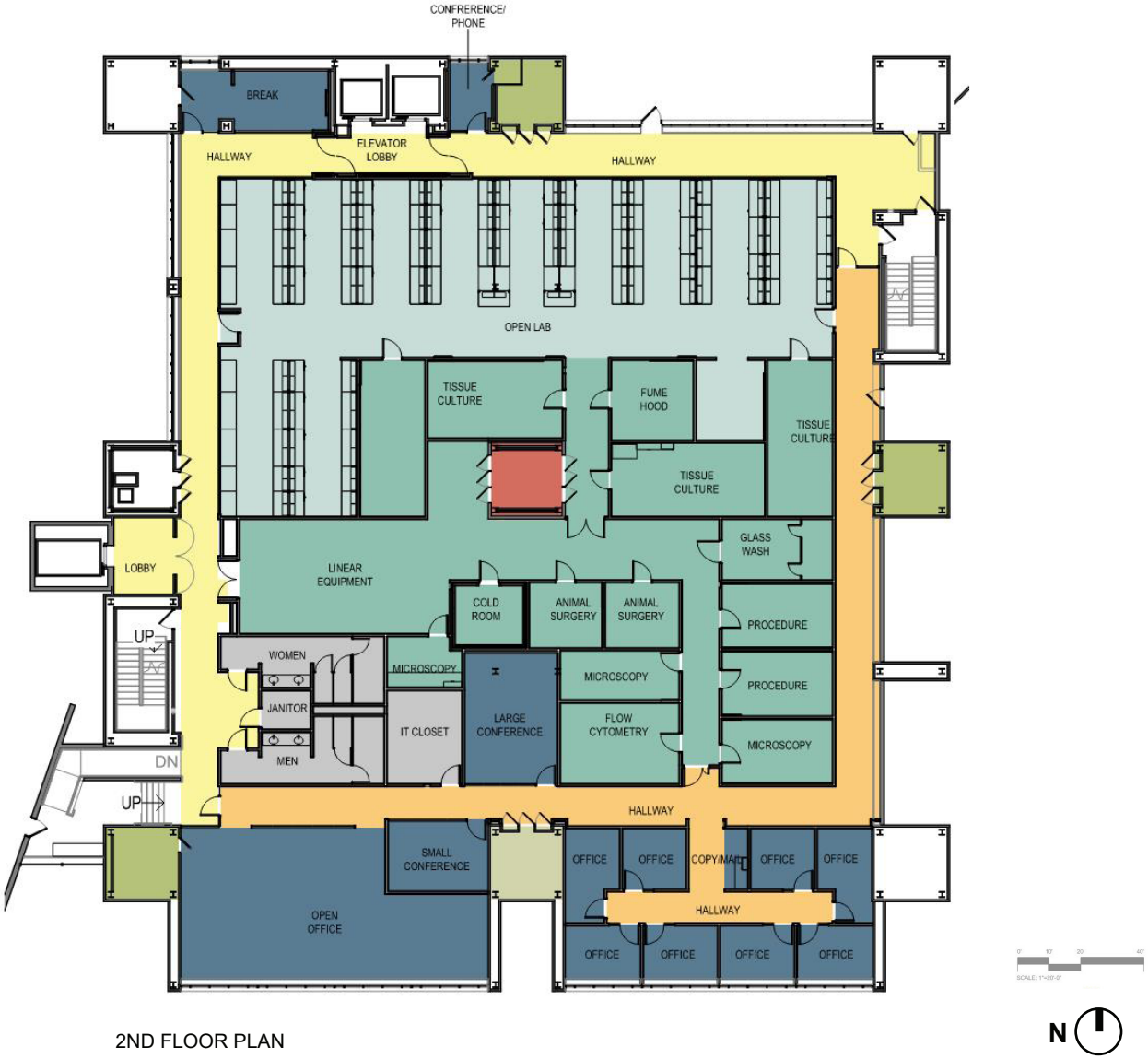
10. **Project Team:**

Architect:	Alliiance
Construction Manager at Risk:	TBD



LOCATION MAP

INTERIOR RENDERING



2ND FLOOR PLAN

PROPOSED DESIGN MODIFICATIONS

Schematic Design: Malcolm Moos Health Sciences
Third and First Floors Wet Bench Lab
Twin Cities Campus
Project No. 01-142-21-2411

1. Basis for Project

To support the translational research in neuroscience, investigators from the Department of Neuroscience and Institute of Translation Neuroscience currently working in the Wallin Medical Biosciences Building will be co-located on Level 1 and 3 of Malcolm Moos Health Sciences Tower. These investigators are focused primarily on understanding disease mechanisms and developing new therapeutic approaches to neurodegenerative disorders. The research includes diseases such as Alzheimer's, Parkinson's, spinocerebellar ataxia, and multiple sclerosis. Research staff as well as trainees in these laboratories will benefit from this co-location.

2. Scope of Project

The remodeling on Level 1 will be more selective to provide small support spaces for animal testing and the remainder of the office program. With the exception of the public hallway and escalator areas on the west side, Level 3 will be extensively remodeled to become primarily open lab benches, lab support spaces, and investigators' offices. The third-floor toilet rooms will be replaced in their entirety.

The following goals have been identified for this project:

1. Co-locate 15-17 principal investigators in Moos Tower Level 1 and 3
2. Provide the type of space needed by contemporary neuroscience researchers, including small rooms for animal testing and specialized equipment
3. Provide easier access to shared equipment and core facilities to enhance research

The project will also replace deficient infrastructure as prescribed in a 2020 infrastructure report; upgrades to be included in the base scope:

1. The replacement of impacted exhaust fans
2. The replacement of impacted supply and return systems, including the replacement of the associated cooling coils, heating coils, humidifiers, and new DDC controls
3. The replacement of impacted 100% outside air units
4. Modifying hazardous exhaust and control areas on Level 1 to current code. A second duct will also be installed to accommodate future fume hoods on levels 16-18.
5. Replacement of third-floor toilet rooms

3. Master Plan

This project complies with the Twin Cities Campus Master Plan dated March 2009.

4. Environmental Issues

The project has no anticipated environmental issues.

5. Cost Estimate

Construction Cost	$30,208,000
Non-Construction Cost	$ 3,964,000
Total Project Cost	$34,172,000

6. Capital Funding

Medical School	$34,172,000
Total Capital Funding	$34,172,000

7. Capital Budget Approvals

The FY2022 Annual Capital Budget included $2,000,000 for project design cost. The balance of project costs will be carried in the FY2023 Annual Capital Budget.

8. Annual Operating and Maintenance Cost

Estimated Operating Cost (net increase)	No increase

9. Project Schedule

Proposed Design Completion:	March 2022
Proposed Substantial Completion:	December 2023

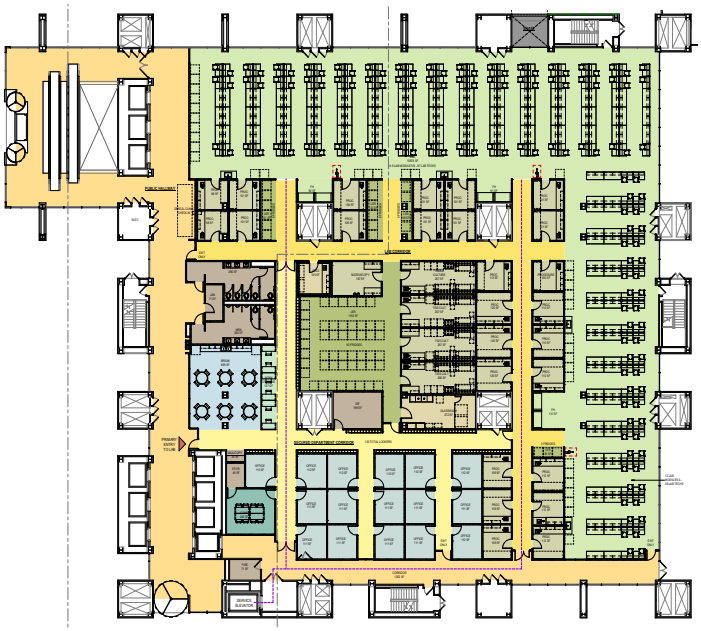
10. Project Team

Architect:	Alliiance
Construction Manager at Risk:	
TBD	

LOCATION MAP

DEPARTMENT LEGEND

- OPEN LAB
- PROCEDURE ROOM
- TISSUE CULTURE
- MICROSCOPY
- GLASSWASH
- COLD ROOM
- LER
- OFFICE
- TOUCHDOWN WORKSTATION
- BREAK ROOM
- CONFERENCE ROOM
- SUPPORT
- PUBLIC CORRIDOR
- SECURED DEPARTMENT CORRIDOR
- LAB CORRIDOR
- HAZARDOUS EXHAUST SHAFT



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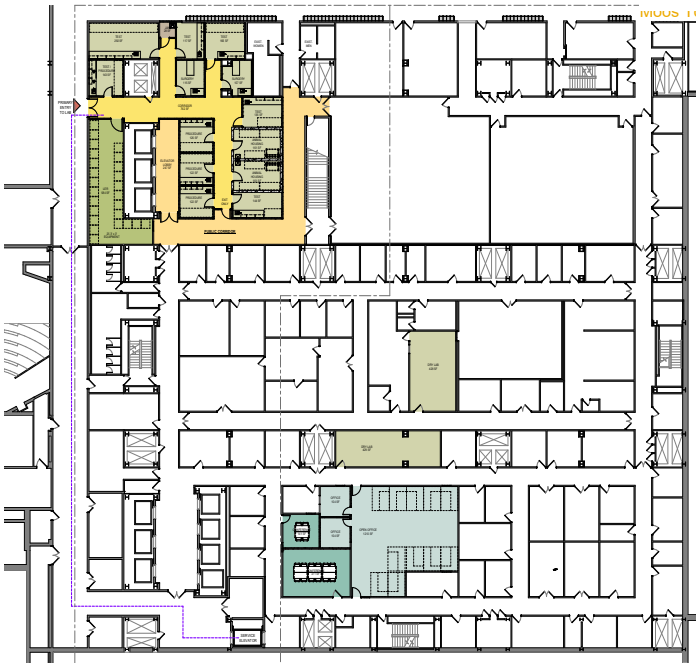

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PROPOSED DESIGN MODIFICATIONS

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 16, 2021**

AGENDA ITEM: Information Items

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

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

PRESENTERS: Myron Frans, Senior Vice President

PURPOSE & KEY POINTS

A. Central Reserves General Contingency Allocations
B. FY 2021 Annual Financial Report
C. Administrative Cost Definition and Benchmarking Update
D. Annual Report on Targeted Business, Community Economic Development, and Small Business Programs
E. Commercial Paper Issuance Update
F. Semi-Annual Capital Project Management Report
G. Investment Advisory Committee Update
H. Quarterly Asset Management Report
I. Quarterly Purchasing Report

Central Reserves General Contingency Allocations

Allocations from the Central Reserves General Contingency greater than $250,000 require Board approval. There are no items requiring approval this period. A summary of General Contingency allocations from last fiscal year and an update for the current fiscal year are included in the docket.

FY 2021 Annual Financial Report

The purpose of this item is to provide the final Fiscal Year 2021 Annual Financial Report. The annual financial report presents the financial position and results of operations for the University of Minnesota for FY 2021, with comparative data for FY 2020. The accompanying materials include:

- The Fiscal Year 2021 Annual Financial Report Summary (slide deck) provides managements' summary highlights of the University's financial results. It includes highlights of assets, liabilities, and net position, revenues, and expenses for FY 2021 with comparative results for FY 2020, including the continued impact of COVID-19.

- The Fiscal Year 2021 Annual Financial Report is the complete financial report for the University, including the Independent Auditors' Report, Management's Discussion and Analysis, Consolidated Financial Statements as of and for the Years Ended June 30, 2021

and 2020, Notes to the Consolidated Financial Statements, and other Required Supplementary Information.

- The Analysis of the Consolidated Financial Statements provides additional detailed information regarding signification fluctuations of activity comparing fiscal years 2021 and 2020.

Administrative Cost Definition and Benchmarking Update

The purpose of this item is to provide details on the goals, definitions, methodology, and FY 2021 results related to the annual Administrative Cost Definition and Benchmarking analysis and update. This update has been provided in presentation and/or report form at the request of the Board since 2012. A summary of this information is also included as part of the Report on the Expense Patterns of Public Higher Education Institutions in the Consent Report, which has been prepared in response to a request by the legislature (H.F. 7, Chapter 2, Section 43).

Annual Report on Targeted Business, Community Economic Development, and Small Business Programs

In accordance with the Board of Regents Policy: *Targeted Business, Community Economic Development, and Small Business Programs*, the University actively promotes the use of businesses owned and operated by minorities, women, and disabled persons ("Targeted Businesses") in its construction projects and other contracts for goods and services. The FY21 Annual Report on the Targeted Business Program is included in the docket.

Commercial Paper Issuance Update

The purpose of this item is to provide an update on the issuance of commercial paper for an operating loan to the Department of Athletics, Twin Cities campus (Athletics). The University provided an operating loan to Athletics in the amount of $21,500,000 to cover their FY 2021 cash shortfall due to the budgetary impacts of COVID-19. Taxable Commercial Paper (CP) was issued on November 17, 2021 at an initial rate of 0.12 percent for 71 days with a maturity of January 27, 2022. The CP will be continuously reissued through FY 2024 as each successive issuance matures, at the interest rates in effect at the time of reissuance. Management has structured a repayment agreement which requires Athletics to only pay interest through FY 2024. The status of the Athletics budget will continue to be assessed each year and options for repayment of the loan beyond FY 2024 will be reassessed at that later date.

Semi-Annual Capital Project Management Report

This report includes projects in process that have been approved in the annual capital improvement budget and for which the Board is required to approve the schematic design. The report highlights progress and challenges in delivering the project scope of work within the approved budget and schedule. The report is presented in the summer and in the winter to provide performance information to the Board.

Investment Advisory Committee Update

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee held on November 10, 2021. The agenda for the meeting included:

- CEF Portfolio and Performance Overview

- Co-investment Program Update
- CY'22 IAC Meeting Priorities
- Manager Recommendation: Bellus Ventures Fund II - Approved
- Manager Recommendation: Deerpath Capital Fund VI - Approved
- Manager Recommendation: CRV Fund XIX– Approved
- Manager Recommendation: Monashees Fund X and Expansion Fund II – Approved
- Manager Recommendation: Qiming Fund VIII and Healthcare Fund I – Approved
- Manager Recommendation: Dyal Capital Partners Fund V - Approved
- Manager Recommendation: Tritium Partners Fund III - Approved

Quarterly Asset Management Report

The purpose of this item is to report on the performance results for assets managed by the Office of Investments & Banking (OIB)for the quarter and the annual periods ending September 30, 2021. The OIB prepares this report, as required by Board policy, for review by the Board.

- The invested assets of the University totaled $4.12 billion on September 30, 2021.
- The investment return for the Consolidated Endowment Fund (CEF) during the quarter was 6.9 percent resulting in an increase in value of $125 million to $2.17 billion after distributing $17 million to the University. The total investment return for CEF during the 12-month period was 46.5 percent, compared to its short-term benchmark at 30.4 percent. The 10-year return for CEF was 12.3 percent eclipsing the required long-term Board policy benchmark of CPI+5 percent, which was 7.0 percent.
    - Public equity markets were challenged during the quarter and produced a -1.1 percent return. Because of a modest increase in interest rates during the quarter, the fixed income in the CEF portfolio was also flat. The Private Capital portion of the portfolio, including private equity and venture capital returned 12.5 percent during the quarter, and Growth Diversifiers produced 11.7 percent for the quarter including the investment in Bitcoin, which rallied 25.1 percent.
    - Due to strong growth in the value of the private funds, the portfolio's weight to illiquid strategies increased from last year. Currently CEF is in line with policy and has allocations to liquid and semi-liquid investment strategies of approximately 34 percent and allocations to illiquid fund investments of approximately 66 percent.
- The market value of the Short-term Reserves (TIP) was $1.61 billion as of September 30, 2021. The total return on the portfolio during the quarter was 0.5 percent and was 1.3 percent for the 12-month period compared to a benchmark return of 0.0 percent and 0.0 percent respectively. The increase in market value of $140 million during the quarter was due in part to actions taken to reduce spending in response to the effects of the pandemic including a hiring freeze, and a travel ban. In addition, the seasonal increase in fund value results from the receipt of fall tuition payments with the associated expenses expected during the last quarter of the calendar year.

Quarterly Purchasing Report

The purpose of this item is to provide a quarterly report of purchasing activity, including detailed reports with brief discussion on the following activity:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to Competitive Process
- Purchases made as Preapproved Exceptions to Competitive Process
- Violations of Board of Regents Policy: *Purchasing*

Central Reserves General Contingency Allocations
Finance & Operations Committee
December, 2021

Fiscal Year 2022 (7/1/2021-6/30/2022)

	Recipient	Amount	Running Balance	Purpose
1	**Carryforward from FY21 to FY22**		**$1,325,897**	
2	FY21 General Contingency Allocation	$1,000,000	$2,325,897	
3	**New items this reporting period:**			
4	no new items this reporting period		$0	
5	**Ending Balance**		**$2,325,897**	
6	**Board Approved Commitments*:**			
7	University Services - FY22	(500,000)	1,825,897.05	Support for the Twin Cities Campus Master Plan. Commitment of $1,000,000. $500,000 tranferred FY21 (above); $500,000 will be transferred in FY22.
8	**Projected Balance**		**$1,825,897**	

* Items $250,000 or more subject to Board approval.

University of Minnesota
Analysis of Consolidated Statements of Net Position
To Accompany June 30, 2021 Financial Statements
Excluding Component Units, in thousands

	6/30/2021	6/30/2020	Increase / (Decrease) $	%	Explanation
Assets:					
Current Assets:					
Cash & cash equivalents	663,912	659,943	3,969	1%	
Short-term investments	240,923	143,338	97,585	68%	Increase is primarily due to favorable market conditions resulting in signficant increase in fair market value.
Receivables, net	414,251	337,469	76,782	23%	Increase is primarily due to the timing of collections of receivables. Specifically, there is an increase of receivables with Fariview of $17.7M, capital appropriations of $3.4M, sponsored receivables $38.4M, the timing between trade and settlement dates for investment activity of $20.0M.
Inventories	19,646	21,936	(2,290)	-10%	
Student loans receivable, net	8,540	9,237	(697)	-8%	
Prepaid expenses	22,317	30,043	(7,726)	-26%	
Other assets	50	80	(30)	-38%	
Total current assets	**1,369,639**	**1,202,046**	**167,593**	**14%**	
Noncurrent assets:					
Restricted cash and cash equivalents	24,015	14,829	9,186	62%	
Investments	2,841,075	2,010,568	830,507	41%	Increase is primarily due to favorable market conditions resulting in signficant increase in fair market value.
Receivables, net	9,079	9,920	(841)	-8%	
Student loan receivables, net	48,648	52,939	(4,291)	-8%	
Prepaid expenses	11,004	5,972	5,032	84%	
Other assets	2,815	2,964	(149)	-5%	
Capital assets, net	3,200,696	3,247,756	(47,060)	-1%	
Total noncurrent assets	**6,137,332**	**5,344,948**	**792,384**	**15%**	
Total assets	**7,506,971**	**6,546,994**	**959,977**	**15%**	
Deferred Outflows of Resources	**62,864**	**339,573**	**(276,709)**	**-81%**	Decrease primarily due to recording of GASB 68/71 adjustments related to pensions.
Liabilities:					
Current liabilities:					
Accounts payable	156,688	115,720	40,968	35%	The $41.0M increase is primarily due to the timing of investment trades. Certain trades were entered prior to the end of the reporting period and settled subsequently; this resulted in an increase of $20.0M. Secondarily the timing the University payroll cycle and as it relates to tax withholdings contributed to the increase in accounts payable of $16.8M.
Accrued liabilities and other	357,138	397,134	(39,996)	-10%	Total accrued liabilities and other decreased $16.1M primarily due to the timing of the payroll cycle. The prior year had a full payroll cycle accrued for as of June 30 related to a July 1 pay date. The current year had a pay date of June 30, releasing the corresponding liability. This resulted in a decrease of $63.7M. This was offset by the CARES Act, which allows the University to defer payment of the employer portion of FICA resulting an increase of $45.3M for the current year.
Unearned income	86,431	64,581	21,850	34%	The increase of $21.9M is attributable to the Carlson School DBA's four year joint programs with Tsinghua University in China; this increased $6.5M and a $4.5M increase in athletics ticket holders for upcoming season.
Long-term debt	255,752	334,529	(78,777)	-24%	Overall, long-term debt decreased $30.9M. This is primarily driven by the extinguishment of $56.2M for bonds and $8.8M for the amortization on bond premiums and discounts, as well as $85.0 for commericial paper and $6.0M decrease in capital leases. This is partially offst by new bond issuances of $116.0M and bond premium of $9.1M. The change from current to noncurrent is driven by the issuance of new debt, partially offset by the retirment of older debt.
Total current liabilities	**856,009**	**911,964**	**(55,955)**	**-6%**	
Noncurrent Liabilities:					
Accrued liabilities and other	343,599	319,705	23,894	7%	Total accrued liabilities and other decreased $16.1M primarily due to the timing of the payroll cycle. The prior year had a full payroll cycle accrued for as of June 30 related to a July 1 pay date. The current year had a pay date of June 30, releasing the corresponding liability. This resulted in a decrease of $63.7M. This was offset by the CARES Act, which allows the University to defer payment of the employer portion of FICA resulting an increase of $45.3M for the current year.
Unearned income	7,346	75	7,271	9695%	
Long-term debt	1,275,647	1,227,811	47,836	4%	Overall, long-term debt decreased $30.9M. This is primarily driven by the extinguishment of $56.2M for bonds and $8.8M for the amortization on bond premiums and discounts, as well as $85.0 for commericial paper and $6.0M decrease in capital leases. This is partially offst by new bond issuances of $116.0M and bond premium of $9.1M. The change from current to noncurrent is driven by the issuance of new debt, partially offset by the retirment of older debt.
Total noncurrent liabilities	**1,626,592**	**1,547,591**	**79,001**	**5%**	
Total liabilities	**2,482,601**	**2,459,555**	**23,046**	**1%**	
Deferred Inflows of Resources	**466,461**	**730,511**	**(264,050)**	**-36%**	Decrease primarily due to recording of GASB 68/71 adjustments related to pensions.
Net Position:					
Unrestricted	1,007,345	580,728	426,617	73%	Increase is primarily driven by favorable market conditions resulting in increases in University investment holdings.
Restricted Expendable	1,606,260	1,105,949	500,311	45%	Increase is primarily driven by favorable market conditions resulting in increases in University investment holdings.
Nonexpendable	319,257	316,573	2,684	1%	
Net investment in capital assets	1,687,910	1,693,252	(5,342)	0%	
Total net position	**4,620,772**	**3,696,502**	**924,270**	**25%**	

Note: Commentary is provided for fluctuations greater than $10.0M and 10%. Additional commentary provided when contextually appropriate.

University of Minnesota
Analysis of Consolidated Statements of Revenues, Expenses and Changes in Net Position
To Accompany June 30, 2021 Financial Statements
Excluding Component Units, in thousands

	6/30/2021	6/30/2020	Increase / (Decrease) $	%	Explanation
Revenues:					
Operating revenues:					
Student tuition and fees, net of scholarship allowances	772,781	829,277	(56,496)	-7%	
Federal grants and contracts	490,443	478,953	11,490	2%	
State and other government grants	86,563	85,529	1,034	1%	
Nongovernmental grants and contracts	448,292	421,541	26,751	6%	
Student loan interest income	644	1,887	(1,243)	-66%	
Sales and services of educational activities, net of scholarship allowances	150,251	156,431	(6,180)	-4%	
Auxiliary enterprises, net of scholarship allowances	374,430	444,871	(70,441)	-16%	Decrease is primarily related to reduced operations as a result of the University's response to COVID19. Revenue streams experiencing a decline related to COVID19 include the following examples: -Reduced on-campus services, such as dining, catering, copy and printing services: decrease of approximately $67.4M -Reduced ticket sales for athletic events due to facilities closed to the public: decrease of approximately $42.3M -Reduced services for the Duluth campus: decrease of approximately $11.2M -Academic Health Center offered reduced services: decrease of approximately $1.3M -Bell Museum closure: decrease of approximately $1.1M Partially offset by revenue received in connection with the University's contract with the State of Minnesota to provide COVID-19 testing services.
Other operating revenues	158	750	(592)	-79%	
Total operating revenues	**2,323,562**	**2,419,239**	**(95,677)**	**-4%**	
Expenses					
Operating expenses:					
Education and general:					
Instruction	799,230	843,735	(44,505)	-5%	
Research	781,887	776,095	5,792	1%	
Public service	315,990	276,017	39,972	14%	The increase is primarily driven by expenses of $65.8M incurred related to the University's contract with the State of Minnesota to provide services related to COVID19. This is partially offset by a decreases to salaries and fringe as a result of the furlough and pay reduction program of $6.4M, reduction of travel of $4.8M due to University restrictions, and consulting expenses of $4.8M.
Academic support	409,267	465,292	(56,026)	-12%	The decrease is primarily driven by salaries and fringe as a result of the furlough and pay reduction program of $15.9M, $10.9M due to study abroad fees as a result of a decrease in study abroad activity, travel of $8.6M due to University restrictions, and consulting expenses of $4.5M.
Student services	126,114	140,212	(14,098)	-10%	The decrease is primarily driven by salaries and fringe as a result of the furlough and pay reduction program of $5.2M, supplies of $4.1M due to less events on campus, and travel of $2.0M due to University restrictions.
Institutional support	255,136	293,619	(38,483)	-13%	The decrease is primarily driven by salaries and fringe as a result of the furlough and pay reduction program of $28.6M, reduction in repairs and maintenance activity of $2.0M, reduction of travel of $1.2M due to University restrictions, and $1.1M due to the timing of royalty payments.
Operation and maintenance of plant	239,159	314,976	(75,818)	-24%	The decrease is primarily driven by a $63.6M decrease repairs and maintenance expenses driven by slow-down of capital projects and less renovations as a result of less people on campus. Utilities decreased by approximately $7.6M, which is driven by changes in pricing for gas contracts, as well as lower usage of electricity.
Scholarships and fellowships	71,212	68,496	2,716	4%	
Depreciation	215,847	215,954	(106)	0%	
Auxiliary enterprises	280,734	340,786	(60,052)	-18%	The decrease is primarily driven by salaries and fringe as a result of the furlough and pay reduction program of $10.9M, reduction of supplies and resale materials of $40.8M related to canceled events, closure of bookstores, and dining facilities, reduction in repairs and maintenance activity of $6.0M, and travel of $6.1M due to University restrictions.
Other operating expenses, net	1,477	(388)	1,865	-481%	
Total operating expenses	**3,496,053**	**3,734,794**	**(238,741)**	**-6%**	
Operating Loss	**(1,172,492)**	**(1,315,555)**	**143,063**	**-11%**	
Nonoperating Revenues (Expenses)					
Federal appropriations	18,572	17,146	1,426	8%	
State appropriations	696,935	694,910	2,025	0%	
Grants	371,712	295,470	76,242	26%	Increase primarily due the following: -Increase in academic support from UMP of approximately $13.4M. -Increase of approximately $55.5M recognized related to the CARES and CRRSAA Acts.
Gifts	197,375	190,133	7,243	4%	
Investment income, net	762,946	91,412	671,534	735%	Increase is primarily due to change in market conditions for CEF & GIP of $666.0M.
Interest on capital-asset related debt	(44,958)	(48,439)	3,481	-7%	
Other nonoperating revenues (expenses), net	13,484	11,537	1,947	17%	
Net nonoperating revenues	**2,016,066**	**1,252,169**	**763,897**	**61%**	
Income (Loss) Before Other Revenues	**843,575**	**(63,386)**	**906,961**	**-1431%**	
Capital appropriations	59,712	96,263	(36,551)	-38%	Decrease primarily driven by larger building projects in progress in FY20 receiving larger state appropriation draws. The Health Sciences Education Center, Knoll Infrastructure Improvement, and ABLMS Infrastructure-Phase 3 building projects were substantially complete by FY21.
Capital grants and gifts	18,737	26,134	(7,397)	-28%	
Additions to permanent endowments	2,246	2,398	(152)	-6%	
Total other revenues	**80,695**	**124,795**	**(44,100)**	**-35%**	
Increase (Decrease) In Net Position	**924,270**	**61,410**	**862,861**	**1405%**	
Change in accounting principle	-	5,766	**(5,766)**	**-100%**	The change in accounting principle is due to the implementation of GASB 84, Fiduciary Activities, which requires fiduciary activity to be reported separately in stand-alone statements. As a result, balances related to FY20 have been restated.
Net position at beginning of year	3,696,502	3,629,327	67,175	2%	
Net position at end of year	**4,620,772**	**3,696,502**	**924,270**	**25%**	

Note: Commentary is provided for fluctuations greater than $10.0M and 10%. Additional commentary provided when contextually appropriate.

Fiscal Year 2021 Annual Financial Report Summary

Finance & Operations Committee

December 16, 2021

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

Fiscal Year 2021 Highlights

- Total Net Assets increased $924.3 million to $4.6 billion, indicating a continued strong financial position.
- Total Operating Revenues (as defined by Governmental Accounting Standards Board - GASB) decreased slightly to $2.3 billion from $2.4 billion compared to the prior year. The decrease is driven primarily due to impact of COVID19, including decreased on-campus services and ticket sales.
- Operating expenses decreased to $3.5 billion from $3.7 billion primarily driven by decreases in salaries and wages as a result of furlough and pay reduction programs, travel, and supplies.

Fiscal Year 2021 Impact of COVID-19

- Federal Higher Education Emergency Relief Funding recognized as grant revenue totaled $69.1 million for Fiscal Year 2021, which includes student and institutional support, as well as funding for targeted populations.
- Revenues from Auxiliary Enterprises experienced reductions related to reduced ticket sales for athletic and other events, parking and transit services, and reduced demand for various on-campus services.
- Overall liquidity was improved in Fiscal Year 2020 by retaining investment maturities in cash beginning in mid-March. Liquidity has remained stable in Fiscal Year 2021 with a 1% increase to cash and cash equivalents.

Significant Reporting Change

- Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activity* (GASB 84) was implemented for Fiscal Year 2021.
- GASB 84 provided clarifying guidance as to what is considered fiduciary activity.
- Based on the clarifying guidance, the University evaluated existing activity and determined accounting treatment, as appropriate.
- GASB 84 required two new statements - Statements of Net Position and Statements of Changes in Fiduciary Net Position.
- Fiscal Year 2020 activity was restated to reflect GASB 84. The University experienced a change in accounting principle which resulted in an increase in net position of $5.8 million.

Condensed Statement of Net Position

	2021	2020 (Restated)
Assets		
Current assets	$ 1,369,639	$ 1,202,046
Noncurrent assets, excluding capital assets	2,936,635	2,097,192
Capital assets, net	3,200,696	3,247,756
Total assets	7,506,970	6,546,994
Deferred outflows of resources	62,864	339,573
Liabilities		
Current liabilities, excluding long-term debt	600,257	577,434
Noncurrent liabilities, excluding long-term debt	350,945	319,780
Long-term debt	1,531,399	1,562,340
Total liabilities	2,482,601	2,459,554
Deferred inflows of resources	466,461	730,511
Net position		
Unrestricted	1,007,345	580,728
Restricted—expendable	1,606,260	1,105,949
Restricted—nonexpendable	319,257	316,573
Net investment in capital assets	1,687,910	1,693,252
Total net position	4,620,772	3,696,502

Assets

	2021	2020 (Restated)
Current assets		
Cash and cash equivalents	$ 663,912	$ 659,943
Receivables, net	422,791	346,706
Investments	240,923	143,338
Other assets	42,013	52,059
Total current assets	1,369,639	1,202,046
Noncurrent assets		
Capital assets, net	3,200,696	3,247,756
Other noncurrent assets		
Cash and cash equivalents & other assets	37,834	23,765
Receivables, net	57,727	62,859
Investments	2,841,074	2,010,568
Total other noncurrent assets	2,936,635	2,097,192

- *Increase in investments is due to favorable CEF investment returns, primarily in the private capital investments.*
- *Increase in receivables primarily due to timing of collection driven by a $38.4 million in sponsored receivables, $17.7 million from Fairview Health Services, and $20.0 million due to the timing of the settlement of an investment trade.*

Liabilities

	2021	2020 (Restated)
Current liabilities		
Accounts payable	$ 156,688	$ 115,720
Accrued liabilities and other	357,138	397,134
Unearned income	86,431	64,580
Long-term debt	255,752	334,529
Total current liabilities	856,009	911,963
Noncurrent liabilities		
Accrued liabilities and other	343,599	319,705
Unearned income	7,346	75
Long-term debt	1,275,647	1,227,811
Total noncurrent liabilities	1,626,592	1,547,591
Total Liabilities	$ 2,482,601	$ 2,459,554

- *Increase in accounts payable driven by timing of investment trades, as well as the timing of tax withholding attributed to the payroll cycle.*
- *Decrease in current accrued liabilities is driven by the timing of the payroll cycle, with a pay date of July 1, 2020, vs. June 30, 2021.*
- *Unearned income increased due to Carlson School DBA program with Tsinghua in China and athletic ticket sales for future season.*
- *Overall long-term debt decrease due to the retirement of older debt, partially offset by the issuance of new debt in FY2021.*

Deferred Outflows and Inflows

- Deferred outflows and deferred inflows are primarily driven by actuarial calculations related to the University's pension plans, as required by GASB 68/71.
  - *These pension plans are managed by the MN State Board of Pensions; which holds and invests all pension assets.*
- Deferred outflows and deferred inflows decreased by $276.7 million and $264.1 million, respectively, driven by changes in actuarial assumptions.

Net Position

	2021	2020 (Restated)
Unrestricted	$ 1,007,345	$ 580,728
Restricted:		
Expendable	1,606,260	1,105,949
Nonexpendable	319,257	316,573
Net investment in capital assets	1,687,910	1,693,252
Total net position	$ 4,620,772	$ 3,696,502

- *Net position increases are primarily driven by favorable market conditions resulting in increases in University investment holdings.*

Revenues

	2021	2020 (Restated)
Operating revenues		
Grants and contracts	$ 1,025,298	$ 986,023
Student tuition and fees, net	772,781	829,277
Auxiliary enterprises, net	374,430	444,871
Educational activities	150,895	158,318
Other operating revenue	158	750
Total operating revenues	2,323,562	2,419,239
Nonoperating revenues		
Federal appropriations	18,572	17,146
State appropriations	696,935	694,910
Grants, gifts, and other nonoperating, net	582,571	497,140
Net investment gain	762,946	91,412
Total nonoperating revenues	2,061,024	1,300,608
Total other revenues	80,695	124,795
Total revenues (noncapital)	$ 4,465,281	$ 3,844,642

- *Increase in grants and contract revenue due to COVID-19 related research and services.*
- *Decrease in auxiliary revenues due to reduced operations related to COVID-19 (refer to slide 4).*
- *Decrease in other revenues due to slow down of large construction projects, resulting in reduced capital appropriations.*

Expenses

	2021	2020 (Restated)
Education and general		
Instruction	$ 799,230	$ 843,735
Research	781,887	776,095
Public service	315,990	276,017
Academic support	409,267	465,292
Student services	126,114	140,212
Institutional support	255,136	293,619
Operation and maintenance of plant	239,159	314,976
Scholarships and fellowships	71,212	68,496
Depreciation	215,847	215,954
Total education and general	3,213,842	3,394,396
Other operating expenses		
Auxiliary enterprises	280,734	340,786
Other operating expenses, net	1,477	(388)
Total other operating expenses	282,211	340,398
Total operating expenses	$ 3,496,053	$ 3,734,794

- *Overall, decreases in expenses driven by reduced salaries and wages, repairs and maintenance, and travel.*
- *In addition, auxiliary expenses decreased in relation to reduced sales.*

Statements of Cash Flows

	2021	2020 (Restated)
Cash (used) provided by		
Operating activities	$ (957,660)	$ (1,081,272)
Noncapital financing activities	1,319,801	1,239,875
Capital and related financing activities	(180,376)	(201,342)
Investing activities	(168,610)	249,694
Net increase (decrease) in cash	13,155	206,955
Cash, beginning of year	674,772	467,817
Cash, end of year	$ 687,927	$ 674,772

- *Cash used by operating activities, as well as capital and related financing activities decreased favorably.*
- *Cash provided by noncapital financing activities increased favorably.*
- *Favorable changes in cash activity were mostly offset by increase in cash used by investing activities, as purchases exceeded sales and net investment income.*

UNIVERSITY OF MINNESOTA

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2021 Annual Financial Report

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INDEPENDENT AUDITORS' REPORT

The Board of Regents
University of Minnesota
Minneapolis, Minnesota

We have audited the accompanying consolidated statements of net position and the statements of fiduciary position of the University of Minnesota (the "University") as of June 30, 2021 and 2020, the related consolidated statements of revenues, expenses, and changes in net position, the statements of changes in fiduciary position and the consolidated statements of cash flows for the years then ended and the related notes to the consolidated financial statements, which collectively comprise the University's basic consolidated 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.

Auditors' 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 financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the University as of June 30, 2021 and 2020, and the results of their operations and their 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, 2021 and 2020, 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 employer's contributions for other postemployment benefits, the schedule of changes in total other postemployment benefits liability, the schedules of the employer's share of net pension liability, and the schedules of employer's contributions for pensions, 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 consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021 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 solely 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 the effectiveness of the University's 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, 2021

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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 and the statement of fiduciary position of the University of Minnesota (the "University") as of June 30, 2021, the related consolidated statement of revenues, expenses, and changes in net position, the statement of changes in fiduciary position and the consolidated statement of 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, 2021. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the University's consolidated financial statements. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the discretely presented component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing 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 consolidated financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Deloitte & Touche LLP

October 29, 2021

About the University of Minnesota
(Unaudited)

The University of Minnesota (University) was founded in 1851 and has five campuses, as well as research and outreach centers, and extension service offices throughout the state of Minnesota (the State).

The University 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.

The University is one of only five universities in the nation with an engineering school, a medical school, a law school, a veterinary medicine school and an agricultural school all on one campus.

The University is among the top nine public research institutions nationally. The University is the State's major research institution with research expenditures of approximately $781.9 million, $776.1 million, and $720.6 million in fiscal years 2021, 2020 and 2019, respectively, for research under various programs funded by governmental and private sources. Governmental and private sources also funded research activities with expenditures included in both Instruction and Public Service.

Twin Cities Campus

The Twin Cities campus is the flagship for the University system, with enrollment of approximately 52,000 students. The Twin Cities campus is among the nation's top public research universities, with award-winning faculty, state-of-the-art facilities, and world-class academics.

Duluth Campus

The Duluth campus is a comprehensive, highly ranked regional research and liberal arts university that offers instruction through the doctoral degree and has a global reputation for research in natural and freshwater resources. The Duluth campus consistently ranks among the top Midwestern regional universities with student enrollment of approximately 10,300 students.

Crookston Campus

The Crookston campus is known for its focus on experiential learning and is one of the nation's pioneers in online and distance education with a student enrollment of approximately 2,530 students.

Morris Campus

The Morris campus is ranked as one of the top public liberal arts colleges in the nation and is a leader in environmental sustainability and diversity. The Morris campus focuses on undergraduate programs with a student enrollment of approximately 1,300 students.

Rochester Campus

The Rochester campus is focused on meeting the educational needs of students in the southeastern Minnesota area at the upper division undergraduate and post-baccalaureate levels and conducts research in the areas of health sciences and biotechnology. The Rochester campus has a student enrollment of approximately 600 students.

Mission

The University's mission is carried out on multiple campuses and throughout the State and consists of the following:

- 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.

The University conducts its mission activities at its campuses and other facilities throughout the State. Each year, the University:

- provides instruction for approximately 67,000 students;

- graduates approximately 16,200 students, 33 percent with graduate or first professional degrees on the Twin Cities campus;

- commits to the success of 13,000 Minnesota resident undergraduate students through the U Promise Scholarship;

- 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.

Board of Regents of the University of Minnesota

The Board of Regents articulates a vision for the University and works to ensure the University fulfills its mission of education, research, and outreach. The 12 members of the Board of Regents each serve for a six-year term. Every two years, one-third of the Board of Regents seats are up for election. A joint convention of the State legislature elects one Regent from each of the State's eight congressional districts and four from the State at large. One of the four at-large Regents must be a University student at the time of election.

Management's Discussion and Analysis
(Unaudited)

This discussion and analysis of the University of Minnesota's (University) consolidated financial statements provides an overview of the consolidated financial position and activities of the University as of and for the years ended June 30, 2021, 2020, and 2019. The discussion has been prepared by management and should be read in conjunction with the consolidated financial statements and the accompanying Notes.

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; Statements of Fiduciary Net Position; Statements of Changes in Fiduciary 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.

The University records a net pension liability in accordance with GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*., which represents accounting and reporting standards only. The State has not enacted any law that requires the University to assume the liability, as a participant of the pension plans, in the event the State were unable to continue paying benefits from the retirement plans. The required recording of the deferred outflows of resources, deferred inflows of resources, net pension liability, and related expenses are recorded on the University's consolidated financial statements, but have no impact to the funding provisions, nature and amount of benefits, or actual cash flows of the University. For additional information refer to the respective sections below, as well as Note 6 and GASB 68 and GASB 71.

The University adopted GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, during fiscal year 2021. As a result, fiscal year 2020 Consolidated Statements of Net Position, Consolidated Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows line items, as well as related Note disclosures, have been restated to exclude fiduciary activities for comparative purposes. Statements of Fiduciary Net Position (Excluding Component Units) and Statements of Changes in Fiduciary Net Position (Excluding Component Units) have been added as required by the adoption of GASB 84.

Financial Highlights

In fiscal year 2021, while the University continued to respond to the COVID-19 pandemic operationally and financially, the University also played a key role locally and nationally in monitoring and suppressing the spread of COVID-19. The University has been a key partner with the State of Minnesota (State) in responding to and suppressing the pandemic across the State. This has included widespread testing efforts in collaboration with partners at Fairview Health Services (Fairview) and Mayo Health Systems, coordination of vaccination sites and new research and development. Research and studies have occurred related to various COVID-19 topics ranging from vaccines to the impact of inequities to socio-demographic groups.

Various safe-guards were put into place to protect students, faculty and staff, which included items such as limited visitors on campus, mask requirements, social distancing measures, and additional cleaning. Students returned to campus in the fall of 2020 and additional modes of delivery for instruction were implemented across all campuses to meet the needs of the University community. While the University adapted to the current

environment, many areas continued to be adversely impacted by the pandemic and experienced significant decreases. Experiencing the largest decreases were auxiliary enterprises revenues, as well as student tuition and fees driven by a tuition freeze and decreased enrollment.

The University has responded to the pandemic in ways to ensure the financial position remains strong. The University enacted cost saving measures such as salary reductions, as well as reducing hiring of new employees, and offered a retirement incentive option to certain staff and faculty. The University continues to monitor the overall liquidity of assets to manage cash needs and associated risks.

The University has also sought various funding sources available due to the pandemic and recognized $69.1 million in Higher Education Emergency Relief Fund (HEERF) funding in fiscal year 2021. This included recognition of remaining revenue available under Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as Coronavirus Response and Relief Supplemental Act (CRRSAA). Both CARES and CRRSAA Act funding provided grant funds to be paid directly to students, as well as funds to be used by the University. Funds awarded for University use primarily provided an offset to the loss of revenues for student tuition and fees, auxiliary revenues, and other permitted revenue losses.

Despite the impact of the pandemic, the University's financial position remains strong with assets of $7.5 billion, an increase of $959.9 million from fiscal year 2020. Liabilities remained consistent at $2.5 billion for fiscal years 2021 and 2020. The University's net position, the difference between total assets, deferred outflows of resources (items previously reported as assets), total liabilities, and deferred inflows of resources (items previously reported as liabilities), increased to $4.6 billion as of June 30, 2021 compared to $3.7 billion as of June 30, 2020. The University's net position increased $924.3 million in fiscal year 2021 compared to an increase of $67.2 million in fiscal year 2020, reflecting continued strong financial results.

The University experienced an increase in total revenue in fiscal year 2021 of $171.5 million or 4.5 percent due to increases in grants and contracts, partially offset by decreases in student tuition and fees, auxiliary enterprises and educational services. Total expenses decreased $238.7 million or 6.4 percent compared to an increase in fiscal year 2020 of $388.1 million or 11.6 percent.

The University continues to focus on instruction, research and public service while continuing to emphasize controlling operating expenses.

Dollar amounts in the following discussion are presented in thousands, unless otherwise noted.

Consolidated Statements of Net Position

A comparison of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position as of June 30, 2021, 2020 and 2019 is summarized in the table below:

	2021	2020 (Restated)	2019
Assets			
Current assets	$ 1,369,639	$ 1,202,046	$ 1,099,839
Noncurrent assets, excluding capital assets	2,936,635	2,097,192	2,201,476
Capital assets, net	3,200,696	3,247,756	3,234,494
Total assets	7,506,970	6,546,994	6,535,809
Deferred outflows of resources	62,864	339,573	618,869
Liabilities			
Current liabilities, excluding long-term debt	600,257	577,434	556,282
Noncurrent liabilities, excluding long-term debt	350,945	319,780	347,440
Long-term debt	1,531,399	1,562,340	1,613,482
Total liabilities	2,482,601	2,459,554	2,517,204
Deferred inflows of resources	466,461	730,511	1,008,147
Net position			
Unrestricted	1,007,345	580,728	602,509
Restricted—expendable	1,606,260	1,105,949	1,038,042
Restricted—nonexpendable	319,257	316,573	314,264
Net investment in capital assets	1,687,910	1,693,252	1,674,512
Total net position	4,620,772	3,696,502	3,629,327

Assets

Current assets are used to support current operations and consist primarily of cash and cash equivalents, receivables, net and short-term investments.

Noncurrent assets consist primarily of investments, capital assets net of accumulated depreciation, and student loan receivables, net.

The following schedule summarizes the University's current and noncurrent assets as of June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Current assets							
Cash and cash equivalents	$ 663,912	$ 659,943	$ 405,247	$ 3,969	0.6%	$ 254,696	62.8%
Receivables, net	422,791	346,706	369,025	76,085	21.9%	(22,319)	(6.0%)
Investments	240,923	143,338	271,618	97,585	68.1%	(128,280)	(47.2%)
Other assets	42,013	52,059	53,949	(10,046)	(19.3%)	(1,890)	(3.5%)
Total current assets	1,369,639	1,202,046	1,099,839	167,593	13.9%	102,207	9.3%
Noncurrent assets							
Capital assets, net	3,200,696	3,247,756	3,234,494	(47,060)	(1.4%)	13,262	0.4%
Other noncurrent assets							
Cash and cash equivalents & other assets	37,834	23,765	77,688	14,069	59.2%	(53,923)	(69.4%)
Receivables, net	57,727	62,859	70,606	(5,132)	(8.2%)	(7,747)	(11.0%)
Investments	2,841,074	2,010,568	2,053,182	830,506	41.3%	(42,614)	(2.1%)
Total other noncurrent assets	2,936,635	2,097,192	2,201,476	839,443	40.0%	(104,284)	(4.7%)
Total assets	$ 7,506,970	$ 6,546,994	$ 6,535,809	$ 959,976	14.7%	$ 11,185	0.2%

As of June 30, 2021, total assets increased $960.0 million or 14.7 percent primarily due to increases in cash and cash equivalents, net receivables, and investments, partially offset by decreases in other assets and net capital assets. Current and noncurrent investments increased $928.1 million primarily due to the unrealized gains in the CEF and GIP portfolios resulting from favorable market conditions. Current cash and cash equivalents and net receivables increased $80.1 million. Noncurrent cash and cash equivalents consist of unspent bond proceeds of $24.0 million and $14.8 million as of June 30, 2021 and 2020, respectively. Capital assets (net of accumulated depreciation) decreased $47.1 million primarily due to continued depreciation of buildings in service partially offset by increased real estate acquisitions near the Twin Cities campus. Refer to Note 4 for additional information related to capital assets.

Capital Assets and Related Debt Activities

Capital additions totaled $178.0 million, $235.4 million, and $269.3 million in fiscal years 2021, 2020 and 2019, respectively. Fiscal year 2021 spending included real estate purchases of the Stadium Village Apartments and Stadium Village Church, capital equipment including medical equipment and various on-going construction projects. Project spending continuing in fiscal year 2022 is projected to be $39.6 million and $32.1 million for the new construction of the Institute of Child Development Replacement and Lind Hall renovation, respectively. See Note 4 for more detailed information about capital assets.

Capital spending is mainly financed by a combination of State capital appropriations, University-issued debt, revenues generated by University departments, and donor gifts, depending on the specific capital project.

The University generally structures long-term debt so that principal is paid annually over a relatively short duration, which frees up capacity to issue new debt. The University also utilizes a commercial paper program with authority to issue up to $400 million. The rating agencies factor in the maximum authorization when determining ratings, even when the outstanding commercial paper is less than the maximum authorized amount.

Fiscal year 2021 debt activity included the issuance of General Obligation Bond, Series 2020A, and General Obligation Taxable Bond, Series 2020B. Refer to Note 5 for additional information.

The University entered into capital leases of $1.4 million, $2.1 million and $22.4 million in fiscal year 2021, 2020 and 2019, respectively. Refer to Note 5 for additional information.

The University's long-term debt is rated Aa1 by Moody's Investors Service (Moody's) and AA by S&P Global Ratings (S&P) – ratings which indicate high quality debt and results in strong demand and competitive pricing in the marketplace for University bonds.

Deferred Outflows of Resources

Deferred outflows of resources are items previously reported as assets that result in the outflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2021, the deferred outflows of resources decreased $276.7 million primarily due to the balances and related activity of the University's net pension liability related to the State retirement plans. Refer to Note 6 for additional information related to State retirement pension plans.

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. As of June 30, 2021, the University recorded $27.0 million in unearned income for HEERF funds that had been received by the University but have not met all eligibility requirements for revenue recognition.

Noncurrent liabilities consist primarily of accrued liabilities (including the net pension liability), notes payable, leases and bonds payable (long-term debt).

The following schedule summarizes the University's current and noncurrent liabilities as of June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Current liabilities							
Accounts payable	$ 156,688	$ 115,720	$ 163,956	$ 40,968	35.4%	$ (48,236)	(29.4%)
Accrued liabilities and other	357,138	397,134	327,918	(39,996)	(10.1%)	69,216	21.1%
Unearned income	86,431	64,580	64,408	21,851	33.8%	172	0.3%
Long-term debt	255,752	334,529	320,119	(78,777)	(23.5%)	14,410	4.5%
Total current liabilities	856,009	911,963	876,401	(55,954)	(6.1%)	35,562	4.1%
Noncurrent liabilities							
Accrued liabilities and other	343,599	319,705	347,396	23,894	7.5%	(27,691)	(8.0%)
Unearned income	7,346	75	44	7,271	9694.7%	31	70.5%
Long-term debt	1,275,647	1,227,811	1,293,363	47,836	3.9%	(65,552)	(5.1%)
Total noncurrent liabilities	1,626,592	1,547,591	1,640,803	79,001	5.1%	(93,212)	(5.7%)
Total Liabilities	$ 2,482,601	$ 2,459,554	$ 2,517,204	$ 23,047	0.9%	$ (57,650)	(2.3%)

As of June 30, 2021, total liabilities increased $23.0 million primarily due to an increase in accounts payable of $41.0 million and unearned income of $29.1 million, partially offset by decreases in accrued liabilities of $16.1 million and long-term debt of $30.9 million. As a result of the CARES Act, the University is able to defer payment of the employer portion of FICA, driving an increase in accrued liabilities. The University's

long-term debt represents 61.7 percent of total liabilities or $1.5 billion as of June 30, 2021 compared to 63.5 percent or $1.6 billion as of June 30, 2020.

Long-term debt decreased $30.9 million or 2.0 percent. The University issued GO Bonds Series 2020A in the amount of $31.3 million and GO Taxable Bonds Series 2020B in the amount of $84.7 million in fiscal year 2021. Additions from the issuance were offset by normal amortization of the bonds, premiums and discounts. Refer to Note 5 for additional information related to long-term debt.

Deferred Inflows of Resources

Deferred inflows of resources are items previously reported as liabilities that result in the inflow of net position in the current reporting period for activities applicable to a future reporting period. As of June 30, 2021, the deferred inflows of resources decreased $264.0 million, primarily due to the balances and related activity of the University's net pension liability related to the State retirement plans. Refer to Note 6 for additional information related to State retirement pension plans.

Net Position

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

- Unrestricted net position—Includes assets that are not subject to limitations or stipulations imposed by external entities and that have not been set aside for capital or endowment purposes. These assets are available for any lawful purpose of the University and include resources that may be designated for specific purposes as determined by management or the Board of Regents (Board).

- Restricted net position, which is divided into two categories—

    - Expendable assets are available for expenditure by the University, 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 schedule summarizes the University's net position as of June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Unrestricted	$ 1,007,345	$ 580,728	$ 602,509	$ 426,617	73.5%	$ (21,781)	(3.6%)
Restricted:							
Expendable	1,606,260	1,105,949	1,038,042	500,311	45.2%	67,907	6.5%
Nonexpendable	319,257	316,573	314,264	2,684	0.8%	2,309	0.7%
Net investment in capital assets	1,687,910	1,693,252	1,674,512	(5,342)	(0.3%)	18,740	1.1%
Total net position	$ 4,620,772	$ 3,696,502	$ 3,629,327	$ 924,270	25.0%	$ 67,175	1.9%

The University's unrestricted net position increased $426.6 million in fiscal year 2021, of which $206.8 million in fiscal year 2021 is due primarily to changes in market values related to endowments. The University's restricted expendable net position increased $500.3 million in fiscal year 2021 due primarily to changes in market values related to endowments. The University's net investment in capital assets decreased $5.3 million primarily due to a decrease in net capital assets offset by an increase in long-term debt and unspent bond proceeds.

Consolidated Statements of Revenues, Expenses and Changes in Net Position

The Consolidated Statements of Revenues, Expenses, and Changes in Net Position present the University's operating, nonoperating, 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.

Total Operating Revenues

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 decreased 4.0 percent in fiscal year 2021 as a result of the pandemic and accounted for 52.0 percent, 62.8 percent, and 63.2 percent of total revenues for fiscal years 2021, 2020 and 2019, respectively.

The following schedule summarizes the University's Operating, Nonoperating and Other Revenue for the years ended June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Operating revenues							
Grants and contracts	$ 1,025,298	$ 986,023	$ 976,160	$ 39,275	4.0%	$ 9,863	1.0%
Student tuition and fees, net	772,781	829,277	823,690	(56,496)	(6.8%)	5,587	0.7%
Auxiliary enterprises, net	374,430	444,871	457,742	(70,441)	(15.8%)	(12,871)	(2.8%)
Educational activities	150,895	158,318	151,320	(7,423)	(4.7%)	6,998	4.6%
Other operating revenue	158	750	213	(592)	(78.9%)	537	252.1%
Total operating revenues	2,323,562	2,419,239	2,409,125	(95,677)	(4.0%)	10,114	0.4%
Nonoperating revenues							
Federal appropriations	18,572	17,146	17,883	1,426	8.3%	(737)	(4.1%)
State appropriations	696,935	694,910	674,288	2,025	0.3%	20,622	3.1%
Grants, gifts, and other nonoperating, net	582,571	497,140	453,044	85,431	17.2%	44,096	9.7%
Net investment gain	762,946	91,412	146,282	671,534	734.6%	(54,870)	(37.5%)
Total nonoperating revenues	2,061,024	1,300,608	1,291,497	760,416	58.5%	9,111	0.7%
Total other revenues	80,695	124,795	108,345	(44,100)	(35.3%)	16,450	15.2%
Total revenues (noncapital)	$ 4,465,281	$ 3,844,642	$ 3,808,967	$ 620,639	16.1%	$ 35,675	0.9%

Total revenues increased in fiscal year 2021 by $171.5 million primarily due to an increase in nonoperating revenue, partially offset by a decrease in student tuition and fees as well as auxiliary enterprises revenue. Operating revenues decreased $95.7 million or 4.0 percent mainly due to decreases in auxiliary enterprises and student tuition and fees, driven by reductions in operations as a result of the pandemic. Revenues from auxiliary enterprises decreased $70.4 million due to the impact of the pandemic. Revenues from student tuition and fees decreased $56.5 million due to the reduction in enrollment and flat tuition rates. Grants and contracts increased $39.3 million or 4.0 percent primarily due to new awards related to COVID-19.

Nonoperating revenues increased $311.3 million or 23.8 percent due to increases in net investment gain and grants, gifts and other nonoperating revenues. Net investment gain increased $671.5 million as a result of the valuation of investment related activity. Other sources of nonoperating revenue to the University included gifts in support of operating expenses of $197.4 million, $190.0 million, and $214.5 million, and grants and gifts for capital purposes of $18.7 million, $26.1 million, and $24.2 million in fiscal years 2021, 2020, and 2019, respectively.

For the year ended June 30, 2021, other revenues, which consist of capital appropriations, and capital endowments gifts and grants decreased $44.1 million or 35.3 percent. Capital appropriation revenue is received as project expenses are incurred. As projects near completion, the revenue received decreases. In addition, the University experienced a slow-down of capital projects during fiscal year 2021 resulting in a reduction of capital appropriation revenue.

Total Operating Expenses

The following schedule summarizes the University's operating expenses by functional category for the years ended June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Education and general							
Instruction	$ 799,230	$ 843,735	$ 801,626	$ (44,505)	(5.3%)	$ 42,109	5.3%
Research	781,887	776,095	720,614	5,792	0.7%	55,481	7.7%
Public service	315,990	276,017	243,734	39,973	14.5%	32,283	13.2%
Academic support	409,267	465,292	401,418	(56,025)	(12.0%)	63,874	15.9%
Student services	126,114	140,212	122,009	(14,098)	(10.1%)	18,203	14.9%
Institutional support	255,136	293,619	238,655	(38,483)	(13.1%)	54,964	23.0%
Operation and maintenance of plant	239,159	314,976	268,839	(75,817)	(24.1%)	46,137	17.2%
Scholarships and fellowships	71,212	68,496	64,524	2,716	4.0%	3,972	6.2%
Depreciation	215,847	215,954	214,336	(107)	(0.0%)	1,618	0.8%
Total education and general	3,213,842	3,394,396	3,075,755	(180,554)	(5.3%)	318,641	10.4%
Other operating expenses							
Auxiliary enterprises	280,734	340,786	269,780	(60,052)	(17.6%)	71,006	26.3%
Other operating expenses, net	1,477	(388)	1,070	1,865	(480.7%)	(1,458)	(136.3%)
Total other operating expenses	282,211	340,398	270,850	(58,187)	(17.1%)	69,548	25.7%
Total operating expenses	$ 3,496,053	$ 3,734,794	$ 3,346,605	$ (238,741)	(6.4%)	$ 388,189	11.6%

Total operating expenses decreased $238.7 million or 6.4 percent in fiscal year 2021 compared to an increase of $388.2 million or 11.6 percent in fiscal year 2020. Across almost all functional categories, salaries and compensation-related expenditures continued to represent the most significant expense to the University at $2.3 billion or 67.0 percent, $2.5 billion or 65.6 percent, and $2.1 billion or 62.3 percent of operating expenses in fiscal years 2021, 2020 and 2019, respectively. Compensation related expenditures decreased $109.1 million or 4.5 percent in fiscal year 2021, compared to an increase of $366.7 million or 17.6 percent and a decrease of $338.5 million or 14.0 percent in fiscal years 2020 and 2019, respectively. Decreases in most functional categories in fiscal year 2021 are primarily the result of reductions in compensation related expenses in fiscal year 2021 due to the University's pay reduction and other cost savings efforts in response to the COVID-19 pandemic. Research and Public Service experienced an increase of $45.8 million in fiscal year 2021 driven primarily by COVID related projects. The decrease in compensation related expenditures in fiscal year 2019 is primarily due to the University's recording of GASB 68 and 71 pension expenses which resulted in decreases in fringe related expenses of $291.0 million associated with the decrease in the net pension liability. The decrease was a one-time event in fiscal year 2019, resulting in a corresponding increase in fiscal year 2020.

Consolidated Statements of Cash Flows

The following schedule summarizes the University's cash flows for the years ended June 30, 2021, 2020, and 2019:

				Increase (Decrease)			
				From 2020 (Restated) to 2021		From 2019 to 2020 (Restated)	
	2021	2020 (Restated)	2019	Amount	Percent	Amount	Percent
Cash (used) provided by							
Operating activities	$ (957,660)	$ (1,081,272)	$ (1,005,521)	$ 123,612	(11.4%)	$ (75,751)	(7.5%)
Noncapital financing activities	1,319,801	1,239,875	1,149,795	79,926	6.4%	90,080	7.8%
Capital and related financing activities	(180,376)	(201,342)	(150,232)	20,966	10.4%	(51,110)	(34.0%)
Investing activities	(168,610)	249,694	(15,093)	(418,304)	167.5%	264,787	1754.4%
Net increase (decrease) in cash	13,155	206,955	(21,051)	(193,800)	(93.6%)	228,006	(1083.1%)
Cash, beginning of year	674,772	467,817	488,868	206,955	44.2%	(21,051)	(4.3%)
Cash, end of year	$ 687,927	$ 674,772	$ 467,817	$ 13,155	1.9%	$ 206,955	44.2%

The University's cash and cash equivalents increased $13.2 million compared to fiscal year 2020 due to cash provided by noncapital financing activities, partially offset by cash used by operating activities, investing activities, and capital and related financing activities.

Cash used by operating activities decreased $123.6 million compared to fiscal year 2020. This decrease was primarily driven by COVID-19 and institution measures implemented to offset the impact of COVID-19. There was a decrease in cash flows for payments to employees for services and fringe benefits of $131.7 million due to an institution wide pay reduction. Cash flows from grants and contracts revenue increased $166.6 million, primarily due to CARES and CRRSAA act funding for COVID-19 relief. Cash flows decreased by $201.3 million in student tuition and $59.7 million in auxiliary enterprises revenue due to a decrease in enrollment and cancellation of campus events related to COVID-19. Payments to suppliers for goods and services decreased $110.1 million primarily due to reductions in travel and repairs and maintenance due to COVID-19.

Cash provided by noncapital financing activities increased $79.9 million compared to an increase of $90.1 million in fiscal year 2020. The most significant sources of cash provided included State appropriations totaling $696.8 million and $694.9 million, grants totaling $383.0 million and $302.3 million, and gifts totaling $189.5 million and $200.5 million in 2021 and 2020, respectively.

Cash used by capital and related financing activities decreased $21.0 million primarily due to a decrease in cash flows related to a reduction of proceeds from capital debt of $72.6 million, partially offset by an increase of $51.5 million in principal payments on debt. During fiscal year 2021, the University issued $125.1 million and $0 million in new bond issuances and commercial paper, respectively, compared to $0 million and $48.0 million in new bond issuances and commercial paper, respectively, in fiscal year 2020. Cash inflows for capital acquisitions from capital appropriations, capital grants and gifts 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 (losses) on the endowment and other investments of $443.7 million, $(5.5) million, and $12.1 million in fiscal years 2021, 2020, and 2019, respectively. Annual distributions of the endowment to departments, partially offset by reinvested endowment earnings, decreased investments by $66.7 million, $63.9 million, and $62.2 million in fiscal years 2021, 2020 and 2019, respectively.

To provide a relatively stable level of support for endowed programs, a specified percentage rate based on a five-year, moving-average market value of the endowment is distributed each year. These distributions provide funds for a variety of purposes, including instructional needs, research activities, scholarships, and academic support. An endowment spending policy requires balancing current needs with the long-term focus of the institution. The endowment funds distribution rate was 4.5% percent in fiscal years 2021, 2020 and 2019.

Factors Affecting Future Financial Position and/or Results of Operations

The University is the flagship research institution in the State. It has received historically strong support from the State, its academic quality attracts record numbers of applications, it has a diversified mix of revenue streams which augment tuition and State support, and it enjoys a strong credit rating which enables low cost of borrowing. Maintaining these competitive advantages, and managing operating costs, is more important than ever to the overall results of operations. In addition, current levels of support may be at risk if there are unfavorable changes in State and federal policy, lingering effects of the pandemic, a downturn in U.S. and world economic conditions, or other factors that might negatively impact the University's revenues and expenses.

State support for operations and maintenance – Continued strong State support is an important component of future fiscal health for the University. The Legislature fiscal year 2022-2023 biennium set base funding for the University at $1.4 billion, a 2.7 percent increase from the previous biennial base appropriation. The State of Minnesota's financial situation has improved dramatically throughout calendar year 2021, and the University may request a supplemental appropriation from the State during the 2022 legislative session, if the State's November financial forecast signals continued financial improvement. However, the Board has not determined at this time if a supplemental request will be made, and there is no guarantee that the State would approve the University's supplemental request if one were submitted.

State support for facilities and capital projects – The University's strategic plans for capital projects continue to be shaped by five key principles:

- Renew high priority buildings and right-size the overall amount of campus space
- Invest in high-demand academic programs and mission-support facilities
- Advance innovation in health sciences, agriculture, biotechnology, and other MNtersections priorities
- Enhance student-facing facilities and services
- Create spaces and places that make campuses more inclusive, accessible, and welcoming

Every other year of the State's biennial year, the University can request State funding for high-priority capital projects. The 2022 State Capital Request is a carry forward of the previous request to the State, adjusted for inflation. In total, the University is requesting $273.6 million from the State for capital projects. The University's first priority is a $200.0 million request to finance asset preservation and renewal. The other two projects include the remainder of the funding for the Chemistry Undergraduate Teaching Laboratory on the Twin Cities campus ($72.0 million), and funding of the design costs for the renewal of the Science Building (formerly the Chemistry Building) on the Duluth campus ($1.6 million). The project total for the Chemistry Undergraduate Teaching Laboratory on the Twin Cities campus has increased $3.9 million to $108.0 million

since review in September due to updated cost projections that reflect changes in construction material and delivery pricing. There is no guarantee that the State will agree to finance the University's capital request.

Enrollment and tuition – Tuition revenue represents the single largest source of recurring revenue to the University, largely because the University has built a national reputation for high quality undergraduate, graduate, and professional education. The impact of the COVID-19 pandemic on enrollment has stabilized. Fall semester 2021 enrollment across the system was essentially flat as compared to Fall 2020, based on official fall enrollment census data. Total enrollment across all campuses was 66,500 compared to Fall 2020 enrollment of 66,800. As a part of the fiscal year 2022 approved budget, the Board approved a systemwide increase in tuition of 1.5 percent. The University's ability to consistently attract students who seek a world-class, affordable education will be important in the near term to maintain the tuition revenue stream.

Expenses and cost containment – The salaries and benefits paid to the University's faculty and staff represent the largest category of operating costs. For this reason, the University strives to operate as efficiently as possible. During fiscal year 2021 the University launched the Positioned for Excellence, Alignment, and Knowledge (PEAK) Initiative. The goals of the PEAK Initiative are to streamline and modernize administrative processes, improve service delivery and quality, improve end-user and customer experiences, and reduce the time staff spend on manual tasks. Through these efforts, the University aims to improve service and simultaneously reduce administrative costs. University leadership believes the PEAK Initiative holds great promise for delivering more efficient and effective services to support faculty and students. However, the expectation is that any savings from this initiative will not be realized for several years.

Federal funding – The University consistently ranks among the top ten public research universities in federal funding for research and development, thanks to the productivity and ingenuity of its faculty. In the 2020 Higher Education Research and Development (HERD) survey the University ranked 10th among public US research universities. For fiscal year 2021, the University reported federal sponsored project awards valued at $1.15 billion, a 31 percent increase from fiscal year 2020. The record level of awards was fueled in part by $256.0 million in COVID-related projects.

In addition, during fiscal year 2020 and fiscal year 2021 the University was awarded federal funding from the CARES Act, CRRSSA Act, and the American Recovery and Reinvestment Act, all of which was intended to counter the economic impact of the COVID-19 pandemic. These federal funds were essential to the University's ability to weather the financial impacts of the pandemic but were financed primarily with federal deficit spending. As the federal government continues responding to the longer-term economic impacts from the pandemic, there is no guarantee that future funding for more traditional forms of federal programs such as research or federal student aid will be sustainable at past levels.

The University's partnership with Fairview–The University has had a long-term academic affiliation agreement with Fairview, the health care organization that purchased the University's on-campus hospital in 1996. A strong partnership is vital to supporting and strengthening research, outreach, and medical education mission of the University of Minnesota Medical School. A new agreement between Fairview and the University went into effect on January 1, 2019. The agreement creates a new "joint clinical enterprise" that better aligns Fairview and the University's goals for research and clinical care. Major elements of the agreement include organizational changes, new branding, and improved financial support to the University's academic medicine enterprise. The new agreement provided the University's Medical School with significant increases in financial support. Although Fairview has suffered significant revenue losses due to the COVID-19 pandemic, all scheduled payments to the University have been made.

University of Minnesota
Consolidated Statements of Net Position (Excluding Component Units)
As of June 30, 2021 and 2020 (in thousands)

			2021	2020 (Restated)
Assets				
Current assets				
	Cash and cash equivalents		$ 663,912	$ 659,943
	Short-term investments		240,923	143,338
	Receivables, net		414,251	337,469
	Inventories		19,646	21,936
	Student loans receivable, net		8,540	9,237
	Prepaid expenses		22,317	30,043
	Other assets		50	80
		Total current assets	1,369,639	1,202,046
Noncurrent assets				
	Restricted cash and cash equivalents		24,015	14,829
	Investments		2,841,074	2,010,568
	Receivables, net		9,079	9,920
	Student loan receivables, net		48,648	52,939
	Prepaid expenses		11,004	5,972
	Other assets		2,815	2,964
	Capital assets, net		3,200,696	3,247,756
		Total noncurrent assets	6,137,331	5,344,948
Total assets			7,506,970	6,546,994
Deferred Outflows of Resources			62,864	339,573
Liabilities				
Current liabilities				
	Accounts payable		156,688	115,720
	Accrued liabilities and other		357,138	397,134
	Unearned income		86,431	64,580
	Long-term debt		255,752	334,529
		Total current liabilities	856,009	911,963
Noncurrent liabilities				
	Accrued liabilities and other		343,599	319,705
	Unearned income		7,346	75
	Long-term debt		1,275,647	1,227,811
		Total noncurrent liabilities	1,626,592	1,547,591
Total liabilities			2,482,601	2,459,554
Deferred Inflows of Resources			466,461	730,511
Net Position				
	Unrestricted		1,007,345	580,728
	Restricted	Expendable	1,606,260	1,105,949
		Nonexpendable	319,257	316,573
	Net investment in capital assets		1,687,910	1,693,252
Total net position			$ 4,620,772	$ 3,696,502

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Statements of Fiduciary Net Position (Excluding Component Units)
Years ended June 30, 2021 and 2020 (in thousands)

	2021		2020	
	Pension (and other employee benefit) Trust Funds	Custodial Funds	Pension (and other employee benefit) Trust Funds	Custodial Funds
Assets				
Short-Term Investments	$ 378		$ 395	
Trade Receivables		$ 1,162		$ 810
Student Receivables		900		262
Total assets	378	2,062	395	1,072
Liabilities				
Accounts Payable		3,408		5,358
Total liabilities		3,408		5,358
Net Position				
Unrestricted	378	(1,346)	395	(4,286)
Total net position	$ 378	$ (1,346)	$ 395	$ (4,286)

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Component Units – Statements of Financial Position
As of June 30, 2021 and 2020 (in thousands)

	University of Minnesota Foundation		University of Minnesota Physicians	
	2021	2020	2021	2020
Assets				
Cash and cash equivalents	$ 36,065	$ 25,702	$ 105,240	$ 142,755
Investments, substantially at fair market value	3,965,160	2,928,226	34,876	26,833
Pledges receivable, net	208,761	231,497		
Accounts and other receivables	10,740	14,174	111,551	107,620
Interest in charitable lead trusts, unitrusts, pooled income, and trusts	112,686	93,731		
Gift annuities	49,567	37,428		
Property and equipment, net	78,003	80,461	12,279	8,373
Prepaids and other assets	2,566		19,034	2,546
Total assets	4,463,548	3,411,219	282,980	288,127
Liabilities				
Accounts payable and accrued liabilities	34,089	20,675	157,942	168,804
Gift annuities payable	19,884	20,126		
Unitrusts, pooled income, and annuity trusts payable	14,335	9,733		
Investments held for custody of others	389,077	290,209		
Long-term debt	47,758	46,102	1,966	1,769
Total liabilities	505,143	386,845	159,908	170,573
Net Assets				
Without donor restrictions	221,998	140,042	123,072	117,554
With donor restrictions	3,736,407	2,884,332		
Total net assets	3,958,405	3,024,374	123,072	117,554
Total liabilities and net assets	$ 4,463,548	$ 3,411,219	$ 282,980	$ 288,127

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Consolidated Statements of Revenues, Expenses and Changes in Net Position
(Excluding Component Units)
Years ended June 30, 2021 and 2020 (in thousands)

			2021	2020 (Restated)
Revenues				
Operating revenues	Student tuition and fees, net of scholarship allowances of $319,530 in 2021; $319,546 in 2020		$ 772,781	$ 829,277
	Federal grants and contracts		490,443	478,953
	State and other government grants		86,563	85,529
	Nongovernmental grants and contracts		448,292	421,541
	Student loan interest income		644	1,887
	Sales and services of educational activities, net of scholarship allowances of $102 in 2021; $98 in 2020		150,251	156,431
	Auxiliary enterprises, net of scholarship allowances of $13,741 in 2021; $12,508 in 2020		374,430	444,871
	Other operating revenues		158	750
Total operating revenues			2,323,562	2,419,239
Expenses				
Operating expenses	Education and general	Instruction	799,230	843,735
		Research	781,887	776,095
		Public service	315,990	276,017
		Academic support	409,267	465,292
		Student services	126,114	140,212
		Institutional support	255,136	293,619
		Operation & maintenance of plant	239,159	314,976
		Scholarships & fellowships	71,212	68,496
		Depreciation	215,847	215,954
	Auxiliary enterprises		280,734	340,786
	Other operating expenses, net		1,477	(388)
Total operating expenses			3,496,053	3,734,794
Operating Loss			(1,172,491)	(1,315,555)
Nonoperating Revenues (Expenses)				
Federal appropriations			18,572	17,146
State appropriations			696,935	694,910
Grants, including HEERF Act Funding of $69,082 in 2021; $16,818 in 2020			371,712	295,470
Gifts			197,375	190,133
Investment income, net			762,946	91,412
Interest on capital-asset related debt			(44,958)	(48,439)
Other nonoperating revenues, net			13,484	11,537
Net nonoperating revenues			2,016,066	1,252,169
Income (Loss) Before Other Revenues			843,575	(63,386)
Capital appropriations			59,712	96,263
Capital grants and gifts			18,737	26,134
Additions to permanent endowments			2,246	2,398
Total other revenues			80,695	124,795
Increase In Net Position			924,270	61,409
Change in accounting principle				5,766
Net position at beginning of year			3,696,502	3,629,327
Net position at end of year			$ 4,620,772	$ 3,696,502

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Statements of Changes in Fiduciary Net Position (Excluding Component Units)
Years ended June 30, 2021 and 2020 (in thousands)

		2021		2020	
		Pension (and other employee benefit) Trust Funds	Custodial Funds	Pension (and other employee benefit) Trust Funds	Custodial Funds
Additions					
Contributions	Student Financial Aid and Loans		$ 377,381		$ 427,754
	External Financial Aid Awards		18,355		18,482
	Services Provided		2,456		
	Memberships Collected		653		853
	Student Fees		206		844
	Supplemental Benefit Plan Contributions			$ 10	
	Investment Income	$ (17)		24	
Total Contributions		(17)	399,051	34	447,933
Deductions					
	Student aid and awards		395,711		446,254
	Other Deductions to Vendors		400		3,183
	Benefits to Participants and Beneficiaries			125	
Total Deductions			396,111	125	449,437
Net decrease in fiduciary net position		(17)	2,940	(91)	(1,504)
Cumulative Effect of Change in Accounting Principle				486	(2,782)
Increase In Net Position		(17)	2,940	395	(4,286)
Net Position at Beginning of Year		395	(4,286)		
Net Position at End of Year		$ 378	$ (1,346)	$ 395	$ (4,286)

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Component Units – Statements of Activities
Years ended June 30, 2021 and 2020 (in thousands)

	University of Minnesota Foundation			
	Without donor restrictions	With donor restrictions	Total 2021	Total 2020
Revenues				
Contributions	$ 988	$ 230,646	$ 231,634	$ 261,130
Investment income, net	1,092	11,228	12,320	22,298
Net realized and unrealized gains on investments	10,700	887,909	898,609	22,758
Change in value of trusts	(4)	30,933	30,929	6,086
Support services revenue	8,500		8,500	7,165
UMF - Real Estate Advisors rental revenue	7,098		7,098	6,916
University Gateway Corporation revenue	3,033		3,033	4,062
Other revenue	2,265		2,265	5
Net assets released from restriction	308,642	(308,642)		
Total revenues	342,314	852,074	1,194,388	330,420
Expenses				
Program services				
Distributions for University purposes	200,662		200,662	202,039
Support services				
Management and general	11,151		11,151	11,233
Promotion and development	34,917		34,917	37,798
UMF - Real Estate Advisors	7,810		7,810	6,375
University Gateway Corporation	5,817		5,817	7,320
Total expenses	260,357		260,357	264,765
Increase in net assets	81,957	852,074	934,031	65,655
Net assets at beginning of year	140,042	2,884,332	3,024,374	2,958,719
Net assets at end of year	$ 221,999	$ 3,736,406	$ 3,958,405	$ 3,024,374

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Component Units – Statements of Activities
Years ended June 30, 2021 and 2020 (in thousands)

	University of Minnesota Physicians	
	Total (unrestricted)	
	2021	2020
Revenues		
Contract revenue	$ 691,484	$ 662,994
Patient service revenue	28,505	34,707
Investment income, net	457	897
Net realized and unrealized losses on investments	1,590	138
Loss on equity method investments	(14,035)	(25,525)
Other revenue	682	18,799
Total revenues	708,683	692,010
Expenses		
Program services		
Health care services	635,904	611,376
Support services		
Management and general	67,261	63,765
Total expenses	703,165	675,141
Increase in net assets	5,518	16,869
Net assets at beginning of year	117,554	100,685
Net assets at end of year	$ 123,072	$ 117,554

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

University of Minnesota
Consolidated Statements of Cash Flows (Excluding Component Units)
Years ended June 30, 2021 and 2020 (in thousands)

	2021	2020 (Restated)
Cash Flows From Operating Activities		
Grants and contracts (federal, state, nongovernmental, other)	$ 985,139	$ 818,514
Student tuition and fees	777,596	978,876
Auxiliary enterprises	376,511	436,187
Sales and services of educational activities	150,564	157,557
Other operating revenues	231	615
Payments to employees for services	(1,768,845)	(1,823,219)
Payments to suppliers for goods and services	(879,805)	(989,929)
Payments for fringe benefits	(528,059)	(605,427)
Payments for scholarships and fellowships	(76,376)	(62,442)
Loans issued to students	(5,754)	(6,034)
Collection of loans to students	11,138	14,030
Net cash used by operating activities	(957,660)	(1,081,272)
Cash Flows From Noncapital Financing Activities		
State appropriations	696,809	694,936
Grants for other than capital purposes	383,030	302,954
Gifts for other than capital purposes	189,476	201,468
Federal appropriations	25,118	15,873
Other nonoperating revenues, net	21,271	11,967
Private gifts for endowment purposes	4,097	30
Direct lending receipts	320,778	361,698
Direct lending disbursements	(320,819)	(361,806)
Agency transactions	41	12,755
Net cash provided by noncapital financing activities	1,319,801	1,239,875
Cash Flows From Capital and Related Financing Activities		
Proceeds from capital debt	125,129	52,500
Capital appropriations	55,293	101,165
Capital grants and gifts	18,355	17,320
Proceeds from sale of capital assets	2,186	4,215
Principal received on notes receivable	1,406	1,796
Interest received on notes receivable	441	511
Purchases of capital assets	(180,233)	(222,903)
Principal paid on capital debt	(148,708)	(97,179)
Interest paid on capital debt	(54,245)	(56,936)
Issuance of notes receivable		(1,831)
Net cash used by capital and related financing activities	(180,376)	(201,342)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	6,284,373	9,908,540
Purchase of investments	(6,608,323)	(9,733,398)
Investment income, net	155,340	74,552
Net cash provided (used) by investing activities	(168,610)	249,694
Net Decrease in Cash and Cash Equivalents	13,155	206,955
Cash and Cash Equivalents at Beginning of Year	674,772	467,817
Cash and Cash Equivalents at End of Year	$ 687,927	$ 674,772

University of Minnesota
Consolidated Statements of Cash Flows (Excluding Component Units)
Years ended June 30, 2021 and 2020 (in thousands)

	2021	2020 (Restated)
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used by Operating Activities		
Operating loss	$ (1,172,492)	$ (1,315,555)
Adjustments to reconcile operating loss to net cash used by operating activities		
Depreciation expense	215,847	215,954
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables, net	(46,703)	(7,962)
Inventories	2,213	(2,460)
Prepaid and other items	2,694	10,793
Deferred outflows of resources	270,746	244,945
Accounts payable	24,866	(6,870)
Accrued liabilities	21,714	52,948
Unearned income	12,209	(8,860)
Deferred inflows of resources	(288,754)	(264,205)
Net cash used by operating activities	$ (957,660)	$ (1,081,272)
Noncash Investing, Capital, and Financing Activities		
Net unrealized gains (losses) on investments	$ 454,082	$ (4,517)
Realized gains on investments for stock distributions	149,362	22,645
Net unsettled investment trades	804	(13,595)
Capital assets on account	19,599	26,148
Amortization of bond discount/premium	8,793	8,553
Contribution of capital assets	2,886	5,698
Capital assets acquired with capital lease	1,430	2,091
Cash and cash equivalents	$ 663,912	$ 659,943
Restricted cash and cash equivalents	24,015	14,829
Total cash and cash equivalents at end of year	$ 687,927	$ 674,772

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

1. Organization, Basis of Presentation, and Summary of Significant Accounting Policies

Organization

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 (State). The University has five campuses: Crookston, Duluth, Morris, Rochester, and Twin Cities.

The University is considered a constitutional corporation and, for purposes of Governmental Accounting Standards Board (GASB) reporting, an agency of the State. As a result of this unique status, authority to govern the University is reserved to the Board 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.

Tax Status—The Internal Revenue Service (IRS) has ruled that the University is an integral part of the State. 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 includes the financial results of the five campuses and, as required under 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 component units that provide services entirely for the University's own benefit. 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 administer medical malpractice, general liability, directors' and officers' liability, and automobile liability on behalf of 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.

2515 University Ave SE, LLC

2515 University Ave SE, LLC (University Village) is a wholly owned company of the University. Although it is legally separate from the University, University Village is reported as if it were part of the University. University Village provides spacious, affordable living on the Twin Cities campus.

Discretely Presented Component Units—The University's consolidated 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.

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, and do not meet the criteria of a blended component unit. The component units' financial data has been aggregated into like categories for presentation purposes.

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. The Board of Trustees of the UMF consists of between 30 and 45 members and includes the President of the University. 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, are restricted by donors to the activities of the University. The factor that contributes to the UMF being classified as a discretely presented component unit relates to the significant resources the UMF holds on behalf of the University. The University has access to these resources.

During fiscal years 2021 and 2020, the UMF distributed $232,640 and $244,218, respectively, to the University. Complete financial statements for the UMF 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 Medical School. 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 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 2021 and 2020, UMP distributed $84,837 and $112,717, respectively, to the University. Complete financial statements for UMP can be obtained from the Chief Financial Officer, 720 Washington Ave S.E., Suite 200, Minneapolis, MN 55414.

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 a 49 percent membership with an equity interest of $1,015 and $1,193 as of June 30, 2021 and 2020, respectively. During fiscal year ended June 30, 2014, the University provided an interest-bearing loan to the joint venture in the amount of $8,750, which is expected to be repaid over a period of 20 years. During fiscal years 2021 and 2020, the University received $391 and $404, respectively, in interest income. Principal outstanding is $8,054 and $8,342, respectively, as of June 30, 2021 and 2020. 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. The University adopted GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, during fiscal year 2021. As a result, fiscal year 2020 Consolidated Statements of Net Position, Consolidated Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows line items, as well as related Note disclosures, have been restated to exclude fiduciary activities for comparative purposes.

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 are reported at fair value, which represents the price that would be received to sell the investment in an orderly transaction between market participants. The University's investments are valued using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace in accordance with GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*. Observable inputs reflect market data obtained from sources independent of the University and unobservable inputs reflect the University's own assumptions about how market participants would value the investment based on the best information available. The University uses various industry standard valuation techniques that are appropriate under the circumstances and for which sufficient information is available to determine fair value—maximizing the use of observable inputs, while minimizing the use of

unobservable inputs. Purchases and sales of investments are recorded on a trade date basis. Investment income includes: interest income; realized and unrealized gains and losses; and investment related expenses. The University may use 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 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, Net—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.

The University entered into a direct financing lease in fiscal year 2016, related to the Clinic and Surgery Center with Fairview and UMP. The term of the lease is 30 years. The University has elected to report this under capital assets, as the University retained title to the building. The current portion of the lease is recorded as a current receivable. See Note 3 and Note 4 for additional information.

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
Direct financing lease - building	Indefinite	
Land	Indefinite	
Museums and collections	Indefinite	
Library and reference books	10	
Permanent right-of-way easements (intangible asset)	Indefinite	

Deferred Outflows of Resources—Deferred outflows of resources represent the use of net position in the current period that are applicable to a future reporting period. This includes current fiscal year contributions made to the University's participation in certain State cost-sharing, multiple employer defined benefit plans, as well as changes in actuarial assumptions and methods and differences between expected and actual experience related to the measurement of the respective plan's net pension liability (NPL) and changes in the University's proportionate share in the NPL. Additional information regarding pensions is discussed in Note 6. In addition, a portion of the balance is attributed to the University's other postemployment benefits (OPEB) offered through the UPlan for changes in actuarial assumptions and methods and differences between expected and actual experience related to the measurement of the OPEB liability. Additional information regarding other postemployment benefits is discussed in Note 11. The last portion of the balance represents a loss related to the defeasance of long-term debt. Additional information regarding long-term debt is discussed in Note 5.

Unearned Income—Unearned income represents amounts received from tuition, auxiliary services, and grants and contracts prior to fiscal year-end but not yet earned.

Noncurrent Liabilities—Noncurrent liabilities represent the principal portion of bonds, notes, and capital lease obligations as well as estimated amounts of accrued compensated absences, other postemployment benefits, and other liabilities that will not be paid within the next fiscal year.

Deferred Inflows of Resources—Deferred inflows of resources represent the inflow of net position in the current period that is applicable to a future reporting period. This includes the changes in the actuarial assumptions and methods used to calculate the NPL related to the University's participation in the State's cost-sharing, multiple employer defined benefit plans, as well as changes in the University's proportionate share in the NPL. Additional information regarding pensions is discussed in Note 6. In addition, a portion of the balance is attributed to the University's other postemployment benefits (OPEB) offered through the UPlan for changes in actuarial assumptions and methods and differences between expected and actual experience related to the measurement of the OPEB liability. Additional information regarding other postemployment benefits is discussed in Note 11. The last portion of the balance represents a gain related to the defeasance of long-term debt. Additional information regarding long-term debt is discussed in Note 5.

Net Position—Net position is reported in the following three components:

- **Unrestricted**: Net position that has no external restriction imposed is classified as unrestricted. Unrestricted net position may be designated for specific purposes by the Board 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 is classified as restricted - expendable. 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 is classified as restricted - nonexpendable. 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 when the University receives something and gives something with essentially equal value and recognizes nonexchange revenue when the University receives something of value without directly giving something of equal value in exchange. Revenue is recognized in accordance with GASB Statement No. 34 (GASB 34), *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and GASB Statement No. 33 (GASB 33), *Accounting and Financial Reporting for Nonexchange Transactions*.

Revenue and Expense Classifications—The University has classified revenues and expenses as operating or nonoperating based upon the following criteria:

- **Operating revenues**: Operating revenues 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**: Nonoperating revenues 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 and legal settlements are classified as nonoperating revenues as part of other nonoperating revenues, net. Insurance recovery revenue recorded was $3,762 and $1,604 for fiscal years 2021 and 2020, respectively.

- **Operating expenses**: Operating expenses 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 2021 and 2020, nonsponsored departmental research of $234,920 and $251,207 respectively, were recorded in both research expense and depreciation expense.

- **Nonoperating expenses**: Nonoperating expenses are incurred in the performance of activities that are not directly related to generating University operating revenues, such as interest on capital asset-related debt.

Change in Accounting Principle—Due to the implementation of GASB Statement No. 84 (GASB 84), *Fiduciary Activities*, the University recorded a cumulative effect of change in accounting principle of ($5,876) in fiscal year 2020. A cumulative effect of a change in accounting principle is the cumulative impact to the consolidated financial statements related to prior fiscal years.

Fiduciary Financial Statements—Effective in the current year, fiduciary activity is presented separately from the University's consolidated financial statements and is presented in financial statements for fiduciary activity. Fiduciary activity includes custodial funds and pension and (other employee benefit) trust funds.

Use of Estimates—To prepare the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management must make estimates and assumptions. These estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas that require the use of management's estimates relate to investment valuations, accounts payable, receivables, allowances for uncollectible accounts, self-insurance reserves, scholarship discounts and allowances, arbitrage rebates, and vacation pay and pension accruals.

New Accounting Pronouncements

GASB has issued new accounting standards that may be applicable to the University effective in future fiscal years. During fiscal year 2020, the GASB issued GASB Statement No. 95 (GASB 95), *Postponement of the Effective Dates of Certain Authoritative Guidance,* effective immediately for application, which provides temporary relief by allowing the option to delay implementation of certain GASBs as a result of the COVID-19 pandemic. The effective dates below have been updated in accordance with GASB 95.

GASB Statement No. 87 (GASB 87), *Leases*, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. As a result, recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources (revenues) or outflows of resources (expenses) based on the payment provisions of the contract. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The provisions of GASB 87 are effective for fiscal year 2022.

GASB Statement No. 91 (GASB 91), *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. These objectives are achieved by clarifying the definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of GASB 91 are effective for fiscal year 2023.

GASB Statement No. 92 (GASB 92), *Omnibus 2020*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASBs. The provisions of GASB 92 are effective for fiscal year 2022.

GASB Statement No. 93 (GASB 93), *Replacement of Interbank Offered Rates (IBOR),* addresses the accounting and financial reporting effects that result from the replacement of an IBOR as a reference rate in agreements where variable payments are made or received. The provisions of GASB 93 will be effective for fiscal year 2023.

GASB Statement No. 94 (GASB 94), *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA),* improves financial reporting by addressing issues related to PPPs and also provides guidance for accounting and financial reporting for APAs. GASB 94 refers to a PPP as an arrangement in which the University (the transferor) contracts with an operator to provide public services by conveying control of the right to operate and use a nonfinancial asset, such as infrastructure or other capital assets for a period of time in an exchange transaction. An APA is an arrangement in which the University would compensate an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange transaction. The provisions of GASB 94 are effective for fiscal year 2023.

GASB Statement No. 96 (GASB 96), *Subscription-Based Information Technology Arrangements (SBITA),* defines a SBITA; establishes that a SBITA results in a right-to use subscription assets—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and required note disclosures. The provisions of GASB 96 are effective for fiscal year 2023.

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, 2021 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, 2021:

	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	$ 580,011	$ 67,739	$ 13,742			$ 2,420	$ 663,912
Short-term investments	154,903	15,726	3,788			66,506	240,923
Total current assets	734,914	83,465	17,530			68,926	904,835
Restricted cash and cash equivalents					$ 24,015		24,015
Long-term investments							
Fixed Income	667,299	317,773	64,215				1,049,287
Public Equity		334,111					334,111
Private Capital		1,063,445		$ 6,026			1,069,471
Inflation Hedges		151,542					151,542
Other	24,302	205,137		7,224			236,663
Total noncurrent investments	691,601	2,072,008	64,215	13,250			2,841,074
Total cash and investments	$ 1,426,515	$ 2,155,473	$ 81,745	$ 13,250	$ 24,015	$ 68,926	$ 3,769,924

The following table summarizes cash and investments, including RUMINCO, Ltd., a wholly-owned captive insurance company as of June 30, 2020:

	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	$ 653,856	$ 5,233	$ 465			$ 389	$ 659,943
Short-term investments	125,255	17,177	906				143,338
Total current assets	779,111	22,410	1,371			389	801,285
Restricted cash and cash equivalents					$ 14,829		14,829
Long-term investments							
Fixed income	407,589	278,890	67,624			15,459	769,562
Public equity		308,246				35,453	343,699
Private capital		629,112		$ 8,560			637,672
Inflation hedges		130,020					130,021
Other	12,926	116,679		10			129,614
Total noncurrent investments	420,515	1,462,947	67,624	8,570		50,912	2,010,568
Total cash and investments	$ 1,199,626	$ 1,485,357	$ 68,995	$ 8,570	$ 14,829	$ 51,301	$ 2,826,682

As a result of implementing GASB 84, total cash and investments was restated with a decrease of $395.

Fair Value Measurements

GASB 72 establishes the framework for measuring investments at fair value and associated hierarchy that categorizes the valuation inputs. In accordance with GASB 72, the University has categorized its investments based on the priority of the inputs into a three-level fair value hierarchy.

Fair Value Hierarchy—The three levels of the fair value hierarchy are described below:

- **Level 1**: Inputs for quoted prices (unadjusted) for identical investments in active markets that the University can access at June 30.
- **Level 2**: Inputs, other than quoted prices included within Level 1, that are observable for an investment.
- **Level 3**: Inputs that are unobservable for an investment.

The hierarchy gives the highest priority to Level 1 inputs and lowest priority to Level 3 inputs. If a price for an identical investment is not observable, the University measures fair value using a valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Per GASB 72, in instances where the University does not have a readily determinable fair value, the University is permitted to establish fair value by using the net asset value (NAV) per share (or its equivalent) if it is calculated in a manner that is consistent with FASB measurement principles for investment companies.

The following table summarizes investments according to the fair value hierarchy and NAV as of June 30, 2021:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Fixed income				
US Agency		$ 414,070		$ 414,070
US Treasury		198,406		198,406
Risk Mitigating Fixed Income	$ 67,136			67,136
Mortgage-backed securities		50,502		50,502
Corporate Bonds		40,108		40,108
Return Generated Fixed Income	14,697	24,740		39,437
Commercial Papers		24,982		24,982
Listed equity				
Global developed equity	163,186			163,186
Diversifiers	21,991	15,726		37,717
Private capital	56,092		$ 6,026	62,118
Other	66,285	24,305		90,590
Total	389,387	792,839	6,026	1,188,252
Investments measured at net asset value (NAV)				1,893,745
Total investments				$ 3,081,997

The following table summarizes investments according to the fair value hierarchy and NAV as of June 30, 2020:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Fixed income				
US agency		$ 309,933		$ 309,933
US Treasury		45,284		45,284
Corporate Bonds		39,896		39,896
Mortgage-backed securities		66,161		66,161
Return generating fixed income	$ 15,404	25,531		40,935
Risk mitigating fixed income	82,585			82,585
Listed equity				
Global developed equity	72,059			72,059
Diversifiers	29,402	17,188		46,590
Private capital			$ 8,560	8,560
Other	13,991	12,936		26,927
Total	213,441	516,929	8,560	738,930
Investments measured at net asset value (NAV)				1,414,976
Total investments				$ 2,153,906

As a result of implementing GASB 84, total investments was restated with a decrease of $395.

GASB 72 also requires additional disclosure information related to investments valued using NAV.

The following table summarizes NAV investments as of June 30, 2021:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Capital	$ 1,007,355	$ 200,064	None, monthly, or annually	None; 1 or 90 days
Fixed Income	392,163	115,115	None, daily, or annually	None; 2 or 60 days
Global Equity	196,613	2,445	None, daily, monthly, quarterly, or semi-annually	None; 1, 2, 30, 45, 60, or 90 days
Hedge Fund	163,606		None, monthly, quarterly, semi-annually, or annually	None; 20, 30, 45, 60, 65, 75, or 90 days
Real Estate	45,924	19,226	None	None
Natural Resources	58,133	12,707	None	None
Other	29,951	12,778	None, weekly	None; 5 days
Total	$ 1,893,745	$ 362,335		

The following table summarizes NAV investments as of June 30, 2020:

	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private capital	$ 629,112	$ 230,504	None or monthly	None; 1 day
Fixed income	310,930	91,493	None or annually	None; 60 days
Global equity	199,029		Monthly, quarterly, or semi-annually	1, 2, 30, 45, or 60 days
Hedge fund	115,904		None, monthly, quarterly, semi-annually, or annually	None; 20, 30, 45, 60, 65, 75, or 90 days
Real estate	47,152	20,573	None	None
Natural resources	51,499	17,137	None	None
Other	61,350	17,070	None, daily, weekly, or quarterly	None; 2 days, 5 days, or 45 days
Total	$ 1,414,976	$ 376,777		

Private Capital—This category includes investments in private capital funds, generally through limited partnerships that invest in private companies and venture capital. These investments cannot be redeemed at the University's discretion. It is estimated that the underlying assets of the fund would be liquidated over time.

Fixed Income—This category includes investments in private funds that invest in debt securities. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are liquidated.

Global Equity—This category includes investments in funds that invest in listed equity securities of companies. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are sold. The managers of the funds have the flexibility to change their exposure based on their view of particular securities, and the overall market.

Hedge Funds—This category includes investments in hedge funds that invest in equity and debt. Debt securities include corporate debt, mortgage debt, and derivative securities. The managers of the funds have the flexibility to change their exposure based on their view of particular securities, and the overall market. Some of these investments have lock-up and / or gate provisions that restrict the University's ability to redeem these investments.

Real Estate—This category includes investments in real asset funds that invest in real estate.

Natural Resources—This category includes investments in funds that invest in energy firms and forestry product firms. Distributions from each fund are received when the underlying investments in the funds generate distributable cash flows or when the underlying investments are liquidated. It is estimated that the underlying assets of the fund would be liquidated over time.

Other Investments—This category includes investments in other pooled fund interests.

Authorizations

The Board establishes the investment policies and objectives for all University funds. RUMINCO, Ltd., a wholly-owned captive insurance company, has a separate 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) or other illiquid fixed income securities. As of June 30, 2021 and 2020, the market value of the TIP assets invested in the CEF was $202,223 and $143,330, 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.

As of June 30, 2021 and 2020, the Standard & Poor's credit rating for instruments held in TIP 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, 2021 and 2020, $64,925 and $62,461, respectively, was made available for departmental spending.

Minnesota State Chapter 309, Section 745, governs the expenditure or accumulation of endowment funds. An institution may appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent.

The University makes distributions from the CEF for activities targeted by the individual endowments. When the CEF investment return is less than the payout rate, accumulated capital gains are used to supplement the distribution payout to meet the spending policy. If investment income exceeds the amount needed for distribution, the excess remains as a capital gain in the respective endowment.

The CEF is a diversified portfolio that utilizes external investment managers. The CEF assets are held in separately managed accounts, commingled pools, and limited partnerships (LP). Each of these fund structures has different risk and return characteristics and different liquidity characteristics. LP investments are privately negotiated transactions with very restricted liquidity. LPs are required to conduct an external audit annually in accordance with the FASB or the International Accounting Standards Board.

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, 2021 and 2020, the fair value of the GIP assets invested in the CEF was $22,308 and $15,064, respectively. These assets are reported in the total cash and investments of the CEF.

Separately Invested Funds (SIF) and Other—The SIF primarily represents investments in private equity companies that were acquired through University-developed technology, as well as investments in start-up companies through the University's Discovery Capital Investment Program.

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 (see Notes 1 and 9) whose principal activities are the insurance of certain risks to the University. 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—Components of the net investment income, net 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 increases or decreases in fair market values of investments from prior years.

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, 2021:

Fixed income securities	Value	Maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	$ 236,872		100 %			
Commercial paper	24,982	2.4	100			
Mortgage-backed securities	50,502	15.8	100			
US Agency	414,070	3.4	100			
US Treasury	198,406	3.9	100			
Corporate Bonds	40,108	1.9	100			
Mutual Funds	188,330	5.1	78	16 %	6 %	
Total marketable fixed-income securities	1,153,270	3.5				
Private fixed-income securities	329,299					
Total fixed-income securities	$ 1,482,569					

The following table summarizes the TIP, CEF, GIP, and RUMINCO credit and interest rate exposures as of June 30, 2020:

Fixed income securities	Value	Maturity (years)	AA or better	BBB to A	BB or lower	Not rated
Cash & equivalents	$ 240,293		100 %			
Mortgage-backed securities	66,161	15.9	100			
US agency	309,934	1.5	100			
US Treasury	45,284	0.9	100			
Corporate Bonds	39,896	2.5	100			
Mutual funds	209,651	5.2	70	23 %	7 %	
Total marketable fixed income securities	911,219	3.0				
Private fixed income securities	232,617					
Total fixed income securities	$ 1,143,836					

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, 2021, and 2020, 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 when expressed in US dollar equivalents.

The following table summarizes the University's exposure to foreign currency risk, stated in U.S. dollar equivalents, as of June 30, 2021 and 2020:

Investment Type	Foreign Currency	Market Value 2021	Market Value 2020
Equity/Debt/RE	Euro	$ 57,645	$ 36,017
Equity	British Pound Sterling	25,436	15,596
Total		$ 83,081	$ 51,613

Financial Institution Credit Risk

Deposits—Depository credit risk is the risk that in the event of a bank failure, the University's deposits may not be recovered. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits that are held in the same ownership category, and the FDIC insured amount is $250. As of June 30, 2021, the University's bank balances of $215,081 were uninsured and uncollateralized and as of June 30, 2020 the University's bank balances of $124,005 were uninsured and uncollateralized.

Investment Securities—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. As of June 30, 2021 and 2020, the market value of cash and cash equivalents and investments held in the custodial accounts was $1,007,375 and $714,494 in TIP; $133,363 and $77,332 in CEF; and $27,185 and $26,519 in GIP, respectively.

3. Other Asset and Liability Information

Receivables, net, and student loans receivable as of June 30, 2021, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 2,579		$ 2,579
Sponsored grants and contracts	136,568		136,568
Notes receivable	924	$ 9,079	10,003
Student receivables	27,826		27,826
Trade receivables	209,428		209,428
Accrued interest	777		777
Other	43,612		43,612
Allowance for uncollectible accounts	(7,463)		(7,463)
Total receivables, net	$ 414,251	$ 9,079	$ 423,330
Student loans receivable	12,686	48,648	61,334
Allowance for uncollectible accounts	(4,146)		(4,146)
Student loans receivable, net	$ 8,540	$ 48,648	$ 57,188

Accrued liabilities as of June 30, 2021, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 5,155	$ 10,142	$ 15,297
Compensation and benefits	245,618	$ 272,359	517,977
Self-insurance reserves	39,708	13,529	53,237
Accrued interest	16,026		16,026
Refundable advances	4,970	41,552	46,522
Other	45,661	6,017	51,678
Total accrued liabilities	$ 357,138	$ 343,599	$ 700,737

Activity for certain liabilities consisted of the following as of June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances	$ 505,175	$ 258,048	$ (245,246)	$ 517,977	$ 245,618
Self-insurance reserves (see Note 9)	55,834	330,674	(333,271)	53,237	39,708
Refundable advances	49,332		(2,810)	46,522	4,970
Other	73,357	51,678	(73,357)	51,678	45,661

Receivables, net, and student loans receivable as of June 30, 2020, consisted of the following:

	Current	Noncurrent	Total
State and federal appropriations	$ 7,040		$ 7,040
Sponsored grants and contracts	93,822		93,822
Notes receivable	1,481	$ 9,920	11,401
Student receivables	27,825		27,825
Trade receivables	197,058		197,058
Accrued interest	914		914
Other	20,229		20,229
Allowance for uncollectible accounts	(10,900)		(10,900)
Total receivables, net	$ 337,469	$ 9,920	$ 347,389
Student loans receivable	12,792	53,474	66,266
Allowance for uncollectible accounts	(3,555)	(535)	(4,090)
Student loans receivable, net	$ 9,237	$ 52,939	$ 62,176

As a result of implementing GASB 84, receivables was restated with an increase of $5,718.

Accrued liabilities as of June 30, 2020, consisted of the following:

	Current	Noncurrent	Total
Trade liabilities	$ 16,991		$ 16,991
Compensation and benefits	254,876	$ 250,299	505,175
Self-insurance reserves	49,030	6,804	55,834
Accrued interest	16,150		16,150
Refundable advances		49,332	49,332
Other	60,087	13,270	73,357
Total accrued liabilities	$ 397,134	$ 319,705	$ 716,839

As a result of implementing GASB 84, accrued liabilities was restated with a decrease of $258.

Activity for certain liabilities consisted of the following as of June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated balances	$ 479,127	$ 245,342	$ (219,294)	$ 505,175	$ 254,876
Self-insurance reserves (see Note 9)	59,557	310,409	(314,132)	55,834	49,030
Refundable advances	56,190		(6,858)	49,332	
Other	44,521	73,357	(44,521)	73,357	60,087

4. Capital Assets

Capital assets, net as of June 30, 2021, consisted of the following:

	Beginning Balance	Additions	Transfers	Retirements & Reductions	Ending Balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 4,731,811	$ 22,776	$ 60,851	$ (27,775)	$ 4,787,663
Leasehold improvements	20,197		2,298	(770)	21,725
Equipment	856,548	48,440	(1,078)	(48,888)	855,022
Infrastructure	471,328		2,638	(3,559)	470,407
Library and reference books	174,941	3,454			178,395
Capitalized software (intangible asset)	198,962	2,043			201,005
All other intangible assets	6,903				6,903
Total depreciable / amortizable capital assets	6,460,690	76,713	64,709	(80,992)	6,521,120
Non-depreciable / amortizable capital assets					
Land	229,801	7,742			237,543
Direct financing lease - building	152,281			(3,105)	149,176
Museums and collections	97,713	3,008			100,721
Construction in progress	37,878	90,539	(64,709)		63,708
Permanent right-of-way easements (intangible asset)	5				5
Total non-depreciable / amortizable capital assets	517,678	101,289	(64,709)	(3,105)	551,153
Accumulated depreciation / amortization					
Buildings and improvements	(2,406,129)	(138,681)	(32)	25,405	(2,519,437)
Leasehold improvements	(14,403)	(938)		770	(14,571)
Equipment	(654,346)	(54,878)		46,155	(663,069)
Infrastructure	(336,911)	(12,207)	32	2,552	(346,534)
Library and reference books	(141,338)	(2,789)			(144,127)
Capitalized software (intangible asset)	(170,582)	(6,354)			(176,936)
All other intangible assets	(6,903)				(6,903)
Total accumulated depreciation / amortization	(3,730,612)	(215,847)		74,882	(3,871,577)
Capital assets, net	$ 3,247,756	$ (37,845)		$ (9,215)	$ 3,200,696
Summary					
Depreciable / amortizable capital assets	$ 6,460,690	$ 76,713	$ 64,709	$ (80,992)	$ 6,521,120
Non-depreciable / amortizable capital assets	517,678	101,289	(64,709)	(3,105)	551,153
Total capital assets	6,978,368	178,002		(84,097)	7,072,273
Less accumulated depreciation / amortization	(3,730,612)	(215,847)		74,882	(3,871,577)
Capital assets, net	$ 3,247,756	$ (37,845)		$ (9,215)	$ 3,200,696

Capital assets, net as of June 30, 2020, consisted of the following:

	Beginning Balance	Additions	Transfers	Retirements & Reductions	Ending Balance
Depreciable / amortizable capital assets					
Buildings and improvements	$ 4,515,614	$ 17,593	$ 210,430	$ (11,826)	$ 4,731,811
Leasehold improvements	16,781		3,766	(350)	20,197
Equipment	805,476	67,033	(367)	(15,594)	856,548
Infrastructure	464,994		6,402	(68)	471,328
Library and reference books	171,102	3,839			174,941
Capitalized software (intangible asset)	184,576	14,386			198,962
All other intangible assets	6,903				6,903
Total depreciable / amortizable capital assets	6,165,446	102,851	220,231	(27,838)	6,460,690
Non-depreciable / amortizable capital assets					
Land	187,316	42,691		(206)	229,801
Direct financing lease - building	155,272			(2,991)	152,281
Museums and collections	91,534	6,170	9		97,713
Construction in progress	174,429	83,689	(220,240)		37,878
Permanent right-of-way easements (intangible asset)	5				5
Total non-depreciable / amortizable capital assets	608,556	132,550	(220,231)	(3,197)	517,678
Accumulated depreciation / amortization					
Buildings and improvements	(2,284,188)	(132,575)	15	10,619	(2,406,129)
Leasehold improvements	(13,934)	(819)		350	(14,403)
Equipment	(612,687)	(55,472)		13,813	(654,346)
Infrastructure	(322,040)	(14,924)	(15)	68	(336,911)
Library and reference books	(137,634)	(3,704)			(141,338)
Capitalized software (intangible asset)	(162,230)	(8,352)			(170,582)
All other intangible assets	(6,795)	(108)			(6,903)
Total accumulated depreciation / amortization	(3,539,508)	(215,954)		24,850	(3,730,612)
Capital assets, net	$ 3,234,494	$ 19,447		$ (6,185)	$ 3,247,756
Summary					
Depreciable / amortizable capital assets	$ 6,165,446	$ 102,851	$ 220,231	$ (27,838)	$ 6,460,690
Non-depreciable / amortizable capital assets	608,556	132,550	(220,231)	(3,197)	517,678
Total capital assets	6,774,002	235,401		(31,035)	6,978,368
Less accumulated depreciation / amortization	(3,539,508)	(215,954)		24,850	(3,730,612)
Capital assets, net	$ 3,234,494	$ 19,447		$ (6,185)	$ 3,247,756

5. Long-Term Debt

Long-term debt as of June 30, 2021, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2021 beginning balance	Additions	Reductions	FY 2021 ending balance	Current portion
General obligation bonds									
Series 2020A (tax-exempt)	$ 31,310	2021	5.00%	2046		$ 31,310		$ 31,310	$ 650
Series 2020B (taxable)	84,690	2021	0.400%-2.875%	2046		84,690		84,690	2,860
Series 2019A (tax-exempt)	104,215	2019	5.00%	2044	$ 101,360		$ 2,275	99,085	2,395
Series 2019B (tax exempt)	51,240	2019	5.00%	2030	49,715		1,460	48,255	1,535
Series 2019C (taxable)	20,000	2019	2.466%-3.621%	2044	19,530		555	18,975	570
Series 2017A (tax-exempt)	117,095	2018	2.00%-5.00%	2043	111,820		2,810	109,010	2,910
Series 2017B (tax-exempt)	292,955	2018	2.00%-5.00%	2037	200,955		22,320	178,635	23,905
Series 2017C (taxable)	13,240	2018	1.375%-2.915%	2029	10,060		1,020	9,040	1,040
Series 2016A (tax-exempt)	122,475	2016	3.00%-5.00%	2041	111,105		3,205	107,900	3,360
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	7,975		560	7,415	570
Series 2014B (tax-exempt)	145,760	2015	2.00%-5.00%	2044	134,060		3,160	130,900	3,320
Series 2013D (taxable)	12,760	2014	0.60%-4.848%	2039	10,730		380	10,350	395
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	10,985		460	10,525	475
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	59,590		2,285	57,305	2,375
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	15,120		625	14,495	645
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	29,945		1,480	28,465	1,520
Commercial paper notes									
Series A (tax-exempt)	159,100	2006	0.12%	2022	38,000		18,000	20,000	20,000
Series B (tax-exempt)	61,000	2007	0.12%-0.13%	2022	21,700		3,100	18,600	18,600
Series C (tax-exempt)	70,000	2008	0.12%-0.13%	2022	26,000		3,500	22,500	22,500
Series D (tax-exempt)	25,000	2010	0.12%	2022	12,028		51	11,977	11,977
Series E (taxable)	51,620	2015	0.09%-0.11%	2022	42,820		2,200	40,620	40,620
Series F (tax-exempt)	50,100	2017	0.08%	2022	44,100		2,000	42,100	42,100
Series G (tax-exempt)	33,372	2018	0.09%	2022	25,447		3,174	22,273	22,273
Series I (taxable)	64,000	2019	0.00%	2022	53,000		53,000		
Infrastructure development bonds	109,234	1995-2006	3.55%-5.29%	2025	4,047		1,722	2,325	1,105
Note Payable	4,500	2020	1.90%	2025	4,500			4,500	
Special purpose revenue bonds									
Series 2015A (tax-exempt)	90,075	2016	2.00%-5.00%	2032	70,505		5,515	64,990	5,800
Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039	30,535		1,025	29,510	1,080
Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	42,605		1,640	40,965	1,715
Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	86,630		3,715	82,915	3,885
Unamortized premiums and discounts	190,311	2009-2021		2046	148,585	9,129	8,793	148,921	8,919
Capital leases and other		1999-2021	2.03%-4.21%	2028	38,888	1,430	7,470	32,848	6,654
Total	$ 2,261,847				$ 1,562,340	$ 126,559	$ 157,500	$ 1,531,399	$ 255,752

Long-term debt as of June 30, 2020, consisted of the following:

	Original issued amount (par)	Fiscal year issued	Coupon rates	Due at various dates through fiscal year	FY 2020 beginning balance	Additions	Reductions	FY 2020 ending balance	Current portion
General obligation bonds									
Series 2019A (tax-exempt)	$ 104,215	2019	5.00%	2044	$ 104,215		$ 2,855	$ 101,360	$ 2,275
Series 2019B (tax exempt)	51,240	2019	5.00%	2030	51,240		1,525	49,715	1,460
Series 2019C (taxable)	20,000	2019	2.466%-3.621%	2044	20,000		470	19,530	555
Series 2017A (tax-exempt)	117,095	2018	2.00%-5.00%	2043	114,510		2,690	111,820	2,810
Series 2017B (tax-exempt)	292,955	2018	2.00%-5.00%	2037	222,470		21,515	200,955	22,320
Series 2017C (taxable)	13,240	2018	1.375%-2.915%	2029	11,060		1,000	10,060	1,020
Series 2016A (tax-exempt)	122,475	2016	3.00%-5.00%	2041	114,150		3,045	111,105	3,205
Series 2015B (taxable)	10,110	2016	0.799%-4.039%	2032	8,520		545	7,975	560
Series 2014B (tax-exempt)	145,760	2015	2.00%-5.00%	2044	137,100		3,040	134,060	3,160
Series 2013D (taxable)	12,760	2014	0.60%-4.848%	2039	11,100		370	10,730	380
Series 2013B (taxable)	13,780	2013	2.60%-3.75%	2038	11,430		445	10,985	460
Series 2013A (tax-exempt)	73,570	2013	2.00%-5.00%	2038	61,785		2,195	59,590	2,285
Series 2011C (taxable)	19,335	2012	0.90%-4.56%	2037	15,725		605	15,120	625
Series 2010B (taxable)	41,720	2011	0.74%-5.02%	2036	31,390		1,445	29,945	1,480
Commercial paper notes									
Series A (tax-exempt)	159,100	2006	0.20%-0.22%	2021	54,000		16,000	38,000	38,000
Series B (tax-exempt)	61,000	2007	0.20%-0.22%	2021	24,800		3,100	21,700	21,700
Series C (tax-exempt)	70,000	2008	0.16%-0.18%	2021	29,500		3,500	26,000	26,000
Series D (tax-exempt)	25,000	2010	0.18%	2021	12,128		100	12,028	12,028
Series E (taxable)	51,620	2015	0.17%-0.24%	2021	45,020		2,200	42,820	42,820
Series F (tax-exempt)	50,100	2017	0.18%-0.20%	2021	46,100		2,000	44,100	44,100
Series G (tax-exempt)	33,372	2018	0.18%-0.20%	2021	33,372		7,925	25,447	25,447
Series I (taxable)	64,000	2019	0.20%-0.28%	2021	5,000	$ 48,000		53,000	53,000
Infrastructure development bonds	109,234	1995-2006	3.55%-5.29%	2025	6,142		2,095	4,047	1,722
Note Payable	4,500	2020	1.90%	2025		4,500		4,500	
Special purpose revenue bonds									
Series 2015A (tax-exempt)	90,075	2016	2.00%-5.00%	2032	75,750		5,245	70,505	5,515
Series 2013C (tax-exempt)	35,395	2014	2.00%-5.00%	2039	31,510		975	30,535	1,025
Series 2011B (tax-exempt)	52,485	2012	3.00%-5.00%	2037	44,170		1,565	42,605	1,640
Series 2010A (tax-exempt)	111,400	2011	3.00%-5.00%	2036	90,180		3,550	86,630	3,715
Unamortized premiums and discounts	181,181	2009-2020		2045	157,138		8,553	148,585	8,553
Capital leases and other		1999-2020	2.78%-4.21%	2028	43,977	2,091	7,180	38,888	6,668
Total	$ 2,136,717				$ 1,613,482	$ 54,591	$ 105,733	$ 1,562,340	$ 334,529

General Obligation Bonds

On November 3, 2020, the University issued General Obligation (GO) Bonds, Series 2020A, and GO Taxable Bonds, Series 2020B.

The Series 2020A was issued in the par amount of $31,310 at coupon rates of 5.0 percent with a premium of $9,129. Proceeds are being used to finance portions of various capital projects including purchases of land and buildings, construction of and remodeling projects to various University facilities, acquisition and installation of equipment, and certain costs of issuance. Capital projects being partially financed by the Series 2020A include the renovation of Pillsbury Hall, renovation and additional space at the Center for Magnetic Resonance Research Building, renovation and addition to the Child Development Center, and a new spare turbine for the Main Energy Plant all on the Twin Cities campus; renovations of Owen Hall and Dowell Hall on the Crookston campus; and conversion of Blakely Hall on the Morris campus into classrooms and collaboration space.

The Series 2020B was issued in the par amount of $84,690 at coupon rates of 0.400 – 2.875 percent. Proceeds were primarily used to finance a portion of the costs of land and buildings near the Minneapolis campus to be used for University operations, including the refunding of all of the University's Commercial Paper (CP) Notes Series I currently outstanding in the principal amount of $53,000, and certain costs of issuance.

The University has one remaining series of Build America Bonds (BABs) – Direct Payment to Issuer outstanding, Series 2010B, whereby the University 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 effective with the subsidy payment received beginning June 1, 2013, the subsidies received have been reduced by 5.7 percent and 5.9 percent in the federal fiscal years ending September 30, 2021 and 2020, respectively. Interest payments for the Series 2010B are due August 1 and February 1.

All GO 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 Refunding Bonds, Series 2015A to defease the Special Purpose Revenue Bonds (SPRB), Series 2006 that were originally issued to fund a portion of the Huntington Bank Stadium (formerly TCF Bank Stadium). The amended 2015 Minnesota Session Laws authorized the refunding of the Series 2006 bonds and also provided that upon refunding, annual payments from the State will be the maximum annual appropriation of $10,250 to reimburse the University for the annual debt service on these bonds and on the Series 2015B GO Taxable Bonds, and for other University purposes.

The University has three series of SPRBs, Series 2010A, 2011B and 2013C, for the State Supported Biomedical Science Research Facilities Funding Program. The proceeds were used to fund a portion of the costs of construction of one or more biomedical science research facilities. State legislation provides for an annual appropriation to reimburse the University for the annual debt service on these bonds.

Commercial Paper Notes

The University issues tax-exempt and taxable CP Notes through a revolving CP facility for short or long-term financing of capital projects, including the purchase of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment. The aggregate principal amount outstanding under the facility shall not exceed $400,000, including any previously issued Notes still outstanding and additional CP Notes to be issued.

Tax-exempt CP Notes Series G were issued as bridge funding to pay for a portion of the cost of the Athletes Village Project. The initial issuance of $32,000 occurred on June 21, 2018 with additional Notes totaling $1,372 issued during fiscal year 2019. Pledged gifts received since that time have reduced the principal to its current outstanding balance at fiscal year end.

During fiscal year 2021, proceeds from the GO Taxable Bonds Series 2020B were used to pay off the outstanding balance of $53,000 of CP Notes Series I. The taxable CP Notes Series I totaling $48,000 were issued during fiscal year 2020, with the proceeds used to finance certain property acquisitions. The initial issuance of $16,000 of Series I Notes occurred during fiscal year 2019 to pay for a portion of the Pioneer Hall project and for property acquisitions.

All of the University's outstanding CP is secured by the full faith and credit of the University and backed by the University's self-liquidity. Commercial paper is short-term in nature and classified as current liabilities in the consolidated financial statements.

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 $6,975 and $12,141 as of June 30, 2021 and 2020, respectively, of which the University owes $2,325 and $4,047, respectively.

Note Payable

On December 20, 2019, the University executed a long-term promissory note payable to Otto Bremer Trust in the amount of $4,500. The proceeds were used to fund a portion of the property acquisition at 2025 East River Parkway, Minneapolis, the future home of the Masonic Institute for the Developing Brain. Interest only is due at the rate of 1.90 percent annually for four years with the final interest payment and principal due in January 2025.

Capital Leases and Other Debt

The University has five distinct capital leases. Four of the capital leases have payments being paid directly to the lessor and represent leases for building space. One of the five agreements is financed through third-party financing for the purchase of fleet vehicles. As of June 30, 2021, the associated capital assets were $76,352 for buildings and $13,265 for vehicles with related accumulated depreciation of $48,724 and $8,045, respectively. The capital leases bear interest at rates between 2.03 percent and 4.21 percent, with none of the leases extending beyond fiscal year 2028. The third-party financing agreement bears interest tied to the 30 Day LIBOR Index, which ranged from 2.03 - 2.15 percent during the fiscal year ended June 30, 2021. The LIBOR Index is an average yield of interbank offered rates for one-year US dollar denominated deposits.

Future Debt Service Requirements

Interest payments on CP will vary depending on current market conditions from week to week. Using rates as of June 30, 2021, debt service requirements of the University's outstanding long-term debt obligations 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	Total obligations
Fiscal year ending June 30						
2022	$ 71,028	$ 178,070	$ 6,654	$ 255,752	$ 49,457	$ 305,209
2023	62,187		6,825	69,012	49,882	118,894
2024	64,355		6,871	71,226	47,221	118,447
2025	70,954		5,003	75,957	44,432	120,389
2026	68,984		3,705	72,689	41,492	114,181
2027-2031	360,100		3,790	363,890	163,254	527,144
2032-2036	311,568			311,568	96,105	407,673
2037-2041	209,904			209,904	42,653	252,557
2042-2046	101,401			101,401	7,909	109,310
2047-2051						
	$ 1,320,481	$ 178,070	$ 32,848	$ 1,531,399	$ 542,405	$ 2,073,804

Defeased Bonds

The University has 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 or to immediately pay off existing debt. The defeased bonds as of June 30, 2021 are as follows:

Associated bond issue	Refunding date	Amount defeased	Refunded amount	Amount outstanding on June 30, 2021	Bond call date
General obligation bonds					
Series 2010D	5/21/2019	$ 22,305	$ 22,305		2/1/2020
Series 2011A	9/28/2017	204,020	204,020		12/1/2020
Series 2011D	9/28/2017	47,400	47,400	$ 41,290	12/1/2021
Series 1996A	10/2/2005	159,000	159,000	20,000	7/1/2021

The Series 2010D bonds were issued in February 2010 to finance various capital projects. They were defeased on May 21, 2019 with a recognized gain of $519. The bonds were redeemed on February 1, 2020.
The Series 2011A and 2011D were defeased on September 28, 2017 with a net recognized gain of $3,794. A portion of the Series 2011A bonds issued in February 2011 was used to refund the Series 1999A, 2001C and 2003A. The Series 2011D was issued in December 2011 to finance various capital projects. The Series 2011A was redeemed on December 1, 2020 and is no longer outstanding.

The Series 1996A bonds were issued in January 1997 to provide funds for capital projects and to refund the GO Variable Rate Demand Bonds Series 1985F, 1985G, 1985H, and 1985I and the Commercial Paper Series 1991A and Series 1991B. As required under the terms of a put option exercised July 5, 2005, the proceeds from the issuance of CP Notes, Series A in October 2005 were used to defease the remaining outstanding Series 1996A bonds. There was no gain or loss incurred with the defeasance of the Series 1996A bonds.

Neither the outstanding indebtedness nor the related trust account assets for the defeased bonds are included in the University's consolidated financial statements.

Arbitrage

University GO debt and SPRB issuances 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 as of June 30, 2021 or 2020.

6. Pension Plans

The University and its employees contribute to pension plans characterized as either a defined benefit (specifies the amount of pension benefits to be provided at a future date) or defined contribution (specifies how contributions are to be determined, rather than an amount) plan.

Defined Benefit Plans

Cost-sharing, multiple-employer plans

State of Minnesota Retirement Plans

Basis of Accounting and Valuation of Investments

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Minnesota State Retirement System (MSRS) and the Public Employee Police and Fire Fund (PEPFF) and additions to/deductions from MSRS' and PEPFF's fiduciary net position have been determined on the same basis as they are reported by MSRS and PEPFF, respectively. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Public Employee Police and Fire Fund (PEPFF)

The PEPFF is administered by the Public Employees Retirement Association (PERA). PEPFF, in total, provides coverage to approximately 430 local governmental subdivisions within the State. The University's participation in PEPFF covers 66 active law enforcement staff. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by State statute and can only be modified by State legislature. Each participant earns service credit for each month retirement deductions are withheld from the employee's salary. Retirement benefits are based on years and months of service. Normal retirement age is 55. The annuity formula for each member is 3.0 percent of average salary for each year of service in that plan. Benefits for members first hired after June 30, 2010, but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. For members hired prior to July 1, 1989, a full annuity is available when the member's age plus years of service equal at least 90. Annual benefits increase by 1.0 percent each year to annuitants who have been receiving a benefit for at least 12 months (pro rata increase for annuitants receiving benefits for at least one month but less than 12 months). Increases for retirements

after May 31, 2014 will be delayed two years. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service. Prior to 1981, these employees were not covered by a local relief association. The fund covers all those hired since 1980. A publicly available financial report, which includes financial statements and required supplementary information for this plan, can be obtained at http://www.mnpera.org/ or by writing the Public Employees Retirement Association (PERA), 60 Empire Drive, Suite 200, St. Paul, MN 55103.

State Employees Retirement Fund (SERF)

The SERF is administered by the Minnesota State Retirement System (MSRS). SERF, in total, provides coverage to 25 employers within the State. The University's participation in SERF covers approximately 8,200 active Civil Service and non-faculty bargaining unit employees. Participation is mandatory and begins from the first day of employment. The plan provides retirement, survivor, and disability benefits. Benefit provisions are established by State statute and can only be modified by State legislature. Benefits are based on a member's age, years of allowable service, and the highest average salary for any 60 successive months of allowable service at termination of service. Benefit increases are provided to benefit recipients each January and are related to the funded ratio of the plan. Annuitants receive benefit increases of 1.0 percent each year for five years beginning January 1, 2019, and 1.5 percent each year beginning January 1, 2024 and after.

The annuity formula is the greater of a step rate with a flat rate reduction for each month of early retirement or a level rate (the higher step rate) with an actuarial reduction for early retirement. The applicable rates if the employee was first hired before July 1, 1989, are 1.2 percent for the first 10 years of allowable service and 1.7 percent for each subsequent year. The applicable rate if the employee is first hired after June 30, 1989, is 1.7 percent of average salary for each year of allowable service. Average salary is defined as the highest salary paid in a 60 successive month period. A publicly available financial report, which includes financial statements, required supplementary information, and detailed information about the plan's fiduciary net position, can be obtained at www.msrs.state.mn.us or by writing to the MSRS, 60 Empire Drive, Suite 300, St. Paul, MN 55103.

Information pertaining to both PEPPF and SERF in accordance with GASB 68 and GASB 71 follows.

Funding Policy and Contribution Rates

	PEPFF	SERF
Statutory authority		
Minnesota chapter	353	352
Required contribution rates (%)		
Active plan members	11.80%	6.00%
University	17.70%	6.25%
Required contribution rates ($)		
University	$ 1,305	$ 27,104
Non-employer contributing entity	57	

Net pension liability amounts recorded in accordance with GASB 68 and GASB 71 within the University's financial statements are reflective of the respective plan's published financial statements and actuarial valuations as of June 30, 2020. The University's proportion of the respective plans' net pension liability was based on the University's contributions to the respective plans during the measurement period July 1, 2019 through June 30, 2020, relative to the total contributions from all participating employers, as well as on-behalf State contributions paid directly to PEPFF. As a result, contributions made to the respective plans during fiscal year 2021, are recorded as deferred outflows of resources per GASB 68 and GASB 71. The State has not enacted any law that requires the University to assume the liability, as a participant of the pension plans, in the event the State were unable to continue paying benefits from the retirement plans.

Summary of Pension Amounts

	PEPFF	SERF	Total
Proportionate share of the net pension liability ($)	$ 8,371	$ 185,543	$ 193,914
Proportionate share of the net pension liability (%)			
2021	0.635%	13.970%	
2020	0.652%	14.200%	
Deferred outflows of resources	12,351	39,284	51,635
Deferred inflows of resources	12,839	448,101	460,940
Net pension expense	1,059	31,724	32,783
Non-operating grant revenue	57		57

Deferred Outflows of Resources

	PEPFF	SERF	Total
Differences between expected and actual experience	$ 362	$ 3,330	$ 3,692
Changes in actuarial assumptions	2,668		2,668
Differences between projected and actual investment earnings	340	8,850	9,190
Changes in proportion and contributions allocated	7,676		7,676
Contributions paid to plan subsequent to measurement date	1,305	27,104	28,409
Total	$ 12,351	$ 39,284	$ 51,635

Deferred Inflows of Resources

	PEPFF	SERF	Total
Differences between expected and actual experience	$ 378	$ 1,905	$ 2,283
Changes in actuarial assumptions	4,862	418,871	423,733
Changes in proportion and contributions allocated	7,599	27,325	34,924
Total	$ 12,839	$ 448,101	$ 460,940

Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in Net Pension Liability

Fiscal year	PEPFF	SERF	Total
2022	$ (503)	$ (292,079)	$ (292,582)
2023	(2,145)	(136,063)	(138,208)
2024	450	(4,936)	(4,486)
2025	429	(2,843)	(2,414)
2026	(24)		(24)
Net pension expense	$ (1,793)	$ (435,921)	$ (437,714)
Contributions paid to plan subsequent to measurement date	1,305	27,104	28,409
Net deferred inflows	$ (488)	$ (408,817)	$ (409,305)

The University's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date by the respective plans. The total pension liability was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement.

Actuarial Methods and Assumptions

	PEPFF*		SERF**	
Valuation date	6/30/2020		6/30/2020	
Actuarial cost method	Entry age normal		Entry age normal	
Asset valuation method	5-year smoothed fair market value		Fair value	
Long-term expected rate of return	7.50%		7.50%	
20-year municipal bond rate	2.45%	***	2.45%	***
Inflation	2.50%		2.25%	
Salary increases	Service related rates		Service related rates	
Payroll growth	3.25%		3.00%	
Experience study dates	2016	****	2014 - 2018	

** Mortality rates were based on RP-2014 Mortality Tables projected with mortality improvement scale MP-2019 from a base year of 2006.*

***Mortality rates were based on Pub-2010 Mortality Tables using projection scale MP-2018.*

**** Based on the Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020.*

***** Updated for economic assumptions in 2014.*

As noted in the actuarial methods and assumptions, the long-term expected rate of return (discount rate) was used to measure the total pension liability as of June 30, 2020 of the respective plans. The actual selection of the rate was determined by looking at the asset class target allocations and long-term rate of return expectations from the State Board of Investments (SBI), along with other information, such as the Social Security Trustees Report, the U.S. Department of the Treasury yield curve rates, and historical observations of inflation statistics and investment returns.

The SBI, which manages the investments of the respective plans, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method. Best estimates of expected future real rates of return are developed for each major asset class.

These asset class estimates and target allocations are combined to produce a geometric, expected long-term rate of return as summarized in the following table:

SBI Asset Class

Asset class	Target allocation	Long-term expected real rate of return (geometric mean)
Domestic equity	36%	5.10%
International equity	17%	5.30%
Private markets	25%	5.90%
Fixed income	20%	0.75%
Cash	2%	0.00%

GASB includes a specific requirement for the discount rate that is used for the purpose of the measurement of the SERF's and PEPFF's total pension liability. This rate considers the ability of SERF and PEPFF to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses, and investment returns are projected into the future. SERF's and PEPFF's Fiduciary Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in the future, the long-term expected rate of return is used as the discount rate. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" municipal bond rate is required. The single discount rate is equivalent to applying these two rates (long-term expected rate of return and "risk-free" municipal bond rate) to the benefits that are projected to be paid during the different time periods.

The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in the statute. Based on that assumption, each of the pension plan's fiduciary net position as of June 30, 2020, was projected to be available to make all projected future benefit payments of current and active employees. The long-term expected rate of return on pension plan investments of 7.5 percent was applied to all periods of projected benefit payments through June 30, 2120 for SERF and for all periods for PEPFF to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability, calculated using the discount rate of 7.5 percent for SERF and 7.5 percent for PEPFF, as well as what the impact would be if the net pension liability were calculated using a discount rate that was 1.0 percentage point lower or 1.0 percentage point higher than these percentages.

Discount Rate Sensitivity

Pension plan	1.0% Decrease in discount rate	Current discount rate	1.0% Increase in discount rate
PEPFF			
Discount rate (%)	6.50%	7.50%	8.50%
Net pension liability ($)	$ 16,685	$ 8,371	$ 1,493
SERF			
Discount rate (%)	6.50%	7.50%	8.50%
Net pension liability ($)	$ 440,420	$ 185,543	$ (26,576)

Additional information related to the respective plans is presented in Required Supplementary Information (RSI) following the Notes to the Consolidated Financial Statements.

Single-employer plan

Supplemental Benefits Plan (SBP)

The SBP is a closed plan sponsored by the University pursuant to the Board 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 47 eligible participants. SBP is funded in an amount equal to or greater than the amount required under Minnesota Statute Chapter 356. Each plan provides retirement, disability, and death benefits to plan members and beneficiaries. An internal faculty and staff retirement program report is prepared on a fiscal year basis. Finances related to this plan are immaterial to the overall University's financial statements. Questions regarding the SBP may be directed to Employee Benefits, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

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.

Defined Contribution Plans

The University's defined contribution plans represent benefits to be received. They are limited to the value of the participant's account balance, depending on the plan. Accordingly, there is no unfunded actuarial accrued liability (UAAL), or actuarial accrued liability (AAL), associated with the following plans. A description of the plans and contribution information follows.

Faculty Retirement Plan (FRP)

The FRP is a mandatory retirement savings/investment plan contingent on meeting certain prescribed eligibility requirements. Pursuant to the Board's 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 plan is funded through employee pre-tax contributions and University contributions. Eligible academic employees with hire dates prior to January 2, 2012 contribute 2.5 percent of covered salary and the University contributes 13.0 percent. Eligible employees with a start date (or who were rehired) on or after January 2, 2012 contribute 5.5 percent of covered salary and the University contributes 10.0 percent. The FRP covers approximately 9,900 active faculty and professional and administrative (P&A) staff. This amount includes approximately 6,000 with hire dates on or after January 2, 2012.

University of Minnesota Optional Retirement Plan (ORP)

The 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 4,800 full- and part-time employees contribute to this plan.

University of Minnesota Section 457 Deferred Compensation Plan

The 457 Deferred Compensation Plan is a voluntary retirement savings plan authorized under Section 457 of the Internal Revenue Code. This plan is funded exclusively through employee pre-tax contributions. All faculty and staff members who are paid on a continuous basis are eligible to participate in this plan. Approximately 1,900 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 that is administered by the University. 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 100 percent vested and non-forfeitable at all times. There are no assets accumulated in a trust or trust-like arrangement for this plan. Nine University employees are part of this plan.

Contributions Made for Fiscal Year 2021

	FRP	ORP	457	415(m)
Employee	$ 39,314	$ 55,997	$ 21,410	N/A
University	111,949	380	N/A	$ 804

Due to plan at June 30*

	FRP	ORP	457	415(m)
Employee	$ 1,250	$ 1,389	$ 700	N/A
University	3,530	N/A	N/A	N/A

**Due to plan represents a liability the University has incurred for the employer and employee portion of contributions as of fiscal year end.*

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 $63,708 as of June 30, 2021. The estimated cost to complete these facilities is $200,038, which is to be funded from plant fund assets and $34,495 in appropriations available from the State as of June 30, 2021.

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, 2019, with a contract end date of May 2024. 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, 2021 and 2020, were $25,327 and $24,387, respectively, of which $21,859 and $20,617 were for real property and $3,468 and $3,770 were for equipment, respectively.

The future steam plant and operating lease commitments as of June 30, 2021, for the next five years and in subsequent five-year periods are as follows:

	Steam plant	Operating leases	Total
Fiscal year ending June 30			
2022	279	16,462	$ 16,741
2023	279	13,933	14,212
2024	279	13,574	13,853
2025		12,219	12,219
2026		4,890	4,890
2027-2031		14,034	14,034
2032-2036		6,683	6,683
2037-2041		301	301
2042-2046		301	301
Total commitments	$ 837	$ 82,397	$ 83,234

The University receives financial assistance from federal and State governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the University. Management is not aware of any material disallowed claims at this time.

The University is a defendant in cases involving claims of medical malpractice, personal injuries, breach of contract, and other civil matters. While any litigation has an element of uncertainty and the University cannot, therefore, predict how these cases will be finally resolved, management and its general counsel believe the outcomes of the cases, individually and combined, will not have a material adverse effect on the overall financial position of the University.

9. Self-Insurance Programs

The University is insured for professional, general, non-profit organization, and automobile liability and indemnified for property insurance deductible expenditures 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 based on a rate of return of 0.29 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 coverage for faculty and staff and their dependents is a self-insured program (UPlan). Under UPlan Medical, the University pays claims and establishes reserves, and the administration of the program is handled by two independent administrators: Medica for medical plan administration, and Prime Therapeutics for pharmacy benefit management. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $1,000

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 one independent administrator, Delta Dental. An annual actuarial estimate of the University's liability for dental claims, including IBNR, is recorded within the consolidated statements of net position.

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 Blue Cross and Blue Shield of Minnesota. The University also carries stop-loss coverage, which protects the University against the risk that an individual participant will incur medical expenses greater than $400 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 within the consolidated statements of net position. The Graduate Assistant Plan also offers self-insured Dental Plan benefits at Boynton Health Service without a third-party administrator.

The University's medical coverage for eligible students and their dependents is a self-insured program (Student Health Benefit Plan). Under the Student Health Benefit Plan (SHBP), 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 $400 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 within the consolidated statements of net position. The SHBP also offers self-insured Dental Plan benefits at Boynton Health Service without a third-party administrator.

Medical coverage for eligible Medical Residents and Fellows is a self-insured program. Under the Medical & Resident medical plan, the University pays claims and establishes reserves. The program is administered by Blue Cross and Blue Shield of Minnesota. An annual actuarial estimate of the University's liability for medical claims, including IBNR, is recorded within the consolidated statements of net position. The Medical & Resident group also offers a fully insured Dental Benefit Plan through Delta Dental.

Reported liabilities as of June 30, 2021, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 7,614	$ 1,468	$ (1,287)	$ 257	$ 8,052
Workers' compensation	12,159	3,472	(3,472)	(497)	11,662
UPlan medical	23,750	275,089	(281,313)	4,020	21,546
UPlan dental	427	18,373	(18,008)	178	970
Graduate assistant health plan	5,426	27,762	(27,762)	(694)	4,732
Student health plan	5,821			(237)	5,584
Medical residents & fellows	637			54	691

Other adjustments reflect reserve changes on prior years' claims and changes in estimated IBNR.

Reported liabilities as of June 30, 2020, are shown below:

	Liability beginning of year	New claims	Claim payments	Other adjustments	Liability end of year
RUMINCO, Ltd.	$ 7,246	$ 1,465	$ (1,266)	$ 169	$ 7,614
Workers' compensation	12,050	3,493	(3,493)	109	12,159
UPlan medical	27,537	264,278	(266,968)	(1,097)	23,750
UPlan dental	1,193	15,723	(15,766)	(723)	427
Graduate assistant health plan	4,938	25,307	(25,307)	488	5,426
Student health plan	6,100			(279)	5,821
Medical residents & fellows	493			144	637

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 (GASB 47), *Accounting for Termination Benefits*. University benefits that qualify and meet GASB 47 criteria include retirement incentives. 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 Note 6 and Note 11, respectively.

Retirement Incentives

These incentives provide medical and dental benefits and lump sum payments to eligible employees as defined in the Retirement Incentive Option (RIO) Program. On July 8, 2020, the Board approved the RIO Program 2020, an opportunity for employees to elect voluntary retirement to minimize involuntary workforce reductions. The RIO covered Faculty, Professional and Administrative (P&A), Civil Service, and Labor Represented employees who were actively employed at 75 percent time or greater; held an appointment term of nine months or greater on the last day of employment; met the specific age and years of service requirements; and were eligible to participate in the UPlan. Eligible employees were able to enroll in the program during the time period of August 17, 2020 and October 19, 2020, or no later than the effective date of retirement, whichever occurred first. Under the program, the University deposited two amounts to the State's Health Care Savings Plan (HCSP), with the first payment shortly following the last day of employment, which could be no later than January 15, 2021, and the second payment made in July 2021. These lump sums were determined using the University subsidy amount for medical and dental coverage for 2 years, at family rates. No ongoing healthcare subsidy was provided, though retirees under the RIO could continue to participate in the University retiree medical and dental plans on the same basis as any other retiree. The University recorded $27,170 of expenses for the year ended June 30, 2021. The University had a balance of $13,566 recorded to accrued liabilities as of June 30, 2021. The remaining Liability is undiscounted as final lump sum payments are to be paid in July 2021.

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 governing authority, non-Medicare

retirees and former employees can purchase medical and dental insurance coverage. 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 Total Compensation, 100 Donhowe Building, 319 15th Avenue S.E., Minneapolis, MN 55455.

Contributions and Benefits Provided

The UPlan is currently financed on a pay-as-you-go basis. No assets are accumulated in a trust that meets the criteria prescribed in GASB 75. 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 and eligible participants under the Academic Disability Plan (ADP) can purchase medical and dental insurance coverage at the full premium rate. These rates are based on a blended active and pre-Medicare retiree rate. With the University being self-insured, the University becomes liable for the actual cost of retiree and disability related healthcare costs in excess of premiums collected. As a result, an implicit subsidy is created, which is reflected in the OPEB liability that is recorded.

UPlan Membership Covered by Benefit Terms

UPlan membership	June 30, 2021	June 30, 2020
Active plan members	19,493	19,742
Inactive plan members or beneficiaries currently receiving benefits	465	416
Total	19,958	20,158

OPEB Liability

The University's OPEB liability was measured and determined as of June 30, 2021 and 2020, respectively, in accordance with GASB 75.

The components that contributed to the change in the University's OPEB liability are as follows:

	June 30, 2021	June 30, 2020
OPEB liability—Beginning of year	$ 46,686	$ 40,283
Changes in net OPEB liability:		
Service cost	4,571	3,682
Interest	1,098	1,496
Differences between expected and actual experience	3,024	1,148
Changes of actuarial assumptions or other inputs	1,940	3,683
Benefit payments	(3,208)	(3,606)
Increase in OPEB liability	7,425	6,403
OPEB liability—End of year	$ 54,111	$ 46,686

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 applied to the measurement of the OPEB liability are as follows:

Actuarial Methods and Assumptions

Valuation date	6/30/2021		6/30/2020	
Actuarial cost method	Entry age normal, level percent of pay		Entry age normal, level percent of pay	
Asset valuation method	N/A		N/A	
Discount rate	2.15%	*	2.21%	*
Inflation	N/A		2.75%	
Salary increases	4.00%		4.00% average including inflation	
Mortality	PubT-2010.H for Faculty and PubG-2010.H for all others		PubT-2010.H for Faculty and PubG-2010.H for all others	
Experience applied	2019		2019	

** Based on a AA/Aa or higher rated 20-year tax exempt muncipal bond rate.*

The University's OPEB liability is sensitive to changes in the discount rate and healthcare cost trend rates.

The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower and or 1.0 percentage point higher than the current discount rate:

Discount Rate Sensitivity

	1.0% Decrease (1.15%)	Discount rate (2.15%)	1.0% Increase (3.15%)
OPEB liability ($)	$ 57,783	$ 54,111	$ 50,559

The following presents the OPEB liability of the University, as well as what the University's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0 percentage point lower (5.50 percent decreasing to 3.50 percent) or 1.0 percentage point higher (7.50 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

Healthcare Cost Trend Rate Sensitivity

	1.0% Decrease (5.50% decreasing to 3.50%)	Healthcare cost trend rates (6.50% decreasing to 4.50%)	1.0% Increase (7.50% decreasing to 5.50%)
OPEB liability ($)	$ 47,344	$ 54,111	$ 62,243

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

In accordance with GASB 75, the University recorded $7,589 and $7,417 in OPEB expense for the fiscal years ended June 30, 2021 and 2020, respectively. In addition, the University reported the following deferred outflows of resources and deferred inflows of resources from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources

June 30, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,079	$ 237
Changes in assumptions	6,645	21
Total	$ 10,724	$ 258

June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,023	$ 322
Changes in assumptions	5,767	46
Total	$ 7,790	$ 368

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB as expense as follows:

Net Deferred Outflows (Inflows) of Resources Recognized as Pension Expense or a Reduction in OPEB Liability

Fiscal year	Total
2022	$ 1,718
2023	1,279
2024	1,279
2025	1,280
2026	1,280
After 2026	3,630
Net deferred outflows	$ 10,466

Additional information related to OPEB is presented in Required Supplementary Information (RSI) following the Notes to the Consolidated Financial Statements.

12. Operating Expenses by Natural Classification

Operating expenses by natural classification for the year ended June 30, 2021, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 720,062	$ 79,168			$ 799,230
Research	532,764	249,123			781,887
Public service	178,464	137,526			315,990
Academic support	361,092	48,175			409,267
Student services	107,146	18,968			126,114
Institutional support	200,986	54,150			255,136
Operation and maintenance of plant	123,182	115,977			239,159
Scholarships and fellowships		588	$ 70,624		71,212
Depreciation				$ 215,847	215,847
Auxiliary enterprises	117,638	163,096			280,734
Other operating expense		1,477			1,477
	$ 2,341,334	$ 868,248	$ 70,624	$ 215,847	$ 3,496,053

Operating expenses by natural classification for the year ended June 30, 2020, are summarized as follows:

Function	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 747,988	$ 95,747			$ 843,735
Research	535,358	240,737			776,095
Public service	184,890	91,127			276,017
Academic support	376,945	88,347			465,292
Student services	112,308	27,904			140,212
Institutional support	229,587	64,032			293,619
Operation and maintenance of plant	125,440	189,536			314,976
Scholarships and fellowships	10,170	1,587	$ 56,739		68,496
Depreciation				$ 215,954	215,954
Auxiliary enterprises	128,576	212,210			340,786
Other operating expense			(388)		(388)
	$ 2,451,262	$ 1,011,227	$ 56,351	$ 215,954	$ 3,734,794

As a result of implementing GASB 84, operating expenses was restated with an increase of $51,751.

13. Subsequent Events

On July 23, 2021, the 364-day credit agreement with a major bank providing the University a $150,000 line of credit for general operating purposes and as liquidity support for University indebtedness matured. No funds were drawn under this agreement and the agreement was not extended or renewed.

On September 30, 2021, the University issued SPR Refunding Bonds, Series 2021A in the par amount of $92,385 at coupon rates of 4.0 – 5.0 percent. Proceeds are being used to refund, on a current refunding basis, the outstanding maturities of the Series 2010A and Series 2011B Bonds expected to occur on or around October 30, 2021, and certain costs of issuance.

On September 30, 2021, the University issued SPR Taxable Refunding Bonds, Series 2021B in the par amount of $31,100 at coupon rates of 0.21 – 2.63 percent. Proceeds are being used to defease and advance refund the Series 2013C Bonds, and certain costs of issuance.

On September 30, 2021, the University issued GO Taxable Bonds, Series 2021C in the par amount of $36,875 at coupon rates of 0.13 – 2.59 percent. Proceeds are being used to finance portions of the costs of design, land acquisition, site preparation, and preconstruction services for a clinical research facility on the Twin Cities campus, and reimbursement of certain amounts previously expended in connection with this project, and certain costs of issuance.

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 and net assets with donor restrictions, 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, hedge funds, natural resources, and Treasury inflation protected securities with readily determinable fair values are reported at fair value as set forth in Note 3 of the UMF's annual report (traditional structures). Investments held in alternative structures, except those reported as Level 3 in Note 3 of the UMF's annual report or are investments held at cost, investments held at the equity method or are consolidated, 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.

The UMF invests in LLCs and LLPs in which the UMF has a majority interest and control. As a result, these investments are consolidated within the financial statements.

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 net assets with and without restrictions are pooled, except for certain net assets that the board of trustees or 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 UMF investments as of June 30 are summarized as follows:

	2021		
	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 1,185,731		$ 1,185,731
Fixed income	594,890	$ 850,324	1,445,214
Global equity	1,710	17,488	19,198
Hedge funds	27,393	135,800	163,193
Natural resources	12,471	72,246	84,717
Treasury inflation protected securities (TIPS)			
Real estate		33,074	33,074
Private equity		1,077,996	1,077,996
Other investments		4,063	4,063
Subtotal	1,822,195	2,190,991	4,013,186
Less charitable gift annuities reported separately			(48,024)
Total			$ 3,965,162

	2020		
	Traditional structures	Alternate structures	Total
Cash and cash equivalents	$ 847,498		$ 847,498
Fixed income	523,301	$ 792,117	1,315,418
Global equity	1,344	16,215	17,559
Hedge funds	21,342	2,292	23,634
Natural resources	7,505	59,268	66,773
Treasury inflation protected securities (TIPS)	54,397		54,397
Real estate		42,031	42,031
Private equity		591,593	591,593
Other investments		5,270	5,270
Subtotal	1,455,387	1,508,786	2,964,173
Less charitable gift annuities reported separately			(35,947)
Total			$ 2,928,226

Fixed income investments include high yield bonds, factored receivables, line of credit, bank loans, mortgage, and related securitizations.

Investments held in traditional structures represent those held directly by the 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 the UMF's interests in the funds. As of June 30, 2021 and 2020, the UMF has $1,455,387 and $1,508,786, respectively, of investments in alternative structures which are reported at net asset value as a practical expedient, except those reported as Level 3, loans measured at cost and investment held in LLCs in Note 3 of the UMF's annual report. 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 the 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

The UMF allows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the 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, including bankruptcy claims and auction rate securities, 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 tables summarize the UMF's financial assets and other liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020:

	2021			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Asset backed securities		$ 6,299		$ 6,299
Mortgages	$ 1,561	10,933		12,494
Corporate bonds		12,874		12,874
Government		555,478		555,478
Preferred Stock	738			738
Other		7,008		7,008
Global equity				
Small cap	1,710			1,710
Large cap				
Hedge funds				
Long/short non-equity	27,393		1,373	28,766
Natural resources	12,471			12,471
Treasury inflation protected securities (TIPS)				
Total investments	$ 43,873	$ 592,592	$ 1,373	637,838
Cash and cash equivalents				1,185,731
Investments measured at net asset value or its equivalent				1,592,166
Investments held at cost				82,888
Investments at equity method				155,745
Consolidated investments				358,817
Total investments and cash				$ 4,013,185
Gift annuities not categorized above	$ 1,085	$ 458		$ 1,543
Beneficial interest in perpetual trusts	10,612	3,812	$ 71,268	85,692
Assets held in charitable trusts	24,934			24,934
Beneficial interest in trusts				2,060
UGC derivative financial instrument		(1,425)		(1,425)

	2020			
	Fair value measurements using			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income				
Asset backed securities		$ 5,648		$ 5,648
Mortgages	$ 1,120	1,204		2,324
Corporate bonds		14,117		14,117
Government		493,100		493,100
Large cap				
Other		8,112		8,112
Global equity				
Small cap	1,344			1,344
Large cap				
Hedge funds				
Long/short non-equity	21,342		$ 1,884	23,226
Natural resources	7,505			7,505
Treasury inflation protected securities (TIPS)		54,397		54,397
Total investments	$ 31,311	$ 576,578	$ 1,884	609,773
Cash and cash equivalents				847,498
Investments measured at net asset value or its equivalent				1,013,623
Investments held at cost				73,202
Investments at equity method				92,114
Consolidated investments				327,963
Total investments and cash				$ 2,964,173
Gift annuities not categorized above	$ 891	$ 589		$ 1,480
Beneficial interest in perpetual trusts	8,498	2,730	$ 60,985	72,213
Assets held in charitable trusts	18,833			18,833
Beneficial interest in trusts			2,686	2,686
UGC derivative financial instrument		(1,981)		(1,981)

Assets held in charitable trusts consist of equities, bonds, and cash.

The changes in investments measured at fair value on a recurring basis included as Level 3 measurements are summarized as follows for the years ended June 30:

	Beginning balance at July 1, 2020	Investment income	Net realized and unrealized gain (loss)	Purchases	Sales	Ending balance at June 30, 2021
Hedge funds						
Long/short non-equity	$ 1,884	$ 5	$ (34)	$ 183	$ (665)	$ 1,373
	$ 1,884	$ 5	$ (34)	$ 183	$ (665)	$ 1,373

	Beginning balance at July 1, 2019	Investment income	Net realized and unrealized gain (loss)	Purchases	Sales	Ending balance at June 30, 2020
Hedge funds						
Long/short non-equity	$ 3,716	$ 63	$ (104)	$ 82	$ (1,873)	$ 1,884
	$ 3,716	$ 63	$ (104)	$ 82	$ (1,873)	$ 1,884

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, 2020	Change in carrying value of trusts	Ending balance at June 30, 2021
Beneficial interest in trusts	$ 2,686	$ (626)	$ 2,060
Beneficial interest in perpetual trusts	$ 60,985	$ 10,283	$ 71,268

	Beginning balance at July 1, 2019	Change in carrying value of trusts	Ending balance at June 30, 2020
Beneficial interest in trusts	$ 2,790	$ (104)	$ 2,686
Beneficial interest in perpetual trusts	$ 52,642	$ 8,343	$ 60,985

The following is a summary of the investments whose net asset value approximates fair value and the related unfunded commitments and redemption restrictions associated with each major category as of June 30:

	2021			
	Net asset value	Unfunded commitments	Redemption frequency	Redemption notice period
Alternative investments				
Fixed income	$ 275,839	$ 310,383	None or quarterly	None or 60 days
Global equity	3,688		None or daily to quarterly	None or 0-60 days
Hedge funds	134,426		None or monthly to quarterly	None or 0-90 days
Natural resources	72,246	5,506	None	None
Real estate	33,073	11,994	None	None
Private equity	1,068,831	94,294	None	None
Other investments	4,063		None	None
Total	$ 1,592,166	$ 422,177		

	2020			
	Net asset value	Unfunded commitments	Redemption frequency	Redemption notice period
Alternative investments				
Fixed income	$ 319,268	$ 70,480	None or quarterly	None or 60 days
Global equity	2,415		None or daily to quarterly	None or 0-60 days
Hedge funds	408		None or monthly to quarterly	None or 0-90 days
Natural resources	59,268	6,697	None	None
Real estate	42,031	16,341	None	None
Private equity	584,963	128,312	None	None
Other investments	5,270		None	None
Total	$ 1,013,623	$ 221,830		

The UMF's alternative investments which are redeemable at net asset value under the original terms of the partnership agreements and/or subscription agreements and operations of the underlying funds may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the UMF's interest in the funds.

Investment Commitments

As of June 30, 2021, the UMF also had unfunded commitments for investments held at cost of $40,205, unfunded commitments for investments at equity method of $94,094, and unfunded commitments for consolidated investments of $207,552.

The UMF had unfunded commitment for investments held as of June 30, 2021, which are allowed to be cancelled by the UMF. This was approximately $585,000 and is included in the commitment disclosure above.

In addition to the unfunded commitments noted above, the UMF has entered into investment commitments of $215,000 since June 30, 2021, which are expected to be paid within one year.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the UMF and changes therein are classified into the following categories:

- **Net Assets with Donor Restrictions:** Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- **Net Assets without Donor Restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are restricted for the following purposes:

Gifts and other unexpended revenues and gains available for:	2021	2020
Capital improvement/facilities	$ 138,798	$ 146,816
Faculty and staff support	24,631	20,646
Scholarships and fellowships	179,168	140,506
Lectureships, professorships, and chairs	51,586	44,281
Program support	643,521	563,757
Research and outreach/community engagement	196,940	161,602
Trusts	7,832	7,162
Other	3,366	7,795
Subtotal	$ 1,245,842	$ 1,092,565
Endowments:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity:		
Restricted by donors for:		
Capital improvement/facilities	$ 9,268	$ 9,969
Faculty and staff support	39,539	33,317
Scholarships and fellowships	664,897	623,082
Lectureships, professorships, and chairs	458,012	436,167
Program support	106,815	97,715
Research and outreach/community engagement	87,043	78,448
Trusts	18,548	15,392
Other	3,713	3,537
Subtotal	$ 1,387,835	$ 1,297,627
Subject to foundation endowment spending policy and appropriation:		
Capital improvement/facilities	$ 15,023	$ 9,225
Faculty and staff support	28,551	11,506
Scholarships and fellowships	384,162	128,488
Lectureships, professorships, and chairs	415,618	193,299
Program support	105,080	43,292
Research and outreach/community engagement	53,704	18,974
Other	4,561	2,513
Subtotal	1,006,700	407,298
Total endowments	$ 2,394,535	$ 1,704,925
Not subject to spending policy or appropriation:		
Capital improvement/facilities	$ 93	$ 291
Faculty and staff support	2,901	2,799
Scholarships and fellowships	6,060	5,857
Lectureships, professorships, and chairs	837	328
Program support	11,198	11,149
Research and outreach	665	2,949
Trusts	73,361	62,574
Other	914	895
Subtotal	96,029	86,842
Total net assets with donor restrictions	$ 3,736,406	$ 2,884,332

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

Net assets released for purpose:

	2021	2020
Capital improvement/facilities	$ 28,854	$ 17,282
Faculty and staff support	3,698	3,742
Scholarships and fellowships	56,825	57,930
Lectureships, professorships, and chairs	31,836	31,150
Program support	136,691	83,225
Research and outreach/community engagement	42,843	42,274
Other	7,895	16,223
Total net assets released from donor restrictions	$ 308,642	$ 251,826

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, 2021 and 2020 for RUMINCO, Ltd, are as follows:

Condensed statements of net position	2021	2020
Current assets	$ 2,461	$ 430
Noncurrent assets	66,506	50,911
Total assets	68,967	51,341
Deferred outflows of resources		
Total assets & deferred outflows of resources	68,967	51,341
Current liabilities	4,062	1,621
Noncurrent liabilities	2,317	2,367
Total liabilities	6,379	3,988
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	6,379	3,988
Unrestricted net position	$ 62,588	$ 47,353

Condensed statements of revenues, expenses, and changes in net position	2021	2020
Operating revenues:		
Net underwriting income	$ 3,204	$ 2,600
Operating expenses	1,522	1,545
Operating income (loss)	1,682	1,055
Nonoperating revenues:		
Investment income, net	13,553	2,115
Increase in net position	15,235	3,170
Net position at beginning of year	47,353	48,183
Dividends paid		(4,000)
Net position at end of year	$ 62,588	$ 47,353

Condensed statements of cash flows	2021	2020
Net cash provided (used) by:		
Operating activities	$ 3,983	$ 2,033
Noncapital financing activities	157	(4,000)
Investing activities	(4,147)	2,006
Net increase in cash	(7)	39
Cash at beginning of year	135	96
Cash at end of year	$ 128	$ 135

Condensed statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows for fiscal years ended June 30, 2021 and 2020 for 2515 University Ave SE, LLC (University Village), is as follows:

Condensed statement of net position	2021	2020
Current assets:		
Cash and cash equivalents	$ 1,736	$ 1,245
Accounts and other receivables	210	54
Noncurrent assets:		
Capital assets, net	41,581	42,311
Total assets	43,527	43,610
Deferred outflows of resources		
Total assets & deferred outflows of resources	43,527	43,610
Current liabilities	842	707
Noncurrent liabilities	43,500	43,500
Total liabilities	44,342	44,207
Deferred inflows of resources		
Total liabilities & deferred inflows of resources	44,342	44,207
Unrestricted net position	$ (815)	$ (597)

Condensed statement of revenues, expenses, and changes in net position	2021	2020
Operating revenues:		
Rental income	$ 4,787	$ 4,477
Other revenue	102	90
Operating expenses:		
General operating expenses	2,390	1,792
Depreciation expense	455	513
Operating loss	2,044	2,262
Nonoperating expenses	2,262	2,262
Increase (decrease) in net position	(218)	
Net position at beginning of year	(597)	(597)
Net position at end of year	$ (815)	$ (597)

Condensed statement of cash flows	2021	2020
Net cash provided (used) by:		
Operating activities	$ 2,478	$ 3,389
Capital and related financing activities	(1,987)	(2,329)
Net increase in cash	491	1,060
Cash at beginning of year	1,245	185
Cash at end of year	$ 1,736	$ 1,245

Required Supplementary Information (Unaudited)

Required Supplementary Information (RSI) (Unaudited)
Years ended June 30, 2021 and 2020 (in thousands)

Other Postemployment Benefits (OPEB)

Schedule of Employer's Contributions

Year Ended June 30	OPEB Liability (a)	University's Covered-Employee Payroll (b)	Contributions as a Percentage of Covered-Employee Payroll (c) = a / b
2021	$ 54,111	$ 1,461,717	3.70%
2020	46,686	1,485,066	3.14%
2019	40,283	1,427,948	2.82%
2018	34,936	1,439,621	2.43%
2017	32,461	1,384,251	2.35%
2016	32,447	1,350,645	2.40%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Changes in Total OPEB Liability

Total OPEB Liability at June 30	2021	2020	2019	2018	2017	2016
Service cost	$ 4,571	$ 3,682	$ 3,870	$ 3,763	$ 3,446	$ 2,961
Interest	1,098	1,496	1,361	1,202	973	1,150
Differences between expected and actual experience	3,024	1,148	(344)	2,596	(281)	3,374
Changes of actuarial assumptions or other inputs	1,940	3,683	2,879	(120)	1,023	1,674
Benefit payments	(3,208)	(3,606)	(2,419)	(4,966)	(5,147)	(5,794)
Increase in OPEB liability	7,425	6,403	5,347	2,475	14	3,365
Total OPEB liability—beginning	46,686	40,283	34,936	32,461	32,447	29,082
Total OPEB liability—ending	$ 54,111	$ 46,686	$ 40,283	$ 34,936	$ 32,461	$ 32,447

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria prescribed in GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Schedules of the Employer's Share of Net Pension Liability

Public Employee Police and Fire Fund (PEPFF)*

Actuarial valuation date	University's Proportion of the Net Pension Liability (%) (a)	University's Proportionate Share of the Net Pension Liability ($) (b)	University's Covered-Employee Payroll (c)	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (d) = (b)/(c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
6/30/2020	0.635%	$ 8,371	$ 7,015	119.330%	87.19%
6/30/2019	0.652%	6,939	6,723	103.213%	89.26%
6/30/2018	0.597%	6,367	6,295	101.144%	88.84%
6/30/2017	0.589%	7,952	6,046	131.525%	85.43%
6/30/2016	0.604%	24,240	5,818	416.638%	63.88%
6/30/2015	0.613%	6,965	5,781	120.481%	86.61%
6/30/2014	0.608%	6,567	5,255	124.967%	87.07%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

State Employees Retirement Fund (SERF)*

Actuarial valuation date	University's Proportion of the Net Pension Liability (%) (a)	University's Proportionate Share of the Net Pension Liability ($) (b)	University's Covered-Employee Payroll (c)	University's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (d) = (b)/(c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (e)
6/30/2020	13.970%	$ 185,543	$ 455,886	40.699%	91.25%
6/30/2019	14.200%	199,773	442,079	45.189%	90.73%
6/30/2018	14.648%	203,027	437,428	46.414%	90.56%
6/30/2017	14.906%	1,105,713	428,771	257.880%	62.73%
6/30/2016	15.200%	1,884,630	417,703	451.189%	47.51%
6/30/2015	15.424%	237,436	451,306	52.611%	88.32%
6/30/2014	16.031%	259,954	410,364	63.347%	87.64%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

Notes to Required Supplementary Information

There were changes in actuarial assumptions for both PEPFF and SERF that affected the measurement of the total pension liability since the prior actuarial valuation for the actuarial valuation dates of June 30, 2018 and 2017. Part of the assumption changes included changes to the single discount rates. For PEPFF, the single discount rate remained unchanged at 7.5 percent for the actuarial valuation date of June 30, 2018, and changed from 5.6 percent to 7.5 percent for the actuarial valuation date of June 30, 2017. For SERF, the single discount rate changed from 5.42 percent to 7.50 percent for the actuarial valuation date of June 30, 2018, and from 4.17 percent to 5.42 percent for the actuarial valuation date of June 30, 2017. For both PEPFF and SERF, the discount rate remained unchanged at 7.5 percent for the actuarial valuation dates of June 30, 2020 and 2019. Refer to Note 6 for additional information related to PEPFF and SERF.

Pensions

Schedules of Employer's Contributions – Last 10 Years

Public Employee Police and Fire Fund (PEPFF)*

Year Ended June 30	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (c) = a - b	University's Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (e) = b / d
2020	$ 1,242	$ 1,242		$ 7,015	17.70%
2019	1,140	1,140		6,723	16.95%
2018	1,020	1,020		6,295	16.20%
2017	979	979		6,046	16.20%
2016	943	943		5,818	16.20%
2015	885	885		5,781	15.30%
2014	804	804		5,255	15.30%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available*

State Employees Retirement Fund (SERF)*

Year Ended June 30	Contractually Required Contribution (a)	Contributions in Relation to the Contractually Required Contribution (b)	Contribution Deficiency (Excess) (c) = a - b	University's Covered-Employee Payroll (d)	Contributions as a Percentage of Covered-Employee Payroll (e) = b / d
2020	$ 28,493	$ 28,493		$ 455,886	6.25%
2019	25,972	25,972		442,079	5.88%
2018	24,059	24,059		437,428	5.50%
2017	23,582	23,582		428,771	5.50%
2016	22,974	22,974		417,703	5.50%
2015	22,565	22,565		451,306	5.00%
2014	20,518	20,518		410,364	5.00%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available*

Administrative Cost Definition and Benchmarking Update
Finance & Operations Committee
December 16, 2021

Executive Summary

The following pages offer details on the goals, definitions, and methodology behind the annual Administrative Cost Definition and Benchmarking analysis at the University of Minnesota. The results for the FY21 analysis are presented and explained in terms of variance from the prior year. Total spending at the University for FY21 (as defined for this purpose) was $3,716,786,000, which was a 1.6% (roughly $60 million) decrease from the FY20 total of $3,776,906,000. This analysis does not attempt to link changes in spending with changes in revenues; it is intended solely to analyze spending changes and trends. However, in FY21, the University implemented expenditure reduction strategies specifically to address revenue losses attributable to COVID-19, which significantly affected the results of this analysis.

In most years, spending shifts between categories at the full University level are negligible or modest– generally close to or less than 1%. The FY21 cost benchmarking analysis shows notable shifts in spending, however. Mission expenditures increased 3.4% ($61.0 million), and Student Aid increased 6.3% ($20.6 million). Mission Support & Facilities expenditures decreased -8.4% ($109.9 million), and Leadership & Oversight decreased -9.3% ($31.8 million).

Changes in expenditure patterns between FY20 and FY21 overwhelmingly reflect actions related to the University's response to COVID-19. Personnel expenditures decreased overall due to the multiple strategies implemented to reduce spending in response to COVID-related reductions in revenue: salary freeze, hiring freeze, furlough/temporary pay reduction plan. However, the spending decreases varied by cost benchmark group. Mission personnel spending decreased only -1.2% ($15.7 million), while Mission Support & Facilities spending decreased -3.3% ($23.6 million) and Leadership & Oversight spending decreased -6.9% ($20.1 million. These reductions in overall personnel expense occurred despite increases in the fringe benefit rates between FY20 and FY21, which would otherwise have resulted in increased personnel costs estimated at roughly $18 million.

In FY21, non-personnel Mission & Student Aid expenditures increased while non-personnel Mission Support & Facilities and Leadership & Oversight expenditures decreased. The increase in Mission expenditures is directly attributable to activities in the health science units providing testing and other pandemic support, as well as increased sponsored activity. Student Aid spending increases are related to the Federal Coronavirus Aid, Relief and Economic Security Act, the Corona Response and Relief Supplemental Appropriation Act, and the American Rescue Plan (CARES, CRRSA, and ARP, respectively). Decreases in Mission Support & Facilities and Leadership & Oversight reflect changed work patterns due to COVID-19, with the most significant decreases in travel, education abroad fees, and related expenditure categories. The shifts in personnel and non-personnel spending are explored further in the following pages.

The changing patterns of spending due to COVID-19 in FY21 uniquely affected the calculation of each cost benchmark category as a percentage of the whole. Mission spending increased from 47.5% to 50.0% of total spending, and Student Aid increased from 8.7% to 9.3% of total spending. In contrast, Mission Support & Facilities decreased from 34.8% to 32.4%, and Leadership & Oversight decreased from 9.1% to 8.3%.

In previous years of the cost benchmarking analysis, the general trend has been toward growth, reflecting the expansion of the University's mission and general economic factors, with relatively small shifts in each expenditure category. The overall reduction in spending in FY21 is an anomaly, reflecting two disparate factors: a general tightening of the University's belt as all departments curtailed activities and accepted hardships to weather the impacts of the pandemic, and an expansion of the University's efforts to assist the citizens of Minnesota and the world in the fight against COVID-19. Many of the actions taken in FY21 to address COVID-19 are unsustainable as the University works towards the strategic goals outlined in MPact 2025.

The analysis continues to be useful in monitoring spending across the institution and providing a deeper understanding of activities in the units. The analysis has also helped provide common language and context for creating a new definition of "administrative overhead" for the related MPact 2025 strategic measure. Work to redefine "administrative overhead" and establish a new corresponding baseline for future metrics is proceeding on track but is not finalized and therefore cannot be incorporated into this report.

History and Purpose

The purpose of the administrative cost benchmarking analysis is to define and categorize the University's costs to develop a shared understanding of University spending and improve the University's ability to set spending benchmarks and monitor changes in spending over time. As a result, the analysis offers a view of spending through a different lens compared to the annual budget or the financial statements. Initially, it was created to answer questions related to "administrative costs" at the University. Before this analysis, there was no shared definition of those costs, so there was no accepted and standard way to answer those questions. Through a consultative process involving stakeholders throughout the institution over a period of months, the analysis was shaped in a way to define mission (and student aid) related spending separately from all other spending on support functions and basic infrastructure. It was further decided at the time that these latter two categories would be the basis for how the University would define "administrative costs" for purposes of reallocation and communication to external parties.

At this time, the concept of "administrative overhead" is being reevaluated and redefined to develop a measure as part of MPact 2025. As a result, it is unclear whether the cost benchmarking analysis as explained in this report will continue past FY21. Expenditure analysis for FY22 and beyond will be presented in a new format conforming to the MPact 2025 metrics. Still, it may be beneficial to retain aspects of this total Administrative Cost Definition and Benchmarking Analysis.

FY21 was the first year of the cost benchmarking analysis. Goals for the analysis included:

- Develop a shared understanding of University spending
- Promote a broader dialogue of the University's cost structure – where the money goes
- Identify gaps in processes, data, and information
- Improve the University's ability to set its own spending benchmarks
- Establish a repeatable methodology to monitor changes and patterns in spending over time

The analysis is achieving these goals. At the institutional and unit level, it is being used to better understand cost components and how to manage them. In past years it has also been used in conjunction with the "budget framework" (overall University budget-balancing plan) as a tool for units in understanding the baseline for developing reallocation plans focused on administrative

costs vs. mission costs. It is also a valuable tool for investigating unit-level activities and identifying trends outside of the norm, which may spur recommendations for change.

The cost benchmarking analysis is unique to the University of Minnesota and cannot be used to compare spending patterns across institutions. While other institutions may be creating similar analyses, they have not progressed to the same level of detail. Other institutions also rely on unique aspects of their reporting and data elements, so the results will not be comparable.

This year requires a few special notes. First, the PEAK Initiative, with the goals of modernizing structures and processes, improving services, increasing efficiency, and generating recurring budget savings, will impact the delivery of administrative and support services going forward. If continued, future versions of this report will address PEAK-related changes and how they affect this analysis. Second, as the University embarks upon MPact 2025 and continues its recovery from the pandemic, expenditure patterns will change. Again, future versions of any expenditure-based report will attempt to identify how MPact 2025 initiatives affect this analysis.

Structure and Methodology

This analysis starts with total expenditures at the close of each fiscal year, but it will not equal expenditures as represented in the final audited financial statements for several reasons. Most significantly, institution-level accounting entries for accruals, deferrals, depreciation, amortization, etc., are not included because they do not contribute to the operational view of spending management at the unit level. Spending in ISO funds is excluded to avoid duplicating the effect of expenses charged internally. Expenses in system-wide management Resource Responsibility Centers (RRCs) are also excluded for much the same reason. For example, including direct payment of fringe benefit expense to service providers from the system-wide RRC would duplicate the fringe benefit charges assigned at the unit level and included in the personnel costs as reflected in this report.

Within the analysis, categories of spending are identified as the following:

- Direct Mission Delivery – the expenses of the 'doers' of the mission
- Mission Support & Facilities – the expenses to 'support' the delivery of mission activities
- Leadership & Oversight – the expenses for the 'leadership, direction, control, and management' of the mission

Expenses in all three categories occur throughout the organization (in academic and support units) and are supported by multiple funding sources. The benchmarking analysis focuses on current operating funds, including sponsored activity. The intent is to categorize expenditures that relate to the regular ongoing operations of the University supported by annual revenues. As a result, it excludes non-current and agency funds, internal service organization (ISO) funds, and cross-unit charges (except for transfers into the plant fund for facility projects). Note that spending on capital projects is excluded from this analysis.

Within the analysis, different types of costs are distributed among the spending categories in different ways. Personnel costs are distributed based on job code: each individual job code has been reviewed and assigned to one of the three spending categories based on the definitions of those categories and a reasonable judgment of the function represented by the job code description. Non-personnel expenditures are distributed based on a combination of function designation (research, instruction, etc.) and account code definition (consulting, supplies, etc.). Examples of the

types of expenditure included in each spending category are in the table below. Note that direct student aid is treated as a separate category related to, but not included in, the delivery of the mission.

Expenditures by Expense Category

Direct Mission Delivery 'doers' of the mission	**Mission Support & Facilities** 'support' the delivery of the mission	**Leadership & Oversight** 'leadership, direction, control, and management' of the mission
Personnel: • Tenured and tenure-track professors • Adjunct instructors, lecturers, clinical professors • Extension educators • Health science professionals • Scientists and laboratory technicians • Students in teaching assistant, research assistant, or fellowship roles	Personnel: • Audit/Finance/HR/Info Tech/Legal • Clerical Support • Advisors, librarians, curators, child care workers, coaches • "Skilled generalists" – administrative professional, associate to, etc. • Buildings and grounds workers • Skilled trades, engineers, safety technicians, environmental health and safety workers, police • Temp & Casual workers	Personnel: • Executive leadership – President, Vice Presidents, Chancellors, Provost & Vice Provosts • Academic leadership – Deans & Associate Deans, Department chairs and heads • Directors – program, department, campus, system-wide, and job family-specific • Supervisor and manager titles across the organization
Non-Personnel: All non-personnel expenses with instruction, research, or public service function codes – Excludes facility-related activity: utilities, rents, leases and repairs & maintenance, etc.	Non-Personnel: Prorated share of supplies and services, etc. in non-mission functions; equipment purchases in non-mission functions, all consulting in non-mission functions, facilities costs: utilities, rents, leases, repairs & maintenance, transfers for facilities projects, debt	Non-Personnel: Prorated share of supplies & services, non-capital equipment, etc.

Note that the definition for **Leadership & Oversight encompasses all supervisory and management positions** regardless of their function in the institution. For example, job codes that designate someone as a manager of finance personnel or grounds workers are included in that third column, rather than in the second (Mission Support & Facilities) column where their "functional" home would be.

The FY21 analysis was updated to incorporate changes in the financial chart of accounts and new job codes. Updates to the financial chart of accounts reflect organizational changes and affect the Administrative Cost Definition and Benchmarking Analysis only at the RRC level (e.g., a department moving from one RRC to another). Organizational updates are applied to all three years of the current analysis for comparability. For the most part, new job codes in FY21 result from the market refinement initiative; thus, related job code changes for an individual employee did not result in reclassification that would affect their Administrative Cost Definition and Benchmarking placement. For instance, the market refinement may have reclassified an employee with job code 9780A3 *Finance Analyst 3* to 9783TA *Fin Anlst 3 – Tax* without affecting their Cost Benchmarking assignment as Mission Support & Facilities in the Audit/Finance/HR/Info Tech/Legal group. Job code reassignments based on changes in job responsibilities for an individual are not restated for previous years as they indicate managerial decisions affecting institutional costs.

Very few changes have been made to the methodology used in the report for the current year. However, in past years, personnel data in the analysis was restated to reflect then-current job codes for all fiscal years of the analysis for employees whose job codes changed due to the job family study. No job code data has been restated this year since the Job Family Study changes occurred before FY18. In addition, the early years of the analysis did not include temporary and casual employees or facility-related transfers and debt service at the institutional level (non-personnel section). These categories were added in later years to offer an even more complete reflection of management decisions affecting the allocation of resources to overall operating costs. These differences in approach may create inconsistencies when comparing the current report to those presented in previous years.

Cost Benchmarking FY21 Results

The FY21 Expense Summary for Administrative Cost Definition and Benchmarking is included in Attachment A. Overall; expenditures decreased -1.6% from FY20 to FY21.

At a summary level, the analysis shows the most significant shifts of expenditures at the all-University level of any year since the inception of the cost benchmarking report. Total expenditures for Mission and Student Aid are at 59.3% (FY20: 56.2%), Mission Support & Facilities at 32.4% (FY20: 34.8%), and Leadership & Oversight at 8.3% (FY20: 9.1%). Personnel expenditures comprise a slightly smaller portion of total expenditures than in FY20 at 61.6% (FY20: 62.2%). Facility project transfers and debt remain a steady 3.5% of all expenditures.

The movement between cost benchmarking categories this year is unique. The University's response to COVID-19 affected spending categories in different ways. For instance, continued CARES, CRRSA, and ARP funding for Student Aid resulted in increased spending in that category of $20.6 million (6.3% increase), with that category rising as a percent of total expenditures from 8.7% in FY20 to 9.3% in FY21. (That increase follows an increase in Student Aid spending of $14.8 million (4.8%) between FY19 and FY20.) The furlough/temporary pay reduction plan cost-saving strategy affected positions with higher salaries more substantially than it affected those with lower salaries. Logically, this resulted in a greater temporary reduction in personnel expense for Leadership & Oversight than in Mission or Mission Support & Facilities simply because leaders and supervisors tend to make more than those they supervise. In terms of this analysis, these expenditure shifts are anomalies; they reflect short-term adjustments in response to significant external events rather than ongoing trends. The long-term impacts of changes related to COVID-19 are yet to be determined.

Details on changes and what contributed to those changes by spending category are in the sections below. The examples detailed in this section serve as evidence of the types of significant changes surfacing through the analysis that generate further investigation and allow for a deeper understanding of what drives costs over time or at a point in time and what contributes to changes in spending year to year.

Personnel

It is important to note that the annual change in salaries and fringe benefits is usually responsible for the majority of cost growth. From FY20 to FY21, personnel costs fell -2.5% ($59.4 million). Base salaries were frozen, with no increase for FY21. In addition, the furlough/temporary pay reduction plan resulted in a decrease in salary and fringe expense of $42.4 million (for the funds included in this analysis only). Offsetting that reduction, most fringe benefit rates (a percentage applied to salary expenditures and charged to the same funding source to recover and pay the actual benefit costs) increased for FY21. The rate for Faculty/P&A/Police increased by 0.5% (from 36.0% to 36.5%), while the fringe rate for Civil Service/AFSCME/Teamsters increased by 2.3% (from 29.5% to 31.8%). The overall decrease in personnel spending between FY20 and FY21 would have been roughly $18.6 million greater if the fringe benefits had not changed between FY20 and FY21.

The furlough/temporary pay reduction plan was implemented on a sliding scale, with no reduction for personnel at the lower end of the salary scale, gradually increasing to a reduction of 10% at the higher end of the scale. Many of the positions in the Mission Support & Facilities areas of Campus Operations and Clerical Support were not subject to a reduction. On the other hand, leadership and supervisory positions generally were subject to higher reductions. Thus, it logically follows that the decrease in personnel spending in the Leadership & Oversight area of -6.9% is more significant than the decrease of -3.3% in the Mission Support & Facilities area.

Personnel costs in the Mission cost benchmarking group decreased only -1.2%. The Direct Academic group of employees (professors, instructors, researchers, laboratory personnel, etc.) decreased only -2.2% even though this group was subject to the same cost reduction programs as others. Increased personnel expense in the health sciences areas (direct response to COVID-19 and increased grant opportunities) offset decreases in many other areas. Personnel costs for mission-related student employees increased 2.9%, in part due to a 3.8% increase in the fringe benefit rate for graduate assistants.

Other OHR actions to reduce costs in response to COVID-19 included the early retirement option and the hiring freeze. The early retirement option allowed for choice by individual employees, and resulting cost reductions were not the result of strategic decisions related to mission priorities or administrative efficiencies. The hiring freeze, on the other hand, allowed for exceptions in the case of mission-critical positions.

The University continued its commitment to paying its employees during the pandemic and did not implement any layoffs during this recovery period, relying on attrition, the early retirement program, and the temporary hiring freeze to reduce staffing levels. Strategic staffing decisions grounded in MPact 2025 priorities will be an integral part of the University's personnel landscape going forward. The PEAK Initiative will also shape that landscape.

A few specific items surfaced in the cost benchmarking analysis that run contrary to the general reduction of personnel costs. Those include:

- Increased investment in health sciences personnel related to the University's COVID-19 response (Direct Academic personnel in the Mission group, and Other Support personnel in the Mission Support & Facilities group; particularly in the Medical School, Public Health, and Academic Clinical Affairs)
- Increased investment in Public Safety on the Twin Cities campus (Campus Operations personnel in the Mission Support & Facilities group)

Non-Personnel

Non-personnel expenditures included in this analysis (excluding Debt/Capital Project Transfers, which remained steady) decreased only -0.1% ($794,000) between FY20 and FY21. However, the impact on different types of expenditures varied widely between cost benchmarking groups. At the summary level, Mission expenditures increased $76.7 million (16.8%), and Student Aid increased $20.6 million (6.3%), while Mission Support & Facilities spending decreased $86.3 million (18.6%), and Leadership & Oversight decreased $11.7 million (23.6%). These shifts reflect two main factors:

- Increases in COVID-related spending on testing and treatment in Mission spending.
- Decreases in almost all other spending categories in response to activity restrictions due to the pandemic.

<u>Mission</u>

Significant increases in Mission non-personnel spending ($76.7 million, 16.8%) are linked to COVID-related activities in various health sciences units. Of note:

- Academic Health Sciences – Increase of almost $2 million (close to 600%) related to subcontracts on sponsored projects in the Center for Global Health and Social Responsibility.
- Medical School – $115 million increase driven by increases in Laboratory and Medical Services – attributable almost exclusively to COVID-19 testing (supplies and services) and related activities.
- Public Health – Increase of roughly $12 million from COVID-19 treatment-related subcontracts on sponsored projects.

Increases in Mission spending noted above were offset by reductions in almost every other spending category. Based on the Function code, instruction-related spending in units not cited above was down roughly $10.6 million (13.8%), Public Services spending was down approximately $19 million (25.2%), and Research spending overall was down roughly $22.7 million (14.0%).

<u>Student Aid</u>

The increase in Student Aid spending in FY21 ($20.6 million, 6.3%) is almost entirely attributable to CARES, CRRSA, and ARP Act funds resulting from the federal relief response to COVID-19. $17.5 million in these federal funds were distributed as Student Aid in FY21 ($8.3 million in FY20)*. Student Aid from other funding sources increased $3.0 million, mainly due to investments in student aid in the Medical School and the College of Science and Engineering. Offsetting these increases, reductions in aid provided through the Global Programs and Strategies Alliance are directly related to reductions in study abroad activities. Other notable decreases in programs not funded by the federal acts occurred in the University of Minnesota Duluth and the University of

Minnesota Morris. We continue to explore the reasons for this, including the relationship to lower enrollments on those two campuses.

**Note that due to the timing of receipt of these awards and the academic terms, the majority of the total student awards will be dispersed in FY22.*

Mission Support & Facilities and Leadership & Oversight

Non-personnel expenditures in Mission Support & Facilities and Leadership & Oversight are examined together since the non-personnel expense attributed to Leadership & Oversight is prorated based on the personnel percentage of non-mission costs. Factors affecting personnel expense are discussed in the Personnel section. Note that only Supply/Service/Miscellaneous expenses and non-capital equipment (in the Equipment/Other Capital Assets subgroup) are prorated as Leadership and Oversight non-personnel expense.

Non-personnel expenses (excluding Debt/Capital Project Transfers) decreased $98.0 million (-19.1%) between FY20 and FY21, with $86.3 million of that in the Mission Support & Facilities group and $11.7 million in the Leadership & Oversight group. All types of expenditures except utilities decreased 12.6% or more. Utility spending decreased the least at only $2.1% ($2.2 million).

Non-personnel spending routinely fluctuates more than personnel expenditures since it includes significant one-time spending for things like capital equipment and consulting/professional services. In general, expenditures increase due to external economic factors and expansion of our mission and may be offset by savings from more efficient business practices or purchasing negotiations. FY21 is unique with its significant reductions in all spending categories, reflecting changing work patterns and curtailment of activities due to COVID-19.

Expenditures in the Supply/Service/Miscellaneous category account for $65.4 million (-29.2%) of the reduction. Examples of changed expenditures include:

- $19.1 million (-72.7%) reduction in travel/mileage/moving expenditures (following a $7.3 million (-21.7%) reduction between FY19 and FY20)
- $11.8 million reduction (-80.9%) in education abroad fees (following a $4.5 million (-23.5%) reduction between FY19 and FY20)
- $8.0 million reduction (-59.3%) reduction in food and provisions (following a $4.1 million (-23.3%) reduction between FY19 and FY20

Offsetting a small portion of these reductions, but still demonstrating the unique impacts of COVID-19, is an increase in sales commissions paid to Aramark by Auxiliary Services. Due to our contractual arrangements, direct payments to Aramark increased over $5 million since performance targets of the contract were not met.

Expenditures on Repair & Maintenance Supply decreased $12.2 million (-21.4%), driven by decreases in Athletics ($2.5 million), TC Auxiliary Services ($2.8 million), and Duluth ($4.0 million – mainly auxiliary units). This is a predictable outcome of the limited use of facilities and the challenges facing Intercollegiate Athletics in FY21.

Consulting and Professional Services is one of the most volatile of the expenditure groups. In FY21, total non-mission expenditures in this category decreased $9.5 million (-40.6%) after increasing $6.6 million (38.8%) in FY20. A notable part of the fluctuations between FY19, FY20, and FY21 is

due to the one-time payment of meal plan refunds in FY20 ($6.9 million) by Auxiliary Services, which served to abnormally increase expenditures in FY20 and then contributing to the unusual decrease in FY21.

Other non-personnel expenditure categories also experienced reductions in spending in FY21 consistent with the effects of COVID-19 and reduced staffing levels. These reductions are relatively consistent across University units:

- Equipment/capital assets down $7.8 million (-15.5%)
- Rents/Leases down $3.8 million (-12.6%)
- Utilities down $2.2 million (-2.1%)

Debt and Facility project spending remained steady at roughly $130.5 million.

Headcount

In recent years, the Office of Human Resources, Enterprise Data Management and Reporting, and the University Budget Office worked together to incorporate the Cost Definition and Benchmark Groups (Mission, Mission Support & Facilities, and Leadership &Oversight) and subgroups (employee groupings: Direct Academic, Student, Leadership, etc.) into headcount and FTE reports available in UM Analytics, the University's enterprise data reporting system. The Employee Headcount and FTE by Admin Cost Benchmark and Subgroup report contributed to this analysis. The University Budget Office continues to examine the relationships between headcount, FTE, and financial data and how the additional nuances provided by these frameworks can enhance various analyses.

Summary

Every area of the University was affected by COVID-19. In general, expenditures in both personnel and non-personnel decreased. Decreases were intentional as the University took action to reduce spending (furlough/pay reduction plan/voluntary pay reduction plan, early retirement program, etc.) or through restrictions based on best practice for health and safety during COVID-19 (travel restrictions, work from home, etc.) There were spending increases in some areas related to additional student aid or the valiant response of many units in the health sciences areas. Unfortunately, the changes in response to COVID-19 do not represent sustainable spending patterns. Trends are difficult to identify during these changing times. As we recover from the exigencies of COVID-19 and the University shifts its attention to the strategic priorities identified in MPact 2025 and the PEAK Initiative, new trends will develop. The Administrative Cost Definition and Benchmarking analysis (in some form) will continue to provide valuable insights.

Conclusion

The Administrative Cost Definition and Benchmarking Analysis is a valuable tool to monitor expense categories at the all-University level over time. Still, its greatest contribution is through providing a different lens to understand unit-level costs and to identify cost drivers. It serves as just one of many tools that are used to manage spending at the University effectively. Over time, the Administrative Cost Definition and Benchmarking analysis characteristics and lessons include:

- It is most useful as a way to frame conversations about spending and as a tool for developing and tracking reallocation plans. Since the inception of the analysis in 2012, the

cost categories of Mission, Mission Support & Facilities, and Leadership & Oversight have become part of the common vocabulary. There has never been greater awareness of the expectation to reduce and control costs.

- It is challenging to shift percentages on an institutional basis; movement of a tenth of a percent in one of the analysis categories takes roughly $3.7 million (Attachment B).
- Non-personnel spending generally experiences the most volatility with fluctuations common in such items as sponsored subcontracts, significant equipment purchases, professional services/consulting, and repairs and maintenance.
- Increased personnel spending can often be connected to growth for specific activities (e.g., expansion in health care areas). However, compensation is also subject to market forces and benefit-cost increases, particularly medical benefits, which can result in spending increases without expansion of the workforce.
- Shifts in sponsored awards disproportionately affect the Mission category.
- Changes in Mission spending also affect Mission Support & Facilities and Leadership & Oversight.
- Program expansions and investment in essential services required to support the mission (such as maintaining library materials, technology licensing, compliance, etc.) result in increases to Mission Support & Facilities and Leadership & Oversight expenditures without a corresponding increase in Mission expenditures.
- External factors such as a pandemic can have profound and unanticipated impacts on spending with minimal managerial control, particularly at the unit level.
- One of the most valuable uses for cost benchmarking is the perspective it brings to unit-level analysis and its ability to highlight changes over time at that level. This analysis is the start of many in-depth conversations.
- The cost benchmarking analysis has created a common language and awareness within the University that has helped to move forward the work to define "administrative overhead."

BACKGROUND INFORMATION

The Administrative Cost Definition and Benchmarking Analysis (methodology and results) have been presented to the Finance Committee of the Board of Regents annually beginning in the 2012-2013 academic year. Slight changes in methodology each year have been explained, and those changes have been implemented back three years each time for comparability. As a result of these changes, however, each individual annual report should be reviewed on its own and not compared to a report from a prior year.

ATTACHMENT A:

Expense Summary for Administrative Cost Benchmarking

FY21

University of Minnesota - Systemwide *

($$ in Thousands)

11/15/21

	a	b	c	d	e	d	e	f	g	h
1	**PERSONNEL**	**Mission**	Mission as % of Total	**Student Aid**	Student Aid as % of Total	**Mission Support & Facilities**	MS&F as % of Total	**Leadership & Oversight**	L&O as % of Total	**Total**
2	Direct Academic	1,033,256	97.3%					28,961	2.7%	1,062,217
3	Students **	289,188	90.5%			30,190	9.5%			319,378
4	Leadership							56,653	100.0%	56,653
5	Campus Operations ***					122,422	83.3%	24,554	16.7%	146,975
6	**Support:**									
7	*Audit/Finance/HR/Info Tech/Legal*					*205,147*	*80.6%*	*49,488*	*19.4%*	*254,636*
8	*Clerical Support*					*78,934*	*100.0%*	*0*	*0.0%*	*78,934*
9	*Skilled Generalists*					*34,664*	*37.2%*	*58,616*	*62.8%*	*93,280*
10	*Other Support*					*206,772*	*79.3%*	*53,992*	*20.7%*	*260,764*
11	*Temp/Casual*					*15,538*	*100.0%*			*15,538*
12	**Support Subtotal**	0	0.0%	0	0.0%	541,055	76.9%	162,097	23.1%	703,151
13	**Total Personnel**	**1,322,444**	57.8%	**0**	0.0%	**693,666**	30.3%	**272,264**	11.9%	**2,288,374**
14										
15										
16	**NON-PERSONNEL**	**Mission**	Mission as % of Total	**Student Aid**	MS&F as % of Total	**Mission Support & Facilities**	MS&F as % of Total	**Leadership & Oversight**	L&O as % of Total	**Total**
17	**Operating Expense**									
18	*Direct Mission Subcontract/Participant*	*113,464*	*100.0%*							*113,464*
19	*Supply/Service/Misc*	*284,130*	*64.2%*			*127,143*	*28.7%*	*31,190*	*7.0%*	*442,463*
20	*Equipment/Other Capital Assets*	*49,706*	*53.8%*			*36,106*	*39.1%*	*6,562*	*7.1%*	*92,373*
21	*Consulting/Prof Services*	*86,881*	*67.8%*			*41,266*	*32.2%*			*128,147*
22	*Repair & Maintenance Supply*					*44,840*	*100.0%*			*44,840*
23	*Utilities*					*102,903*	*100.0%*			*102,903*
24	*Rents/Leases*					*26,197*	*100.0%*			*26,197*
25	*Student Aid*			*347,498*	*100.0%*					*347,498*
26	**Operating Expense Subtotal**	534,181	41.2%	347,498	26.8%	378,455	29.2%	37,751	2.9%	1,297,886
27	Debt/Capital Project Transfers **					130,526	100.0%			130,526
28	**Total Non-Personnel**	**534,181**	37.4%	**347,498**	24.3%	**508,981**	35.6%	**37,751**	2.6%	**1,428,412**
29										
30	**TOTAL EXPENSE**	**1,856,625**	50.0%	**347,498**	9.3%	**1,202,648**	32.4%	**310,015**	8.3%	**3,716,786**

* Excludes expenditures for Enterprise Systems Upgrade Project (RRC: Enterprise Resource Planning), real estate acquisitions, non-current and agency funds, cross-unit charges

** Inlcudes interfund transfers to support facility-related projects and the University's contribution to debt activities from direct cash or gifts (not including HEAPR or capital appropriations).

ATTACHMENT B:

Expense Summary for Administrative Cost Benchmarking
Summary of Results - FY9-FY21

($$ in Thousands)

		A		B		C		D		E
1		Mission	% of Total (E)	Student Aid	% of Total (E)	Mission Support & Facilities	% of Total (E)	Leadership & Oversight	% of Total (E)	Total
2	**Personnel**									
3	FY21	1,322,444	57.8%		0.0%	693,666	30.3%	272,264	11.9%	2,288,374
4	FY20	1,338,104	57.0%		0.0%	717,228	30.5%	292,409	12.5%	2,347,741
5	FY19	1,289,375	57.1%		0.0%	691,524	30.6%	276,326	12.2%	2,257,225
6	**Non-Personnel**									
7	FY21	534,181	37.4%	347,498	24.3%	508,981	35.6%	37,751	2.6%	1,428,412
8	FY20	457,519	32.0%	326,948	22.9%	595,285	41.7%	49,414	3.5%	1,429,166
9	FY19	476,001	32.6%	312,106	21.4%	620,691	42.6%	49,482	3.4%	1,458,281
10	**Total**									
11	FY21	1,856,625	50.0%	347,498	9.3%	1,202,648	32.4%	310,015	8.3%	3,716,786
12	FY20	1,795,623	47.5%	326,948	8.7%	1,312,513	34.8%	341,822	9.1%	3,776,906
13	FY19	1,765,376	47.5%	312,106	8.4%	1,312,215	35.3%	325,808	8.8%	3,715,506

* Excludes expenditures for Enterprise Systems Upgrade Project (RRC: Enterprise Resource Planning), real estate acquisitions, non-current and agency funds, cross-unit charges (except facilities projects), and ISO Funds.

** Inlcudes interfund transfers to support facility-related projects and the University's contribution to debt activities from direct cash or gifts (not including HEAPR or capital appropriations).

Annual Report on Targeted Business, Community Economic Development, and Small Business Programs

Finance & Operations Committee

December 16, 2021

I. FY21 Expenditures to Targeted Businesses

The University sets targets for its expenditures to Targeted Businesses as part of its strategy for facilitating and monitoring its progress toward more robust supplier diversity. The following bullets compare our actual and target expenditures in FY21.

- ***Total expenditures***. The University spent 7.4% of its total expenditures on women, minority and disabled owned businesses in FY21, which was a 5.5% decrease from the FY20 expenditures on these businesses. The University's overall spending was down 14.33% in FY21, as compared to FY20, which may have negatively impacted spend on Targeted Businesses.

- ***Goods and services expenditures.*** The University spent 4.9% of its total goods and services expenditures on women, minority, and disabled owned businesses, and therefore did not meet its spend goal of 6%. In comparison, in FY20, the University spent 6.2% of its total goods and services expenditures on Targeted Businesses.

- ***Construction project expenditures.*** The University spent 15.4% of its construction project expenditures on women, minority, and disabled owned businesses, surpassing its goal of 13%. Expenditures to Targeted Businesses were down from FY20, in which the University spent 30.7% of its construction project expenditures on Targeted Businesses.

The table on the next page shows the University's FY21 spend on targeted businesses broken down by 1) whether the spend was directed to University contractors (Tier 1) or subcontractors (Tier 2); and 2) the demographic category of the targeted business owner.

Criteria	Total		
	Goods & Services	Construction	Total
Base Spend	$411,388,502	$125,731,755	$537,120,257
Targeted Spend (Tier 1)	$18,352,070	$1,297,757	$19,649,827
Targeted Spend (Tier 2)	$1,796,868	$18,085,027	$19,881,895
Total Targeted Spend**	$20,148,938	$19,382,784	$39,531,722
Percentage	4.9%	15.4%	7.4%
**Targeted Spend Breakdown			
Women	$12,764,955	$15,683,868	$28,448,823
Disabled	$216,086	$20,920	$237,006
African American	$2,392,307	$205,717	$2,598,024
Native American	$701,748	$3,049,305	$3,751,053
Hispanic American	$738,320	$28,593	$766,913
Asian American	$3,335,524	$394,380	$3,729,904

II. FY21 Workforce Utilization

As part of its supplier diversity program, the University sets goals for the percentage of women, minorities, and disabled persons who work on University construction projects ("workforce participation goals"). The University has adopted the goals set by the State of Minnesota for the workforce participation of women and minorities in state construction projects. The University has independently set a 2% goal for the workforce participation of persons with disabilities in University construction projects.

Achieving diverse workforce participation in construction contracts continues to be a challenge, and the University has not yet reached its goals. In an effort to increase workforce participation for women, minorities, and persons with disabilities on University construction contracts, OBCED will continue programming designed to connect targeted businesses, and other businesses that employ high numbers of women, minorities and people with disabilities, with University construction project decision-makers. The table below compares our goals with our actual utilization of women, minorities and disabled persons in construction contracts.

	University Goal	**Actual Utilization**
Women	20%	9%
Minority	32%	23%
Disabled	2%	0%

III. University Expenditures to Targeted Businesses from FY18- FY21

The University monitors its expenditures to Targeted Businesses year over year to determine whether it is effectively promoting the use of businesses owned and operated by minorities, women, and disabled persons in construction projects and other contracts for goods and services. The chart below details University expenditures to Targeted Businesses, broken down by type, from FY18 – FY21.

FY18-FY21 TGB SPEND COMPARISON

Combined TGB Spend	$91,717,137	$82,010,564	$80,697,203	$39,531,722	-$41,165,481	-51.01%
Targeted Group	FY18	FY19	FY20	FY21	FY20-FY21 Spend Change	FY20-FY21 % Change
Women	$47,055,988	$36,523,810	$42,004,672	$28,448,823	-13,555,849	-32.27%
Native American	$28,033,611	$28,490,369	$21,551,452	$3,751,053	-17,800,399	-82.59%
Asian	$7,672,586	$5,717,274	$6,306,001	$3,729,904	-2,576,097	-40.85%
Hispanic	$5,143,983	$7,030,643	$4,232,162	$766,913	-3,465,249	-81.88%
African American	$3,810,659	$3,753,274	$5,826,931	$2,598,024	-3,228,907	-55.41%
Disabled	$311	$495,195	$775,985	$237,006	-538,979	-69.46%

Goods and Services TGB Spend						
Targeted Group	FY18	FY19	FY20	FY21	FY20-FY21 Spend Change	FY20-FY21 % Change
Women	$22,665,712	$18,737,155	$17,605,802	$12,764,955	-$4,840,847	-27.50%
Native American	$2,271,918	$1,005,699	$3,022,241	$701,748	-$2,320,493	-76.78%
Asian	$5,841,083	$4,550,889	$4,370,967	$3,335,524	-$1,035,443	-23.69%
Hispanic	$891,557	$713,100	$1,034,259	$738,320	-$295,939	-28.61%
African American	$1,382,809	$1,690,163	$1,760,182	$2,392,307	$632,125	35.91%
Disabled	$311	$272,460	$355,604	$216,086	-$139,518	-39.23%

Construction TGB Spend						
Targeted Group	FY18	FY19	FY20	FY21	FY20-FY21 Spend Change	FY20-FY21 % Change
Women	$24,390,276	$17,786,655	$24,398,870	$15,683,868	-$8,715,002	-35.72%
Native American	$25,761,693	$27,484,670	$18,529,211	$3,049,305	-$15,479,906	-83.54%
Asian	$1,831,503	$1,166,385	$1,935,034	$394,380	-$1,540,654	-79.62%
Hispanic	$4,252,426	$6,317,543	$3,197,903	$28,593	-$3,169,310	-99.11%
African American	$2,427,850	$2,063,111	$4,066,749	$205,717	-$3,861,032	-94.94%
Disabled	$0	$222,735	$420,381	$20,920	-$399,461	-95.02%

Total University Base Spend - Yearly Comparison						
Fiscal Year	FY18	FY19	FY20	FY21	FY20-FY21 Base Spend Change	FY20-FY21 Base % Change
Total UMN Base Spend	$873,763,017	$669,873,571	$626,991,421	$537,120,257	-$89,871,164	-14.33%

IV. Discussion

In FY21, the University had decreased spending directed toward Targeted Businesses due in large part to the direct and indirect effects of the ongoing COVID-19 pandemic. Many small businesses have suffered staffing shortages, layoffs, financial fragility, business closures, materials pricing spikes, lack of product or service demand, and more, which ultimately contributed to an overall decrease of capacity for Targeted Businesses to participate on University contracts. The University's base spend also decreased in FY21, which decreased the available opportunities for Targeted Business inclusion.

In addition, COVID-19 prohibited OBCED from safely hosting events in FY21, which may have further contributed to decreased University expenditures to Targeted Businesses. For example, due to COVID-19, OBCED was unable to host the Supplier Diversity Expo, an annual networking event designed to connect small businesses and contractors with University purchasing decision-makers. In contrast, the 2019 Expo drew 450 participants and over 100 exhibit booths. Events like the Expo can help broaden the University's vendor pool and deepen relationships between businesses and the University.

Over the past year, OBCED has continued to implement new strategies to increase University engagement with Targeted Businesses. For example, in FY20-21, OBCED implemented the SmartComp database, an online tool that automates and streamlines the Targeted Business program reporting process. As another example, in FY21, OBCED rolled out a new website and a searchable Targeted Business directory in an effort to provide high quality resources and information to both our internal University partners and our external vendors. The Targeted Business directory is a first stop for anyone seeking to partner with or purchase from a Targeted Business vendor.

Recommendations for Continued Supplier Diversity Growth

As required by the Board of Regents policy, the University annually recommends additional actions that may be necessary to achieve the guiding principles of the policy. To continue to actively promote University procurement from women, minority and disabled owned businesses, the Office for Business Community and Economic Develop recommends the following actions:

1. Reestablish and strengthen relationships to community partners where our connections have waned due to COVID-19.

2. Create a strategic sourcing plan for increasing the utilization of targeted business suppliers, with a focus on promoting opportunities for African American and disabled-owned businesses.

3. Implement formal supplier diversity training for all individuals with purchasing responsibilities within the University.

4. Partner with the disability certification networks to identify additional certified businesses owned by persons with disabilities.

5. Reintroduce University programs such as the Awards & Incentive Recognition (AIR) Program designed to recognize and reward outstanding utilization and inclusion of women, minority, and disabled owned businesses by University purchasing decision makers.

6. Cultivate strategic partnerships between Capital Project Management and Facilities Management to increase the University's relationships with women, minority and disabled owned businesses.

7. Continue to develop relationships through the Diversity Community of Practice (DCoP), a grassroots community of University faculty and staff supporting a broad range of equity and diversity goals, to increase University-wide awareness of OBCED's programs.

Capital Project Management

Semi-Annual Report

December 2021

Projects	Scope	Schedule	Budget	Project Budget	Est. Design Completion	Est. Substantial Completion
Projects in Design						
Microbial Cell Production Facility/BioMADE, Twin Cities				$ 103,400,000	May, 2022	November 2023
Murphy Hall Office and Lab Remodel, Twin Cities				$ 4,343,000	December 2021	December 2022
Stadium Village Apartment Fire Suppression Installation, Twin Cities				$ 1,380,000	November 2021	March 2022
Moos 3rd Floor Wet Bench Research Space Renovation, Twin Cities				$ 34,170,000	March 2022	December 2023
Dwan 2nd Floor Wet Bench Lab Renovation, Twin Cities				$ 9,077,000	April 2022	April 2023
PWB 4th Floor Teaching Lab Renovation, Twin Cities				$ 10,600,000	December 2021	October 2022
Chemistry Undergraduate Teaching Laboratories, Twin Cities				$ 108,000,000	May, 2022	July 2024
Main Energy Plant Chilled Water Plant, Twin Cities				$ 29,872,000	December 2021	June 2023
Projects in Construction						
Institute of Child Development (Campbell Hall), Twin Cities				$ 43,800,000	January 2021	August 2022
Lind Hall Renovation, Twin Cities				$ 33,000,000	March 2021	September 2022
AB Anderson Hall Renovation, Duluth				$ 10,000,000	June 2021	June 2022
Softball-Baseball Field Analysis, Morris				$ 1,300,000		May 2022

Capital Project Management

Semi-Annual Report

December 2021

Projects	Scope	Schedule	Budget	Project Budget	Design Completion	Substantial Completion
Completed Projects						
CMRR MDT Optical Imaging Renovation and Addition, Twin Cities	●	●	●	$ 16,200,000	May 2019	May 2021
Early Childhood Learning Center (ECLC), Twin Cities	●	●	●	$ 5,000,000	July 2020	June 2021
Pillsbury Hall Rehabilitation, Twin Cities	●	●	●	$ 36,000,000	October 2019	June 2021
Lab School-Child Development Center Unified Building Project (Child Development Laboratory School CDLS), Twin Cities	●	●	●	$ 11,000,000	June 2020	August 2021
Masonic Institute for the Developing Brain (MIDB), Twin Cities	●	●	●	$ 38,500,000	August 2020	August 2021
PWB-1 Clinic to Office Renovation, Twin Cities	●	●	●	$ 2,155,660	July 2020	September 2021
PWB-2 Physical Therapy Classroom Renovation, Twin Cities	●	●	●	$ 2,708,000	February 2021	September 2021

PROJECTS IN DESIGN

Microbial Cell Production Facility/BioMADE, Twin Cities

Description

The Project consists of a new 86,700 SF microbial cell production facility on the St. Paul Campus to accommodate expansion of the Biotechnology Resource Center (BRC) program and BioMADE tenant.

Status Project is currently completing Design Development. Final budget to be determined upon completion of scope.

Scope Schedule Budget

Murphy Hall Office and Lab Remodel, Twin Cities

Description

This project will renovate 11,300 SF of existing space in the Hubbard School of Journalism and Mass Communication, located in Murphy Hall. Spaces enhanced by the renovation include lower-level classroom spaces, media lab library, broadcast studio, and adjacent support space.

Status Project is currently completing Design Development.

Scope Schedule Budget

PROJECTS IN DESIGN

Stadium Village Apartment Fire Suppression Installation, Twin Cities

Description

This project will install a new wet fire protection system for all floors of the five (5) buildings. The project will upgrade the required fire/smoke/CO2 detectors along with existing devices, to ensure the buildings have a fully functioning and code-compliant installation.

Status Project is currently completing Design Development

Scope Schedule Budget

Moos - Third Floor Wet Bench Research Space Renovation, Twin Cities

Description

This project would renovate all of Moos 3rd floor for contemporary open wet bench research labs, while preserving the existing building entry and public circulation areas.

Status Project is currently completing Design Development.

Scope Schedule Budget

PROJECTS IN DESIGN

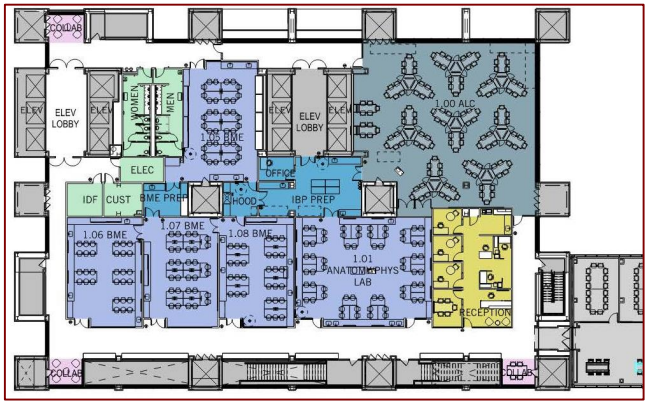
Dwan Second Floor Wet Bench Lab Renovation, Twin Cities

Description

This project will renovate 18,000 gsf second floor of the Dwan Variety Club Cardiovascular Research Center Building in the Health Sciences district of the East Bank Minneapolis campus. The renovation will demolish the existing individual inefficient labs to create contemporary open wet bench research labs with shared core facilities.

Status Project is currently completing Design Development.

Scope Schedule Budget



PWB 4th Floor Teaching Lab Renovation, Twin Cities

Description

This project will renovate approximately 20,100 sq ft on the 4th Floor of the Philips-Wangensteen Building (PWB) for a new active learning classroom and five active teaching labs with associated lap support, office, and storage for the Departments of Biomedical Engineering (BME) and Integrative Biology and Physiology (IBP), as well as new Medical School Admissions office space. The Renovation will also include facility upgrades.

Status Project is currently completing Design Development.

Scope Schedule Budget

PROJECTS IN DESIGN

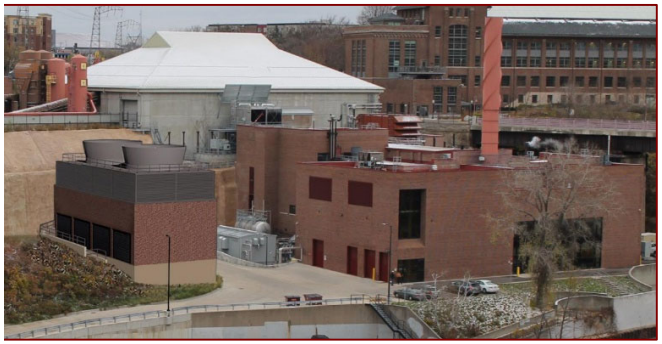
Chemistry Undergraduate Teaching Laboratories, Twin Cities

Description

This project will consolidate, modernize, and relocate undergraduate chemistry courses to Fraser Hall by renovation of the main portion of the existing 1928 building, demolition of a portion of the 1928 building and 1954 additions, and construction of a new addition. Total renovation and new addition is approximately 121,720 SF.

Status Project is currently completing Design Development.
Note that $108M is the capital request; $4.9M was previously funded for design.

Scope Schedule Budget



Main Energy / Chilled Water Plant, Twin Cities

Description

This project will convert the CHP plant to a Combined Cooling Heat and Power Plant (CCHP) to meet the Twin Cities Campus Master Plan projected demands, and resolve current peak cooling day "brownouts."

Status Project is currently completing Design Development.

Scope Schedule Budget

PROJECTS IN CONSTRUCTION

Institute of Child Development (Campbell Hall), Twin Cities

Description

This project involves the renovation of an existing 1913 building, demolition of its 1968 addition, and construction of a new addition. Total renovation and new addition to be approximately 77,400 SF.

Status Project is in construction and substantial completion is expected in August 2022.

Scope Schedule Budget

Lind Hall Renovation, Twin Cities

Description

The Project involves demolition and renovation of approximately 57,500 SF of the existing Lind Hall building for the College of Science and Engineering (CSE).

Status Project is in construction and substantial completion is expected September 2022.

Scope Schedule Budget

PROJECTS IN CONSTRUCTION

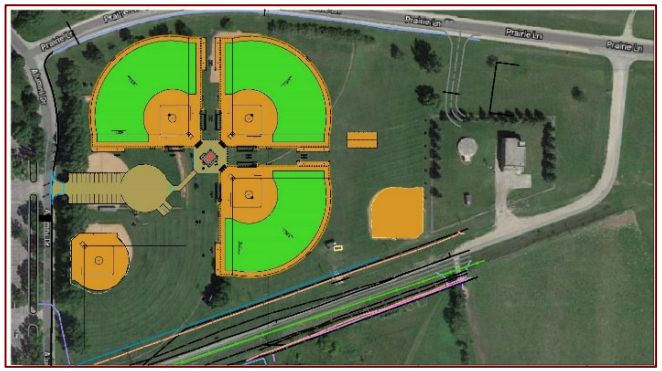
AB Anderson Hall Renovation, Duluth

Description

This project will focus on new HVAC systems, fire life safety upgrades, ADA accessibility issues, hazardous material abatement and new finishes for the existing 1970 building on the Duluth campus.

Status Project is in construction and substantial completion is expected June 2022.

Scope Schedule Budget



Softball-Baseball Field Analysis, Morris

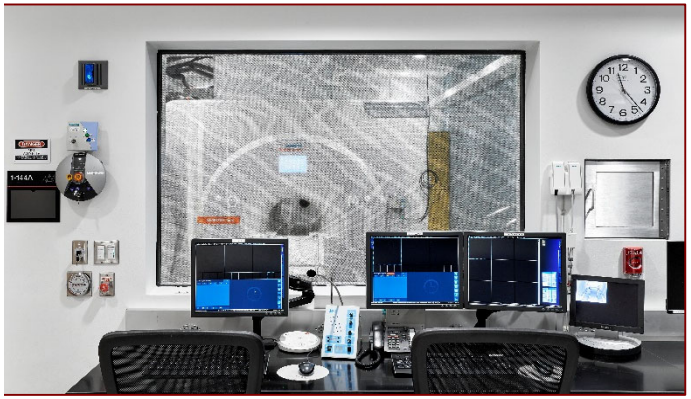
Description

This project includes construction of two softball fields and a central structure that houses restrooms, concession stand, and a press box. The project also adds lighting for all fields.

Status Project is in construction and substantial completion is expected May 2022.

Scope Schedule Budget

COMPLETED PROJECTS



CMRR MDT Optical Imaging Renovation and Addition, Twin Cities

Description

This project renovates and adds to the existing CMRR facility to create space for the MDT (Minnesota Discovery Team) Optical Imaging program. Additional space will house a new magnet to enhance magnetic resonance research.

Status Project substantially complete in June 2021.

Scope Schedule Budget

Early Childhood Learning Center (ECLC), Twin Cities

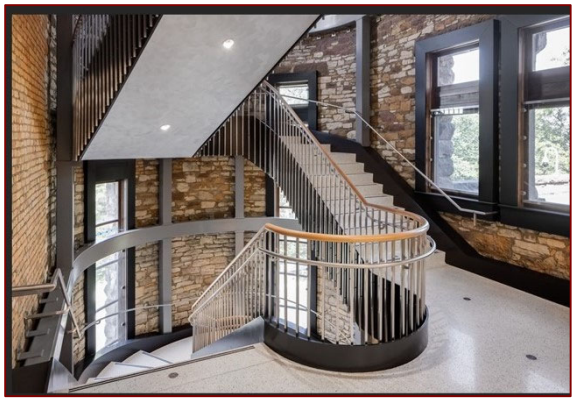
Description

This project is a new 12,000 SF building development for the YMCA to lease and operate for 25 years. The facility will accommodate 166 children and includes onsite parking.

Status Project substantially complete in June 2021.

Scope Schedule Budget

COMPLETED PROJECTS



Pillsbury Hall Rehabilitation, Twin Cities

Description

This 60,100 SF project renovates one of the Twin Cities campus' oldest and most iconic buildings to provide modern teaching, learning, and research space.

Status Project substantially complete in June 2021.

Scope Schedule Budget

Lab School-Child Development Center Unified Building Project, Twin Cities

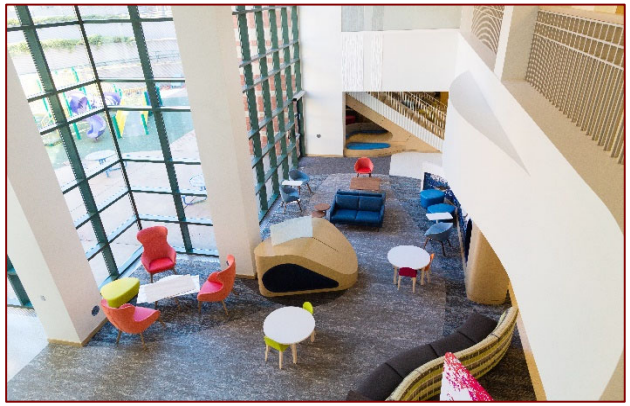
Description

The project renovates the existing facility of 18,700 SF and provides a new 12,000 SF addition to combine the relocated Lab School and the Child Development Center into a unified program.

Status Project substantially complete in August 2021.

Scope Schedule Budget

COMPLETED PROJECTS



Masonic Institute for the Developing Brain (MIDB), Twin Cities

Description

The project renovates a newly acquired 116,000 SF facility for the new Masonic Institute for the Developing Brain, combining current groups from the Office of Academic and Clinical Affairs, the College of Education and Human Development, and the Medical School.

Status Project substantially complete in August 2021.

Scope Schedule Budget

PWB-1 Clinic to Office Renovation, Twin Cities

Description

Project scope involves renovation of former clinic space into 5,180 SF of office space, including faculty offices, open workstations, conference space, and common areas.

Status Project substantially complete in September 2021.

Scope Schedule Budget

PWB-2 Physical Therapy Classroom Renovation, Twin Cities

Description

The renovation will include 6,800 SF of classroom and support space with retractable partitions to accommodate different class sizes, storage space, a faculty touchdown office, and main reception space.

Status Project substantially complete in September 2021.

Scope Schedule Budget

Annual Asset Management Report

For the period ending September 30, 2021

Myron Frans, Senior Vice President

Stuart Mason, Associate Vice President, Chief Investment Officer

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

Office of Investments & Banking

University of Minnesota

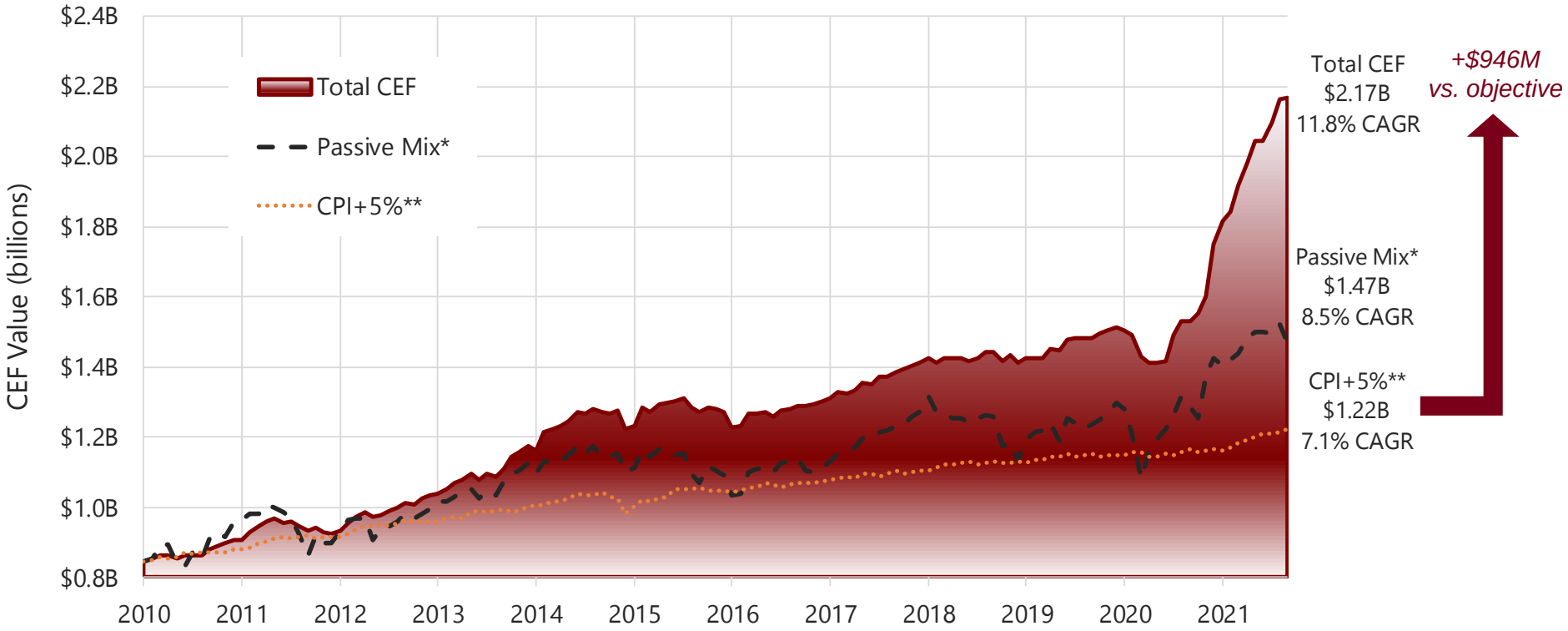
University Investment Funds

The Consolidated Endowment Fund (CEF) increased in value by 6.9%, or $125 million during the quarter, driven largely by strong returns from venture capital and private equity investments, and the counter-cyclical performance of several of the growth diversifier assets in the face of challenging conditions for both public equity and fixed income markets. The Short-Term Reserves (TIP) increase of $140 million was driven by positive net cash inflows associated with seasonal collection of fall tuition payments and somewhat reduced operating expenses due to Covid related restrictions.

OIB Managed Funds ($M)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Q3 2021
Consolidated Endowment Fund (CEF)	$ 1,352	$ 1,415	$ 1,477	$ 1,418	$ 2,043	$ 2,168
Short-Term Reserves (TIP)	1,113	1,068	1,183	1,086	1,468	1,606
Long-Term Reserves (GIP)	71	71	81	85	104	105
RUMINCO Ltd.	45	48	52	51	69	72
Invested Assets Related to Indebtedness	49	25	63	15	24	169
Total Managed Assets	**2,631**	**2,628**	**2,855**	**2,656**	**3,708**	**4,119**

Our goal is to **preserve** the inflation adjusted value of the endowment (CPI+5%)

Outperformance vs. Long-Term Objective



* Measures efficacy of long-term strategy vs. passive mix of stocks and bonds. 7/2015-current: 70% MSCI ACWI, 30% Barclays Global Aggregate; 1/1990-6/2015: 70% MSCI ACWI, 30% Barclays US Aggregate. *Source: State Street*

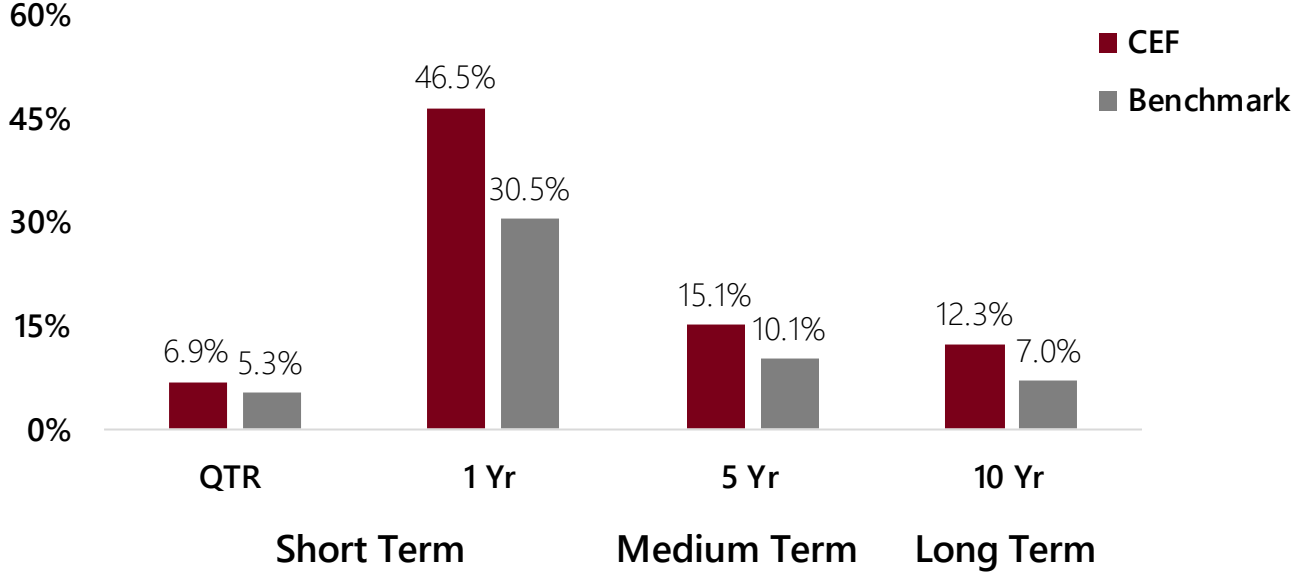
** Measures ability to preserve inflation-adjusted corpus of endowment. Index Return: US CPI Urban Consumers MoM SA. *Source: Bloomberg*

CEF Performance Summary

Value as of 9/30/21: $2.17B

The capital markets during the quarter were challenging with the public equity benchmark declining 1.1% and with the rise of interest rates during the quarter, the fixed income benchmarks were essentially flat. The bright spot was private equity and venture capital which combined were up 12.5% and the parts of the growth diversifiers portfolio was up 11.7%, including a rally by the position in Bitcoin that was up 25.1% during the quarter.

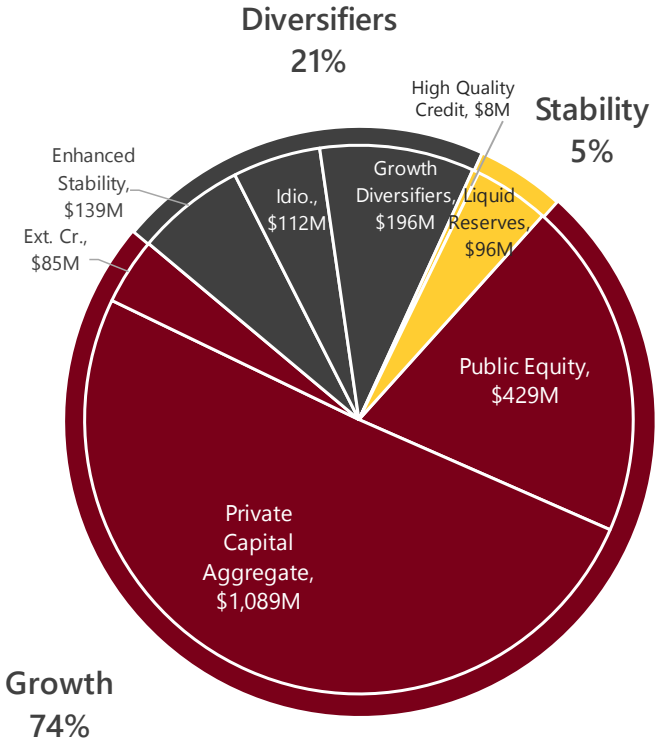
The one year performance continues strong with all asset categories contributing to significantly outperforming the one-year benchmark of 30.5%

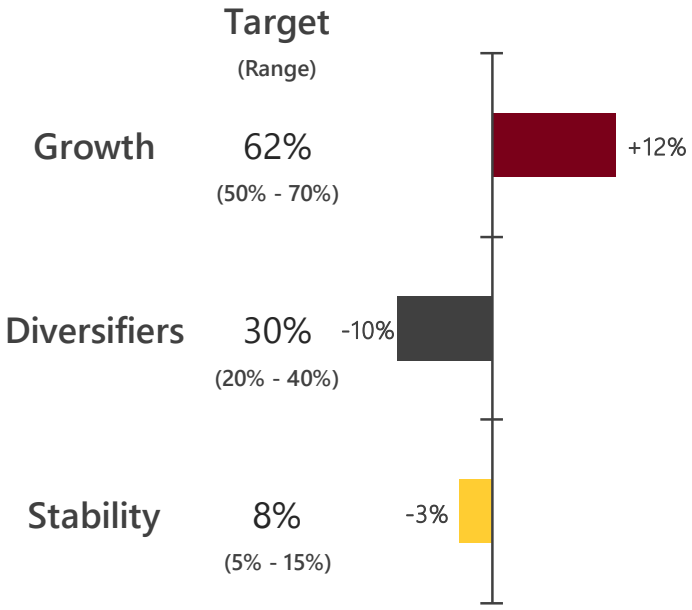


CEF Asset Allocation

Value as of 9/30/21: $2.17B

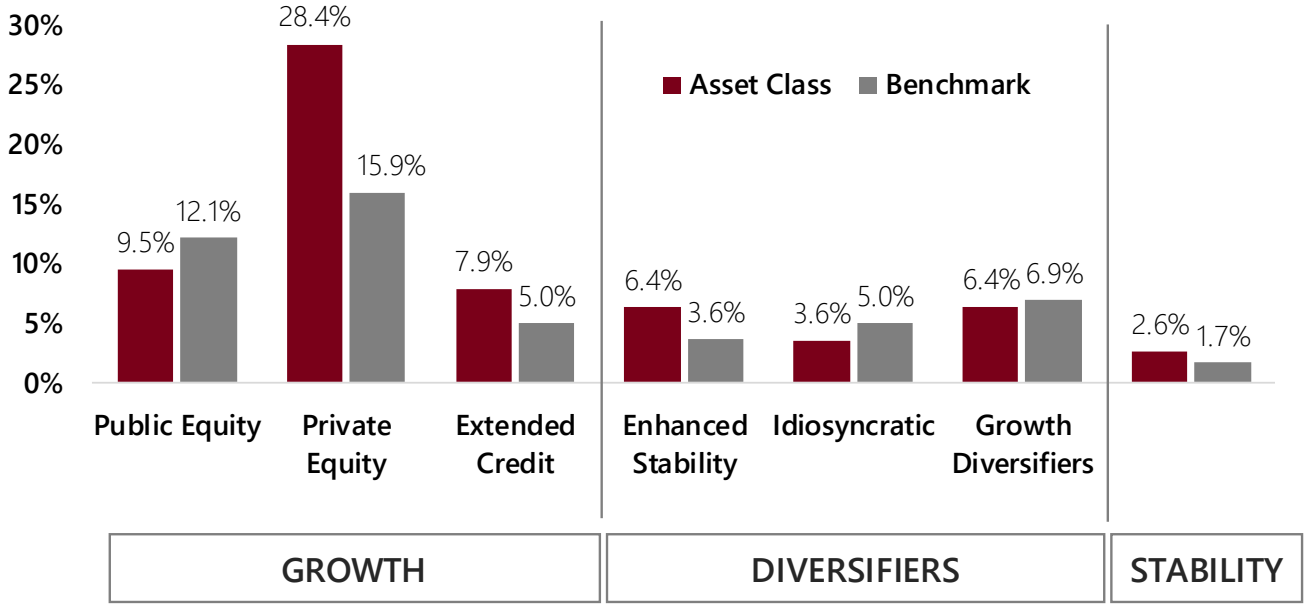
The continued outperformance of Growth assets (public and private equity) over the past year relative to Diversifiers has led to a persistent overweight to Growth versus policy targets.





5-Year CEF Asset Class Returns

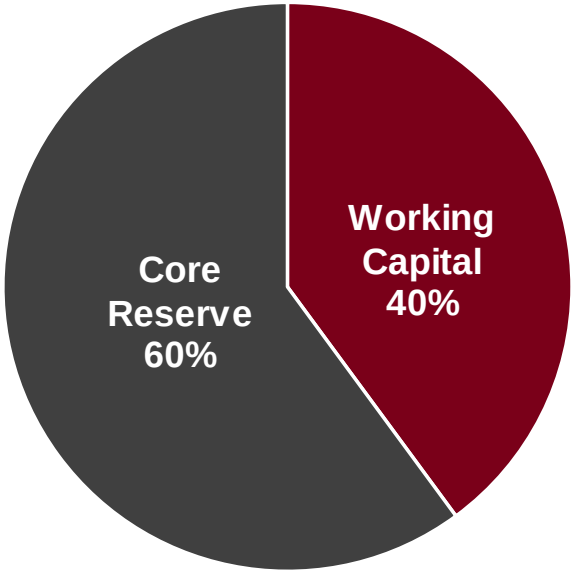
An overweight to illiquid private equity strategies that collectively beat their benchmark by >12% helped drive strong total portfolio return of 15.1% versus the medium term benchmark of 10.1%. Public equity suffered primarily due to the portfolio's more conservative and defensive positioning. While credit-oriented strategies (in both the Extended Credit and Enhanced Stability sub-asset classes) have performed well, the Diversifiers sleeve has struggled to meet return targets as real assets, natural resources and idiosyncratic hedge funds have mostly delivered underwhelming results over the period.



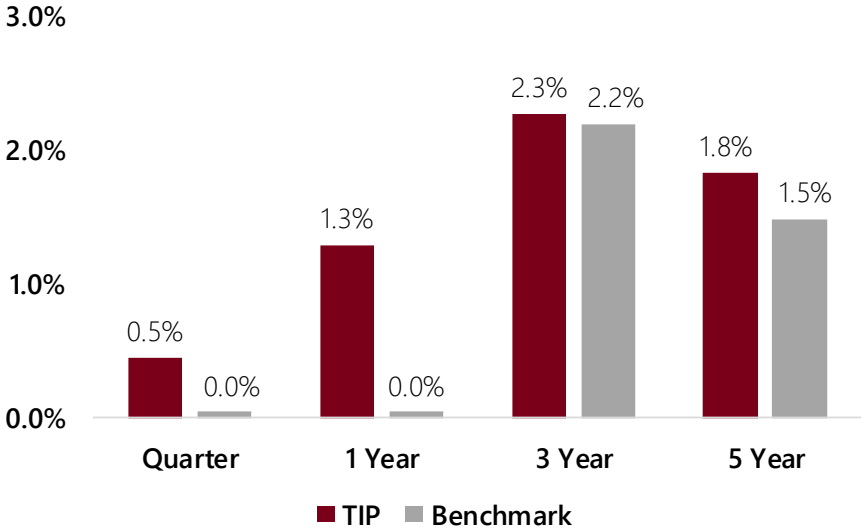
Short-Term Reserves (TIP)

Value as of 9/30/21: $1.61B

Asset Allocation



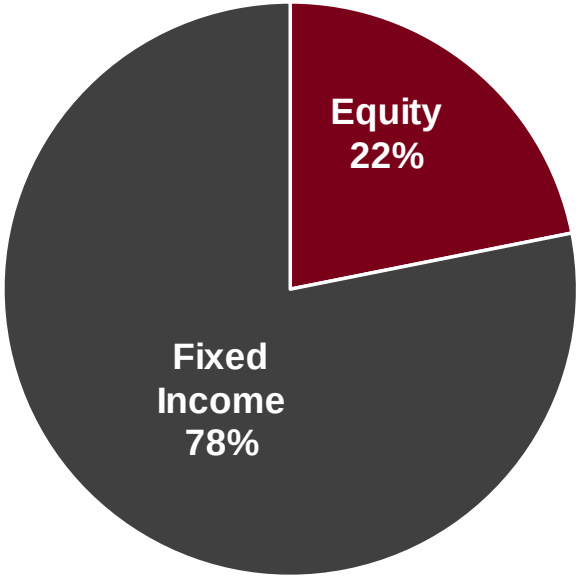
Performance Summary



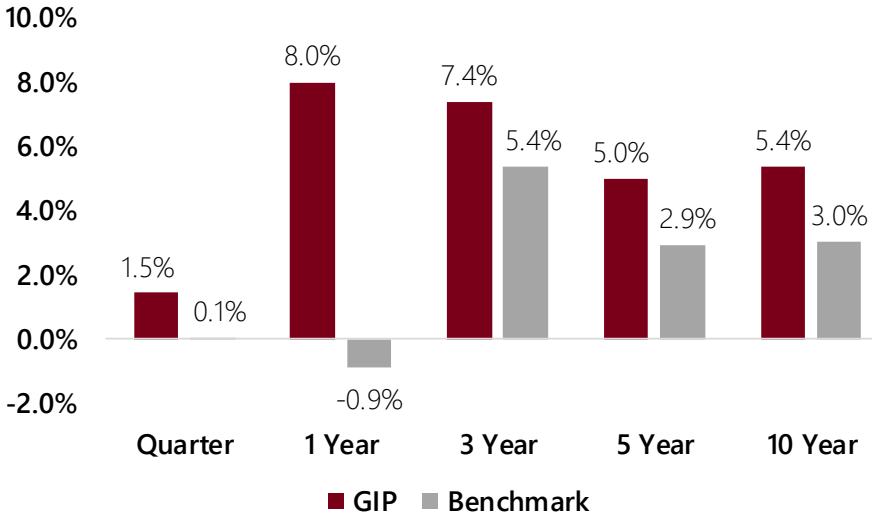
Long-Term Reserves (GIP)

Value as of 9/30/21: $105M

Asset Allocation



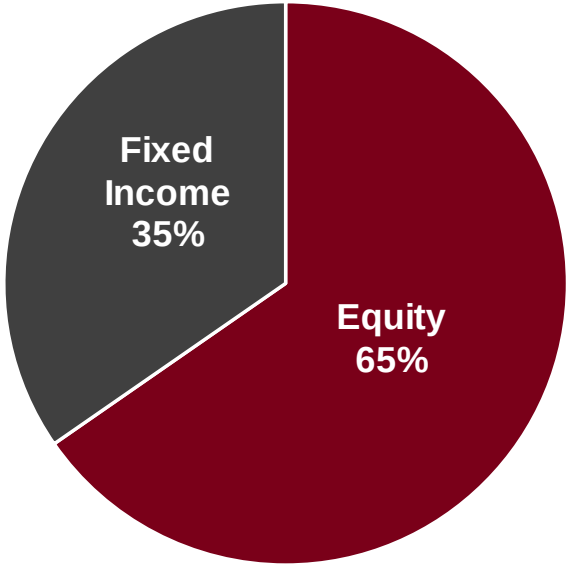
Performance Summary



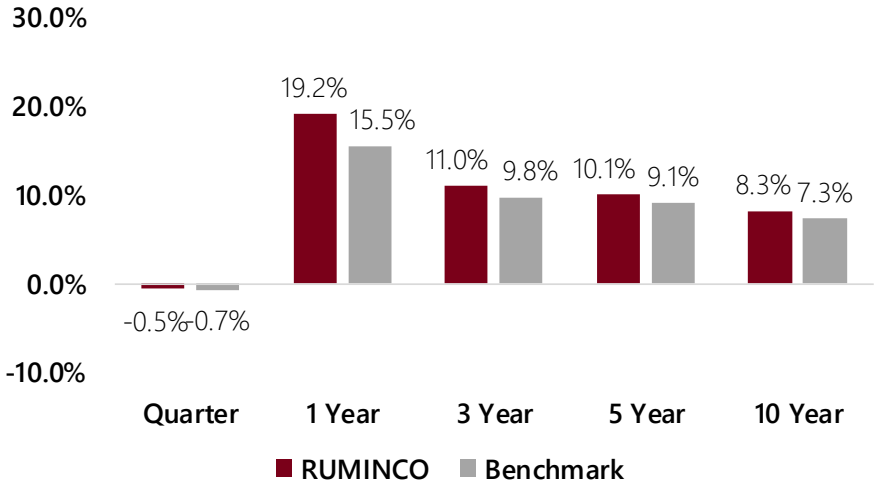
RUMINCO LTD.

Value as of 9/30/21: $72M

Asset Allocation



Performance Summary



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December 16, 2021

The Honorable Janie Mayeron, Chair, Finance & Operations Committee
The Honorable David McMillan, Vice Chair
The Honorable Mary Davenport
The Honorable James Farnsworth
The Honorable Douglas Huebsch
The Honorable Ruth Johnson
The Honorable Mike Kenyanya
The Honorable Kendall Powell
The Honorable Darrin Rosha
The Honorable Steven Sviggum
The Honorable Kodi Verhalen

Committee Members:

Enclosed are Purchasing Services' reports on purchasing activity for the first quarter, fiscal year '22. Regents policy requires that purchasing activity, including exceptions to competitive purchases, be reported to the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

Background

The enclosed reports and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the one quarter:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to the competitive purchasing process
- Purchases made as Preapproved Exceptions to the competitive purchasing process
- Regents Purchasing Policy Violations

"Total Purchasing Activity" represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

"Approved Exceptions" refers to purchases where, following proper protocol, the vendor was not selected through a Request for Bid or Request for Proposal process. All of the approved exceptions were justified in writing by the requisitioning department, with the justification reviewed and approved by the Director of Purchasing before the purchase took place. Additionally, the appropriate Vice President and the University Controller approved all exceptions of $250,000 and over, except pre-approved exceptions. Section II provides a listing of the transactions that followed this process and were approved as exceptions.

"Pre-approved Exceptions" are also purchases where the vendor has not been selected through a competitive process. However, they are exceptions that occur routinely with consistent reasons, so that the approval of the justification has become standardized. Refer to Section III of the report for a listing of transactions processed as pre-approved exceptions during the quarter.

"Regents Purchasing Policy Violations" refers to purchase transactions which bypassed the competitive process without following proper protocol and without the necessary approvals. Section IV provides a listing of purchasing violations.

The reports compare dollars spent on purchases in the respective quarter of the current year to dollars spent on purchases in same quarter of the previous year. The same quarter-to-quarter comparison is made for approved exceptions and for preapproved exceptions. With that in mind, the following observations are worth noting:

Summary:

- Purchasing Activity for Q1 is within 10% of FY20 Q1 (pre-pandemic).
- Q1 Exception Dollars are 260% higher than same time last year. Just over 1/3 of that ($23 million) was for university-wide technology upgrades (firewall, Wi-Fi services, Oracle support and ClearSpan Voicemail).
- There was one Regents Purchasing Policy Violations in the first quarter of FY22.

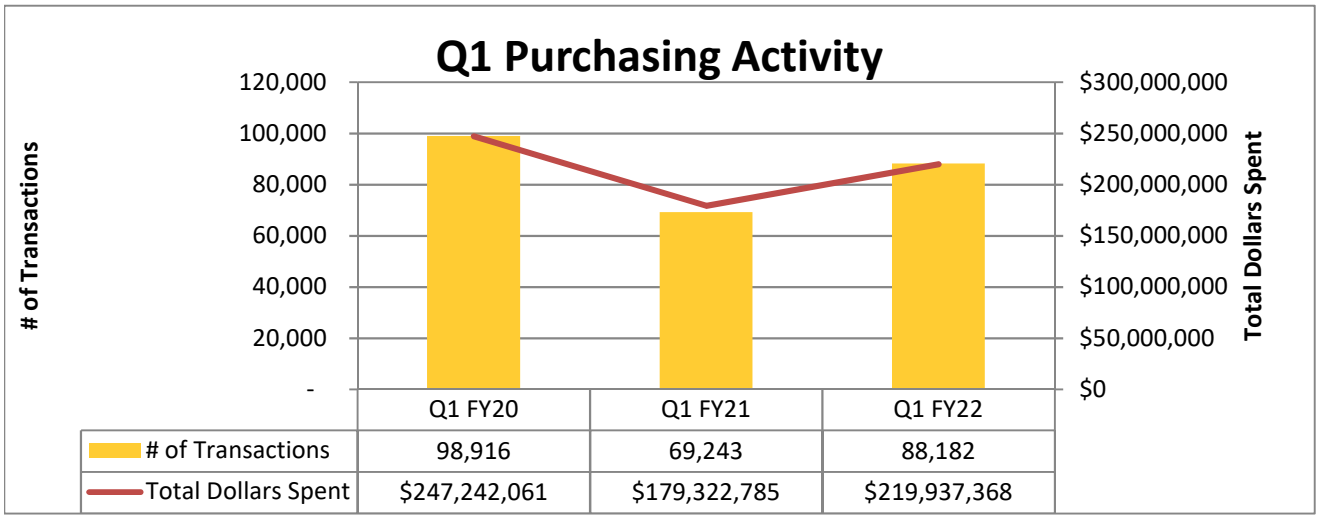
If you have any questions on the report, please do not hesitate to contact Beth Tapp, Director of Purchasing, or me.

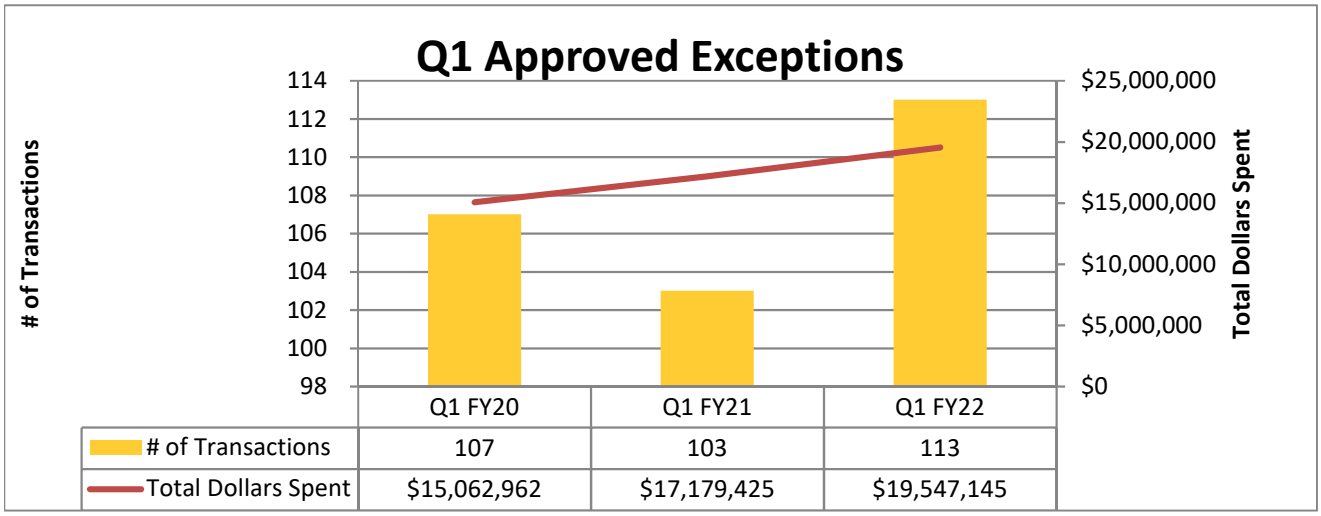
Sincerely,

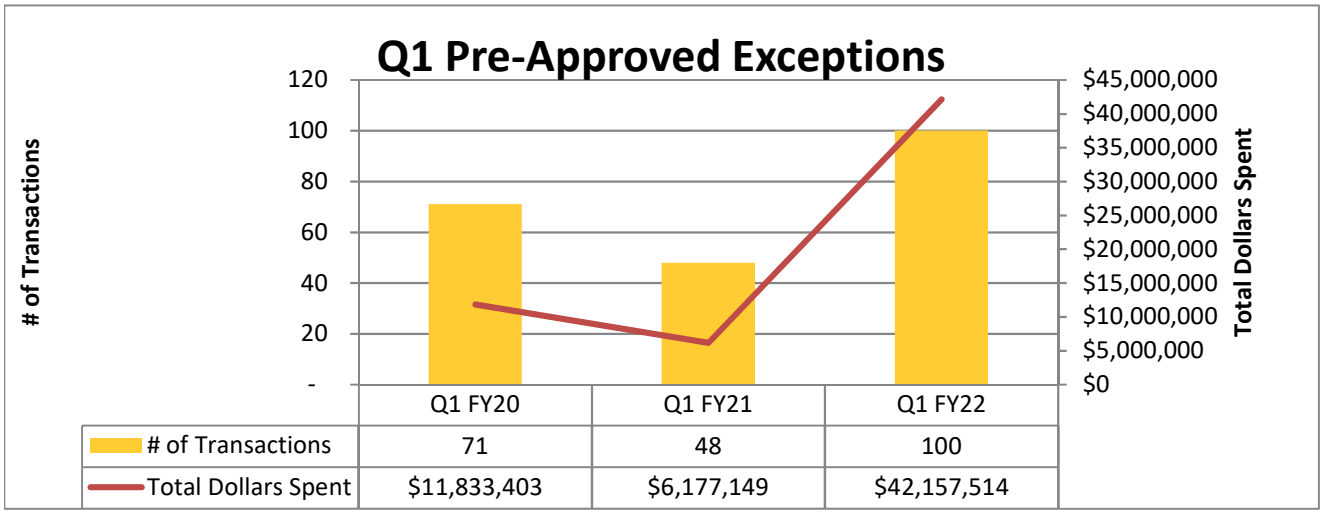
Suzanne Paulson
Controller

Cc: Michael Volna, Associate Vice President and Assistant Chief Financial Officer
Brian Steeves, Executive Director and Corporate Secretary, Board of Regents
Beth Tapp, Director, Purchasing Services

I. Summary of Purchasing Activity for Q1 FY22

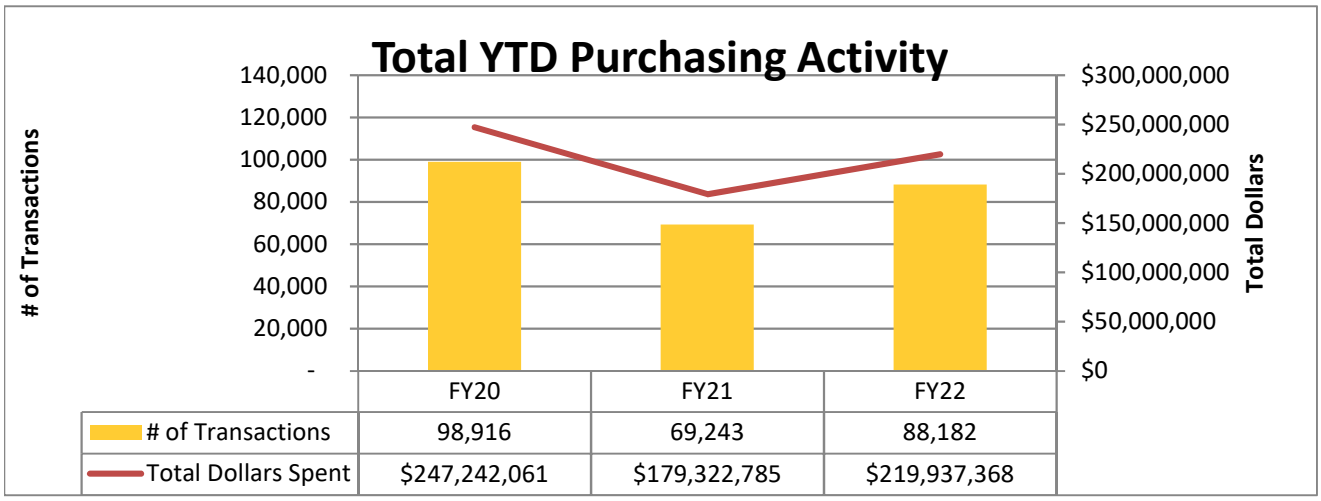




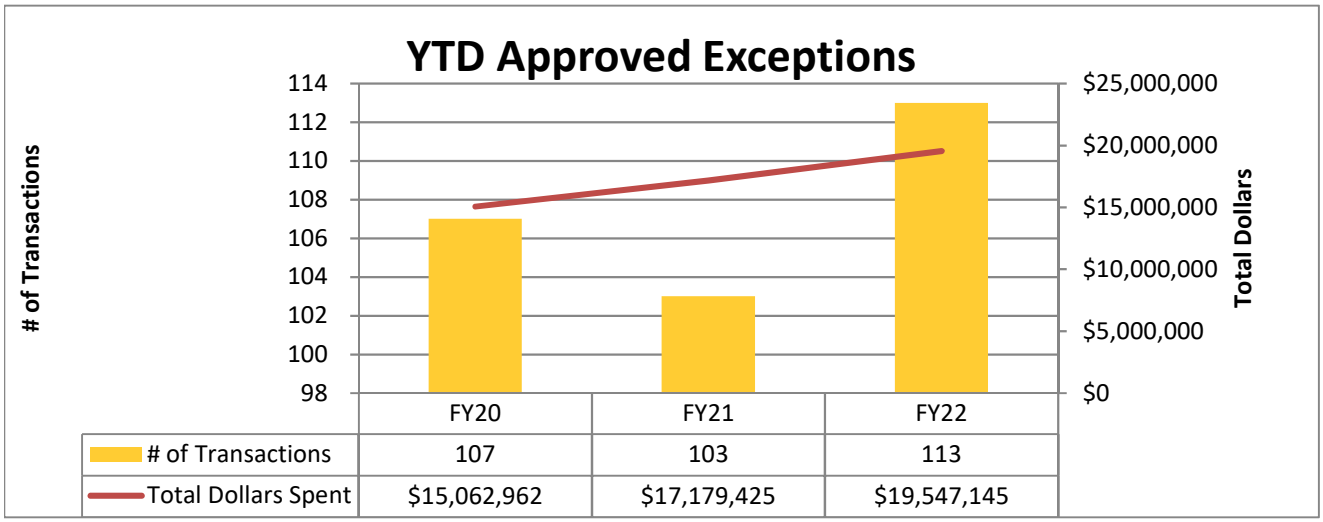


Q1 Exceptions	178	151	213
Q1 Exception Dollars	$26,896,365	$23,356,574	$61,704,659

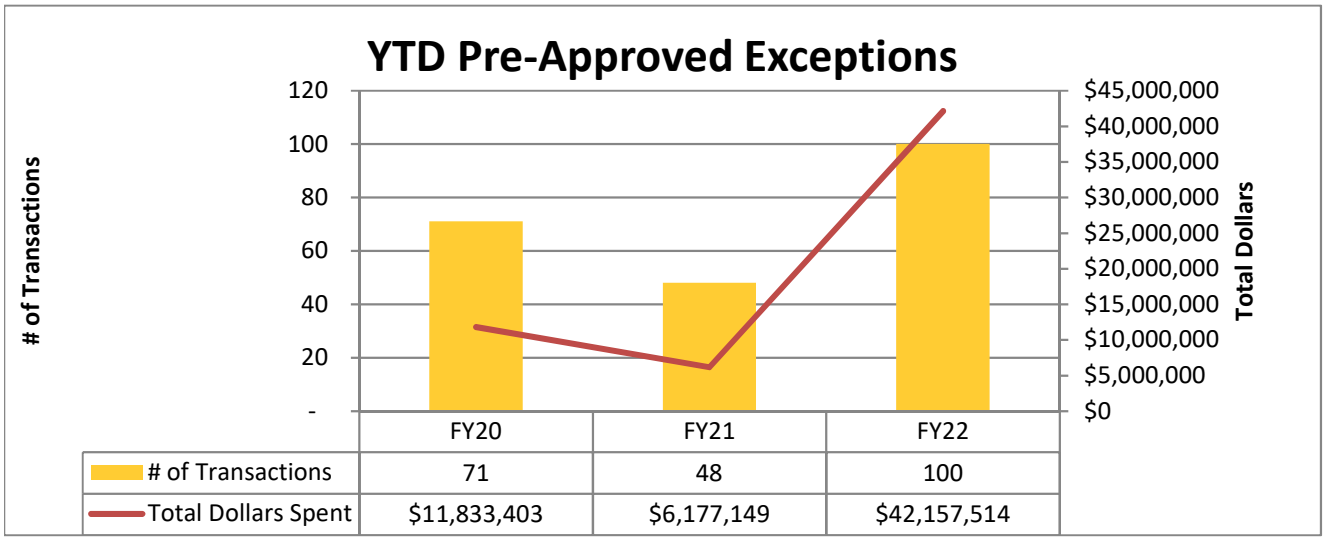
Summary of Purchasing Activity YTD FY22



	FY20	FY21	FY22
# of Transactions	98,916	69,243	88,182
Total Dollars Spent	$247,242,061	$179,322,785	$219,937,368



	FY20	FY21	FY22
# of Transactions	107	103	113
Total Dollars Spent	$15,062,962	$17,179,425	$19,547,145



	FY20	FY21	FY22
# of Transactions	71	48	100
Total Dollars Spent	$11,833,403	$6,177,149	$42,157,514

YTD Exceptions	178	151	213
YTD Exception Dollars	$26,896,365	$23,356,574	$61,704,659

II. Purchases made as Approved Exceptions to Competitive Purchasing Process — Q1FY22

Approved Exception Description	Total # of Exceptions	Total Dollars
Exception #16:		
Clinical Trials: Purchasing of product or services for clinical trials.	3	$229,375
Exception #17:		
Supplies from a Previous Supplier: Purchasing from a previous supplier to ensure consistency of research results.	14	$2,379,352
Exception #18:		
Brand Compatibility: Equipment or supplies that requires brand compatibility with existing equipment. *NOTE:* must be available only from the manufacturer or their sole authorized distributor.	34	$5,590,165
Exception #19:		
External Funding: The external funding source or federal granting agency has specified this supplier in the awarded grant. The awarded grant application or award notice must be included as required supporting documentation. Internal University Funding sources are ineligible for the reason for an exception.	12	$1,301,479
Exception #20:		
Emergency: Threat to health or safety, significant loss to the University, emergency repairs and parts or emergency facility reparis under $100,000.	2	$146,083
Exception #21:		
Other (describe):	48	$9,900,691
TOTAL Approved Exceptions	**113**	**$19,547,145**

I. Pre-Approved Exceptions to Competitive Purchasing — Q1FY22

Exception #1:		
Software lincese renewals and software upgrades available only from developer/supplier. This includes adding licenses to an existing agreement.	30	$8,148,030

I.	Pre-Approved Exceptions to Competitive Purchasing (cont.)		Q1FY22

Exception #2:		
Service/maintenance agreements with the original manufacture/developer/supplier for equipment and software.	27	$18,869,622

Exception #3:		
Agricultural commodities such as grain.	4	$235,000

Exception #4:		
Closeout or used equipment qhere the requester of Purchasing Services has verified to be at least 30% below comparable new equipment.	2	$479,639

Exception #5:		
Purchase of or access to a uniquely compiled database of information.	4	$461,500

Exception #7:		
Goods and services from governmental agencies, universities, or public entities.	17	$12,300,776

Exception #8:		
Development, design, creating of original media such as art, music, and film.	3	$185,000

Exception #9:		
Fairview purchases related to research project.	5	$599,365

Exception #10:		
Purchase from University Physicians that are not part of sponsored research activities.	2	$204,567

Exception #11:		
Entertainiers, lecturers, and speakers.	4	$470,000

Exception #12:		
Study Abroad Program Adiministrators.	1	$54,015

Exception #13:		
Legal services for the Office of the General Counsel.	1	$150,000

TOTAL Pre-Approved Exceptions	**100**	**$42,157,514**

III. Regents Policy Violations Q1FY22

There is one Regents Policy Violations to report.

Department Name	Vendor Name	Total Dollar
Department of Medicine	Elemental Medical Devices, LLC	$50,000
Product/Service Description		
Professional Services /6 months consulting work		
Explanation for Violation		
The sponsored award funding the work completed by this contractor is milestone-based. Funding for milestones 2 & 3 were not added to the project until 6/8/2021 and the accountant was not aware of this until 8/23/2021. Once she learned the funds were available she began working with the division staff to amend the Contract for Professional Service (CPS). The accountant applied the principles recommended by Sponsored Projects Administration (SPA), which is to wait to amend a CPS until we have our new year award and funding in place to avoid over committing our funds. The contractor was already working on the study and to prevent delays in completing the aims of the award continued work with the understanding a contract would be forthcoming.		
Action Taken by Department to Prevent Further Violations		
Department of Medicine accounting will work with faculty and division staff to prepare as much as possible for this type of scenario, but SPA's direction on not committing funds prior to receiving the next funding year conflicts with Purchasing Services timeline.		